

Preliminary results

For the year ended

30 April 2007

iSOFT
inspired by life

**‘Delivering innovative software
products for connected healthcare’**

1 August 2007

www.isoftware.com

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- This document contains statements about iSOFT that are or may be forward looking statements. All statements other than statements of historical facts included in this document may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of iSOFT and (iii) the effects of government regulation on iSOFT's business.
- Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. iSOFT disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

Introduction

John Weston
Chairman

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Current position

iSOFT remains in an offer period

- CompuGROUP offer recommended by the iSOFT board on 20 July 2007
- Consequently, the IBA offer process has been stopped
- Court meeting/EGM to approve the CompuGROUP offer on 31 August 2007
- Completion of the offer expected in late September 2007

Results for the year ended 30 April 2007

A return to profitability in the second half of FY07

- Reported revenues of £175.2m for the year
- Lower revenues in FY07, but a substantial reduction in the cost base
- Operating profit of £6.6m (pre exceptional costs and interest)

Operational and commercial

Significant progress on operational and commercial issues

- Management strengthened at all levels
- Regeneration plan launched in September 2006
- Cost base run rate reduced from £210m to below £170m at April 2007
- LORENZO clinicals delivered to Aachen in Germany
- New relationship with CSC provides more cash flow certainty
- Initiated sale discussions to resolve the long-term funding issue

Key accomplishments

Key accomplishments under the regeneration programme

- Added key management talent
- Established strong execution-oriented culture
- Implemented key controls and disciplines
- Reorganised into a world-class software company structure

New agreements with Computer Sciences (CSC)

New agreements underpin NPfIT revenues

August 2006 agreement

- CSC/iSOFT took over Accenture's contracts in NE and EEM
- NPfIT lifetime potential revenues expected to exceed £300m
- Agreement underpins and de-risks the development of LORENZO

June 2007 agreement

- CSC to manage staff resources supporting NPfIT development and delivery
- Creation of a single delivery organisation to NPfIT
- Clarity on payments to iSOFT over the next three years

Arrangement may change again under the CompuGROUP offer

FSA and AIDB investigations

No fixed date by which the investigations will be complete

- iSOFT is co-operating fully with both investigations
- The basis of the FSA investigation remains as it was originally established, which is that revenues recognised on several contracts in the financial years ended 30 April 2004 and 2005, may have been recognised too early.
- On that basis, these matters should have no impact on the current financial position of the iSOFT Group.
- The AIDB investigation concerns directors of the company who were members of organisations forming part of the AIDB, and Robson Rhodes, which was the Company's auditor for the financial years ended 30 April 2003, 2004 and 2005.

Agenda

Financial results

Funding

The CompuGROUP offer

Outlook and summary

Gavin James

Group Finance Director

Results for the year ended 30 April 2007

A return to profitability in the second half of FY07

- Lower revenues in FY07, but a substantial reduction in the cost base
- Underlying cost base run rate cut from £210m to just under £170m
- Reported revenues of £175.2m for the year
- Operating profit of £6.6m (pre exceptional costs and interest)
- One-time exceptional costs of £21.8m
- Net interest costs of £7.7m (FY06: £5.6m)
- Tax credit of £13.2m (and tax refund in cash)
- Net debt down since HY07 - £67.9m at 30 April 2007

Income statement

	12 months to 30 April 2007 £m	12 months to 30 April 2006 £m	Comments
Revenue	175.2	201.7	-13.1%
Operating costs	(168.6)	(188.4)	
Normalised profit from operations	6.6	13.3	
Exceptional costs	(21.8)	-	
Profit on sale of subsidiary	0.3	-	Swiss Ops
Goodwill impairment	0.6	(351.4)	
(Loss)/profit from operations	(14.3)	(338.1)	
Net interest costs	(7.7)	(5.7)	
(Loss)/profit before tax	(22.0)	(343.8)	
Taxation	13.2	(38.4)	
Net loss for the period	(8.8)	(382.2)	

Revenue analysis

Full year performance in middle of our range of expectations

- Indicated a revenue decline of between 10 to 15%
- Actual year-on-year decline of 13.1%
- Strong base of contracted and recurring maintenance revenues
- Signing up new orders has been difficult throughout 2006/07
 - Speculation and media coverage
 - Uncertainties created by the sale process
- UK: Lower NPfIT and other revenues in FY07
- Europe: Switzerland sold, but first FY contribution from Spain
- Revenues in the two half-years more equal under new accounting policy

Revenue and profit by geography

Year ended 30 April 2007

Year ended 30 April 2006

	Revenue	Operating profit	Margin	Revenue	Operating profit	Margin
	£m	£m	%	£m	£m	%
NPfIT	32.8			36.8		
Other UK	58.5			75.8		
UK & Ireland	91.3	23.5	25.7	112.2	39.3	35.0
Europe	53.8	11.1	20.6	58.0	5.7	9.8
Asia Pacific/RoW	16.6	5.1	30.7	16.4	5.1	31.1
iB Solutions	13.5	3.9	28.9	15.1	4.1	27.2
India	-	(17.4)	-		(16.0)	-
Group		(19.6)			(24.9)	
Total	175.2	6.6	3.8	201.7	13.3	6.6

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Exceptional costs

One-time costs incurred in FY07 to resolve Group issues

- Total exceptional items of £21.8 million for the year
- £4.0 million for closure of the HQ building in Manchester
- £11.3 million for redundancy and reorganisation costs
- £6.5 million for advisory costs
 - Renegotiating bank facilities
 - FSA and AIDB investigations
 - Advisory fees re the sale process

Agenda

Financial results

Funding.....

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Cash flow and net debt movement

	Year ended 30 April 2007 £m	Year ended 30 April 2006 £m	Comments
Operating (loss)/profit	(14.3)	(338.1)	
<u>Add: amortisation/depreciation</u>	6.9	358.5	
Working capital movement	(34.4)	(20.4)	Up-front payment unwind
Capital expenditure	(3.6)	(5.7)	
Net cash from operations	(45.4)	(5.7)	
Net interest paid	(2.9)	(2.2)	
Tax received/(paid)	19.9	(17.8)	Tax refund in 07
Acquisitions/disposals	1.2	(8.3)	Swiss ops sold
Dividends paid	-	(6.0)	
Other	1.1	(0.2)	Fixed asset sale
Net cash flow	(26.1)	(40.2)	
Opening net debt	(41.8)	(1.6)	
Closing net debt	(67.9)	(41.8)	

Balance sheet

	At 30 April 2007 £m	At 30 April 2006 £m
Non-current assets		
Goodwill	141.1	144.9
Other non-current assets	18.2	24.1
	<u>159.3</u>	<u>169.0</u>
Current assets		
Inventories and resale assets	0.1	4.7
Trade and other receivables	51.4	66.3
Cash and cash equivalents	19.0	77.5
	<u>70.6</u>	<u>148.5</u>
Current and non-current liabilities		
Trade and other payables	(106.1)	(151.7)
Bank overdrafts and loans	(86.9)	(119.4)
Other liabilities	(18.4)	(21.0)
	<u>(211.4)</u>	<u>(292.1)</u>
Net assets	<u>18.5</u>	<u>25.4</u>

Working capital

	At 30 April 2007 £m	At 30 April 2006 £m
Trade and other receivables		
Trade debtors	28.9	34.4
Accrued income	11.6	15.0
Taxation	0.5	5.6
Prepayments/other	10.4	11.3
	<u>51.4</u>	<u>66.3</u>
Trade and other payables		
Trade creditors	10.1	13.6
Accruals/other	41.8	38.4
Deferred income	53.8	96.8
Deferred consideration	0.3	2.9
	<u>106.1</u>	<u>151.7</u>

Funding

Reduction in overall net debt since the half-year

- Total facilities of £141m (£36m term loan, £105m revolver)
- Current facilities secured until 14 November 2007
- Net debt reduced from £73.8m at HY, to £67.9m at 30 April 2007
- LOCs and other guarantees reduced to £46.1m at 30 April 2007
- Contract financing of £43.5m included on balance sheet at 30 April 2007
- Higher PIK interest costs being accrued since January 2007
- Under the CompuGROUP offer, borrowings will be repaid at completion
- CompuGROUP will take over the LOC's and other guarantees

Net debt

At 30 April 2007

At 30 April 2006

	Bank Facility £m	Balance sheet £m	LOC Guarantees	Bank Facility £m	Balance sheet £m	LOC Guarantees
Revolving credit facility	105.0	(6.6) ¹	(46.1)	105.0	(15.7)	(88.2)
Term loan	36.0	(36.0)		39.0	(39.0)	-
Bank facilities	141.0	(42.6)	(46.1)	144.0	(54.7)	(88.2)
Cash		19.0			77.5	
Finance lease obligations		(0.7)			(2.6)	
Net (debt)/ cash		(24.4)			20.2	
Contract financing		(43.6)			(62.0)	
Net debt		(67.9)			(41.8)	

Note 1: made up of (£8m) revolving facility drawdown; £0.9m held on deposit; £0.5m unamortised bank fees

Audit certification

2006 Audit issues substantially resolved

- Investigation into possible accounting irregularities
 - Investigation still on-going, but scope unchanged
- Lack of associated accounting data to fully support new accounting policy
 - Significant increase in financial data available
- Information concerning the status of deliveries under the NPfIT
 - Situation resolved. Accenture withdrawal and new CSC agreements
- Potential for litigation claims
 - Litigation risks closed off through the Accenture withdrawal and CSC agreements
- Going concern
 - iSOFT turnaround has led to a substantial offer to acquire the company

Agenda

Financial results

Funding

The CompuGROUP offer.....

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The offer from CompuGROUP

CompuGROUP's offer is substantially better than IBA's

- CompuGROUP's offer is 66 pence per iSOFT share, in cash
- This compares with IBA's offer of 56 pence, in IBA shares (based on IBA's share price immediately prior to the CompuGROUP offer)
- The iSOFT board has therefore recommended the CompuGROUP offer
- CompuGROUP will repay iSOFT's bank borrowings and take over its LOC and other guarantee commitments from iSOFT's banks
- CompuGROUP has committed financing of £285m in place with SEB
- CompuGROUP intends to sell iSOFT's NHS NPfIT business to CSC

Overview of iSOFT

- iSOFT is a market-leading supplier of advanced software applications for the healthcare sector, with annual revenues of £175 million.
- iSOFT is Europe's largest company dedicated to healthcare IT and has extensive international experience and reach
- iSOFT's core application set – LORENZO – is at the forefront of the technology revolution taking place in healthcare
- iSOFT products are used by more than 8,000 healthcare organisations in 27 countries for managing patient information and driving improvements in healthcare services
- iSOFT has nearly 3,000 employees, including over 1,300 technology and development professionals

Overview of CompuGROUP

- CompuGROUP is one of the leading e-Health companies in Europe, with annual revenues of approximately £95 million
- CompuGROUP was founded 20 years ago and went public in May 2007
- CompuGROUP shares are traded on the Frankfurt stock exchange
- CompuGROUP's products offer efficient communication, cost-effective organisation and secure documentation, and expert medical systems, as well as enhancing quality levels with the healthcare system
- CompuGROUP's software and communication solutions support around 255,000 doctors, dentists, hospitals, associations and networks in Europe
- CompuGROUP has extensive operations across 9 European countries
- CompuGROUP currently has around 1,500 employees

LORENZO – the product for the NHS

An integrated and scalable healthcare solution

- LORENZO regional care due for delivery by early 2008
- Based on a modern service-oriented architecture (SOA)
- Designed to co-exist with existing systems and absorb them over time
- Enables systems to be upgraded on an incremental basis
- Radically reduces the risks associated with modernisation
- Provides lowest total cost of ownership
- Technology, services and solutions

LORENZO Clinicals – the international product

An integrated and scalable healthcare solution

- Single code-stream designed and developed in English, national language versions implemented for Germany and Holland
- Implemented and in production at SJD
- Code delivered to University Hospital in Aachen
- Go-live at Aachen in September 2007
- Further innovative additions planned for German and Dutch markets in version 2.7.8 for the end of this year

Agenda

Financial results

Funding

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Prospects

On a stand-alone basis, iSOFT would expect:

- Revenues to progress from FY07 levels
 - Assuming that the long-term funding issue is resolved
 - Based on LORENZO being developed for marketing outside the UK in late 2007/early 2008, with revenue from international sales occurring from fiscal 2009 onwards
- A further reduction of the company's cost base in the medium term
- Some further investment required to reshape/ rebalance the business

Summary

Significant advances in FY07

- Management strengthened at all levels of the business
- Processes and metrics strengthened across the business
- Problem contracts addressed
- Accounting policy changed
- Much better visibility on the Group's financial position
- Strong action taken to reduce the cost base
- UK National Programme delivery situation stabilised
- Risks of litigation on NPfIT resolved
- LORENZO development funding underpinned and de-risked
- Substantial progress on NPfIT and international development programmes

Summary

Significant advances in FY07

- Successful sale process produced two good offers for the business
- Compugroup offer provides solution to long term funding demands of the business
- Combined company in strong position to capitalise on the healthcare software market
- Combined geographic footprints, and new technology products provides for an exciting future



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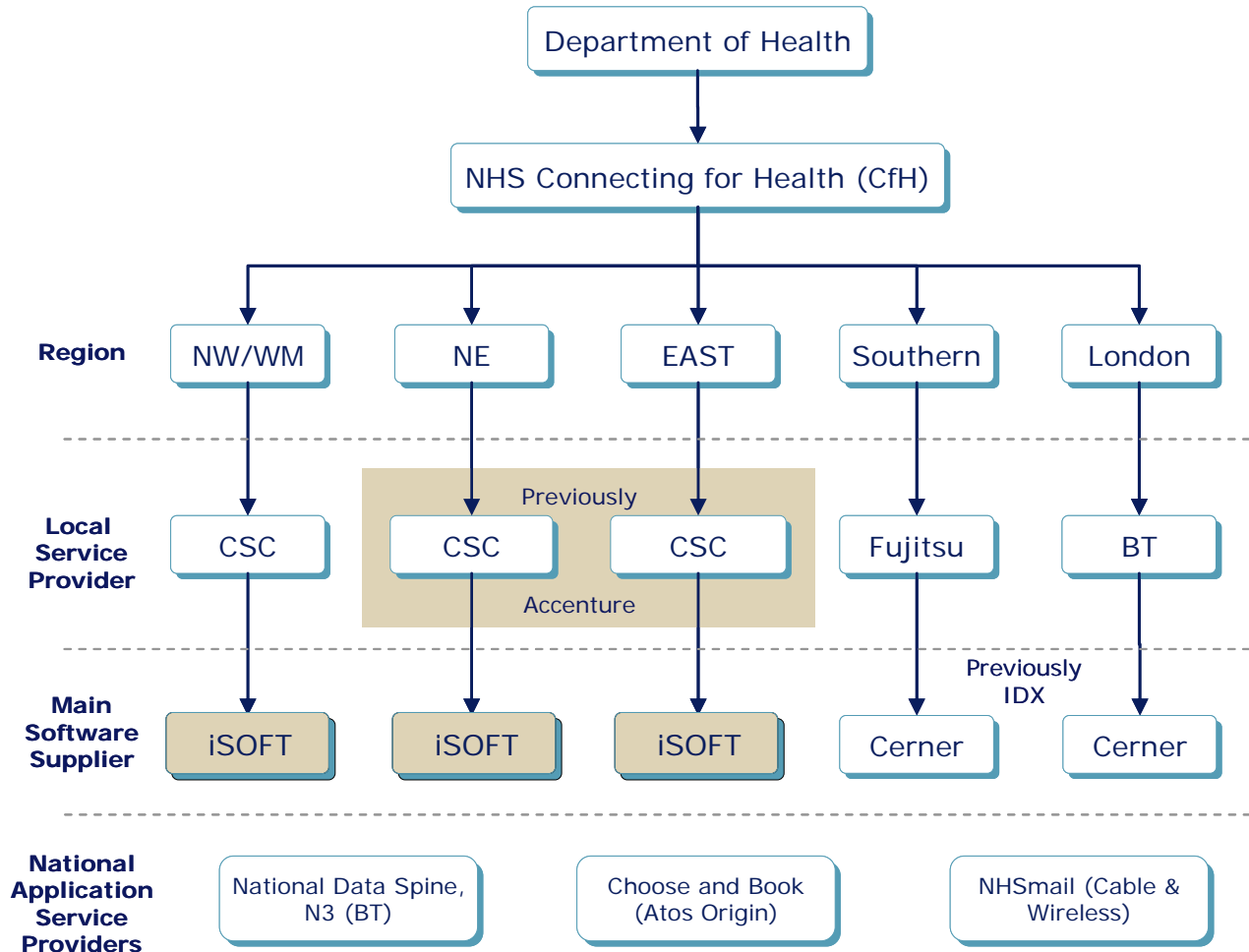
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Appendices

iSOFT's position in NPfIT

Five clusters of health authorities served by LSPs and software providers





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