ibahealth

ANNOUNCEMENT TO THE ASX

IBA Half-Year Results to 31 December 2008

Sydney – Tuesday, 17 February 2009 – IBA Health Group Limited (ASX: IBA) – Australia's largest listed health information technology company today announced its half-year results for the six months ended December 31 2008.

IBA Health has recorded revenues of $275 million, up 168% (H1 08 $103 million), and an EBITDA of $67.5 million, up 161% (H1 08 $26 million). The previous corresponding period, H1 08, consisted of 6 months of IBA and 2 months of iSOFT. Accordingly, 12 months of post-acquisition performance has been provided, showing the company is on track to meet its FY 09 guidance.

HIGHLIGHTS

- Reported EBITDA growth of 161% to $67.5 million in H1 08
- Better than expected reported EBITDA margin of 24.5%
- Reported EBITDA at constant currency for H1 is $68.3 million
- Net profit after tax of $10.3 million
- Strong revenue growth
    - Underlying revenue growth across all geographies
    - 94% of FY O9 revenues are recurring, contracted and expected
- Global launch of LORENZO progressing according to plan
- Expect to reinstate dividend in FY 09

Executive Chairman and CEO of IBA Health, Gary Cohen said: “We have achieved profitable revenue growth in the first half, driven by solid recurring revenues across all our geographies. We are continuing to benefit from global investment in health IT by governments worldwide, and the computerisation of healthcare records.”

OPERATIONAL PERFORMANCE

In the first half, the company had additional contracted revenues totalling $78 million, with an average value in excess of $1 million and more than a third having contract periods of three years or longer. The majority of the company’s revenues come from relationships with the public sector.

The company sees further opportunities from its international footprint as governments continue to spend on health IT initiatives.

An EBITDA margin of 24.5% was achieved in the half, which was above full-year guidance of 23%. Planned operational expenditure investments have been made. The higher margin is due to stronger sales margins than planned in the first half.

As advised in guidance, issued at the release of our fiscal 2008 results, operational expenditure investments have been made in the first half, including additional key executives. The new operating structure and business model put in place at the end of fiscal 2008 has achieved traction.

Cash flow in the first half was affected by a total of $42 million in timing and phasing differences that are cyclical, in addition to a $12 million part-settlement of the closedown of the existing services agreement in the UK. The company expects that net operating cash in the second half will be positive.

The company continues to operate well within its debt covenants, and expects to pay down contract financing in the second half, resulting in a reduction in net debt by the end of the fiscal year.

The Board continues to expect to pay a dividend for FY 09.

RESULTS

	H1 09 $m	H1 08 [3] $m	% change	H1 09 + H2 08 $m
Revenue	275.4	102.8	168%	533.5
Reported EBITDA	67.5	25.8	161%	138.0
Underlying EBITDA [1]	68.5	33.7	103%	140.4
Reported EBIT	41.9	12.6	232%	83.9
Reported NPAT	10.3	(1.1)	N/A	26.1
Underlying NPAT [2] (after minorities)	25.8	12.9	100%	56.4
Earnings per share (basic) in cts [2,4]	1.20	(0.20)	N/A	3.35
Underlying EPS [2,4]	3.17	2.07	53%	7.12
Cash at end of period	44.1	55.7	(21)%	
Net cash from operating activities [5]	(12.9)	8.2	N/A	46.4

Currency on prior period comparison basis had a marginal effect on current period results.
(1) Figures reported as "underlying EBITDA" have been adjusted for one-off exceptional items, integration and one-off acquisition costs.
(2) Figures reported as "underlying earnings" have been adjusted for amortisation of intangibles on acquisition, one-off exceptional items, integration, one-off acquisition costs and impairment charges, net of tax.
(3) Actual financial information includes iSOFT earnings from the date of the acquisition, which is 30 October 2007. If revenues of iSOFT were included for the full H1 08, the total revenue would have been approximately $226 million. H1 09 revenue would be a 21.8% increase on H1 08 on a like for like basis.
(4) Reported and underlying EPS are calculated with a different average number of shares outstanding for each period.
(5) In the Cash Flow Statement interest paid has been reclassified from operating activities to financing activities in order to align with the presentation in the condensed consolidated interim financial report.

CHANGE OF NAME TO iSOFT

As part of an ongoing exercise to strengthen the Group's position in the market, IBA Health has implemented the iSOFT brand for the group's products and services globally. This supports and underpins the marketing activity for the strategic LORENZO platform. The roll-out of LORENZO for the UK NPfIT program is on track with the current agreed timetable.

The stabilisation of customer relationships and market position, as well as the excellent reception experienced for the iSOFT branding launch, has led the Board to seek shareholders' approval to change the company's name to iSOFT Group Limited (ASX:ISF).

Commenting on the results, Gary Cohen said: "We are pleased with our first-half performance, and we are on track with our full-year guidance. We have consolidated our position as one of the world's leading providers of health IT solutions, and look forward to further opportunities as governments continue to introduce spending initiatives in our industry. IBA Health is pleased to reaffirm guidance for fiscal 2009 of revenues between $540 - $560 million, and EBITDA of between $120 – $130 million. The prior 12 months reflects the first full year of post-acquisition operations, and shows strong profit, revenue and cash flow performance."

RESULTS BRIEFING

A presentation of the half-year results is scheduled to be held at 11:00am (AEST) at:
Intercontinental Hotel, Heritage Room,
117 Macquarie Street, Sydney

A live webcast of the results presentation will be available via the following webcast link:
http://www.brr.com.au/event/55128

The webcast will include a copy of the presentation together with a live audio transmission and an archived version will remain accessible after the event through the same link.

A copy of the presentation will be available on IBA's web site www.ibahealth.com and the ASX www.asx.com.au.

End of release

For further information contact:

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About IBA Health Group

IBA Health Group Limited (ASX-IBA) is the largest health information technology company listed on the Australian Securities Exchange, and trades globally under the name 'iSOFT".

IBA builds software applications for healthcare. We work with healthcare professionals to design and build solutions that answer all of the difficult questions posed by today's care delivery challenges. Our solutions act as a catalyst for change, supporting the free exchange of critical information across diverse care settings and participant organisations. We are the leader in the provision of advanced application solutions in modern healthcare economies around the world

Today, more than 13,000 provider organisations in 36 countries across five continents use IBA's solutions to manage patient information and drive improvements in their core processes. The group's sustainable development is delivered through careful planning, in-depth analysis of our market and anticipation of evolving requirements. Our business is driven by the collective talent, experience and commitment of more than 4,000 specialists around the globe, including over 1,700 technology and development professionals.

A global network of IBA subsidiaries, supported by an extensive partner network, provides substantial experience of national healthcare markets. As a result we offer our customers comprehensive knowledge of local market requirements, in terms of culture, language, working practice, healthcare regulation and organisational structure.

For more information on IBA Health, please visit the company's website at www.ibahealth.com

Rules 4.1 - 4.2C

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	IBA HEALTH GROUP LIMITED
ABN	66 063 539 702
Financial Period Ended	31 DECEMBER 2008
Previous Corresponding Reporting Period	31 DECEMBER 2007

Results for Announcement to the Market

	Half year ended 31 December 2008 $'000	**Half year ended 31 December 2007 $'000**	**Percentage increase over previous corresponding period**
Revenue from ordinary activities	275,381	102,837	168%
Net profit after tax for the period	10,345	(1,074)	Not applicable
Net profit after tax for the period attributable to members	9,418	(1,234)	Not applicable
EBITDAI	67,488	25,823	161%
Dividends (distributions)	Amount per security		Franked amount per security
Final Dividend	N/A		N/A
Interim Dividend	N/A		N/A
Previous corresponding period	N/A		N/A
Record date for determining entitlements to the dividends (if any)	Not applicable		

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

EBITDAI is earnings before income tax, finance costs, depreciation, amortisation and impairment expense.
There was no impairment in the current and comparative period. An impairment of $5.179 million was recognised during the second half of the financial year to 30 June 2008, representing an impairment on intellectual property for a discontinued product line.

Refer to ASX announcement.

The half-yearly report is to be read in conjunction with the most recent annual financial report.

Dividends

Date the dividend is payable	Not applicable
Record date to determine entitlement to the dividend	Not applicable
Amount per security (cent)	Not applicable
Total dividend ($ '000)	Not applicable
Amount per security of foreign sourced dividend or distribution	Not applicable
Details of any dividend reinvestment plans in operation	Not applicable
The last date for receipt of an election notice for participation in any dividend reinvestment plans	Not applicable

NTA Backing

	Current Period 31 December 2008	**Previous corresponding period 31 December 2007**
Net tangible asset backing per ordinary security	(52) cents	(51) cents
Net assets per ordinary security	91 cents	75 cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Consolidated profit from ordinary activities since the date in the current period on which control was acquired, before amortisation and inter company charges	Not applicable
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

Loss of Control Over Entities Having Material Effect

Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	Not applicable
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	Not applicable

Details of Associates and Joint Venture Entities

Name of Entity	**Percentage Held**		**Share of Net Loss**	
	Current Period	**Previous Period**	**Current Period**	**Previous Period**
Not applicable	N/A	N/A	N/A	N/A
Aggregate Share of Net Loss			N/A	N/A

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	√
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: Not applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not applicable			

Attachments Forming Part of Appendix 4D

Attachment #	**Details**
1	**ASX Announcement**
2	**Half-year Financial Report**

Signed By (Director/Company Secretary)	
Print Name	Gary Cohen
Date	16-February-2009

IBA Health Group Limited
ABN 66 063 539 702

ASX Code: IBA

Interim Financial Report

For the half year ended 31 December 2008

IBA Health Group Limited
Interim Financial Report
For the half year ended 31 December 2008

Contents

DIRECTORS' REPORT

The Directors present their interim financial report of the Consolidated Entity, comprising IBA Health Group Limited ("the Company" or "IBA") and its controlled entities (together "the Consolidated Entity") for the half year ended 31 December 2008 and the auditor's review report thereon.

Directors
The Directors of the Company throughout or at any time during or since the end of the half year are:

Gary Cohen	(Executive Chairman)
Stephen Garrington	(Executive Director)
Claire Jackson	(Independent Director)
Anthony Sherlock	(Independent Director)
Peter Wise	(Independent Director)
Ian Tsicalas	(Non-Executive Director)
Robert Moran	(Non-Executive Director) (Appointed 6 November 2008; prior to this date was an alternate Director to Ian Tsicalas and Don Conway from 28 May 2008)
Don Conway	(Non-Executive Director) (Resigned 6 November 2008)

Alternate Director
Lachlan MacGregor (Non-Executive Director) (Appointed 9 January 2009 as alternate Director to Robert Moran and Ian Tsicalas)

Principal Activities
The principal activity of the Consolidated Entity during the course of the current and prior periods was the development and licensing of computer software and the supply of services to the health industry. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial period.

Operating and Financial Review
The operating profit after tax for the half year was $10,345,000 (2007: loss $1,074,000). Further details of the operations for the Consolidated Entity during the half year are set out in the attached announcement.

Dividends
During the reporting period, the Directors did not declare or pay any dividend. No dividend has been declared for the half year ended 31 December 2008.

Lead auditors' independence declaration under Section 307C of the Corporations Act 2001
The lead auditor's independence declaration is set out on page 7and forms part of the Directors' Report for the half year ended 31 December 2008.

Rounding-off
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian Dollars in the interim financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Gary Cohen
Director

Dated at Sydney, 16 February 2009

PKF

Chartered Accountants
& Business Advisers

AUDITORS' INDEPENDENCE DECLARATION

To : The Directors
IBA Health Group Limited

As lead auditor for the review of IBA Health Group Limited for the half year ended 31 December 2008 I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IBA Health Group Limited and the subsidiaries it controlled during the half year.

PKF

Bruce Gordon
Partner
Sydney

Dated this 16th day of February 2009

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IBA HEALTH GROUP LIMITED
Condensed Consolidated Income Statement

For the half year ended 31 December 2008

	Notes	31 December 2008 $'000	31 December 2007 $'000
Sales revenue		274,540	100,648
Other revenue		841	2,189
Revenue	***3***	275,381	102,837
Expenses excluding finance costs, depreciation, amortisation and impairment	***4***	(207,893)	(77,014)
EBITDAI	***6***	**67,488**	**25,823**
Depreciation		(4,481)	(2,032)
Amortisation of intangible assets		(21,090)	(11,157)
Impairment of intangible assets		-	-
Finance costs		(26,628)	(10,970)
Earnings before income tax expense		**15,289**	**1,664**
Income tax expense		(4,944)	(2,738)
Profit/(loss) for the period		**10,345**	**(1,074)**
Attributable to:			
Equity holders of the parent entity		9,418	(1,234)
Minority interest		927	160
Profit/(loss) for the period		**10,345**	**(1,074)**

	Cents	Cents
Basic earnings per share attributable to ordinary equity holders	1.20	(0.20)
Diluted earnings per share attributable to ordinary equity holders	1.20	(0.20)

The above Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

IBA HEALTH GROUP LIMITED
Condensed Consolidated Balance Sheet
As at 31 December 2008

	Notes	31 December 2008 $'000	30 June 2008 $'000
CURRENT ASSETS			
Cash and cash equivalents	*8*	44,119	54,218
Trade and other receivables		95,241	77,188
Inventories		377	350
Income tax receivable		-	784
Accrued revenue		79,314	58,700
Other current assets	*9*	35,090	27,137
TOTAL CURRENT ASSETS		**254,141**	**218,377**
NON-CURRENT ASSETS			
Property, plant and equipment		20,104	19,961
Intangible assets	*10*	1,030,997	933,050
Deferred tax assets		94,274	99,435
Accrued revenue		22,282	20,525
TOTAL NON-CURRENT ASSETS		**1,167,657**	**1,072,971**
TOTAL ASSETS		**1,421,798**	**1,291,348**
CURRENT LIABILITIES			
Trade and other payables	*11*	117,435	132,610
Borrowings	*12*	115,829	98,123
Income tax liabilities		6,429	-
Provisions	*13*	14,396	12,905
Deferred income		58,496	72,336
TOTAL CURRENT LIABILITIES		**312,585**	**315,974**
NON-CURRENT LIABILITIES			
Trade and other payables	*14*	10,563	10,034
Borrowings	*15*	250,181	235,174
Deferred tax liabilities		103,933	115,837
Provisions	*16*	1,822	508
Retirement benefit obligations		23,466	26,947
Other non-current liabilities		747	800
TOTAL NON-CURRENT LIABILITIES		**390,712**	**389,300**
TOTAL LIABILITIES		**703,297**	**705,274**
NET ASSETS		**718,501**	**586,074**
EQUITY			
Contributed equity	*17*	608,885	602,328
Reserves	*17*	117,509	1,984
Accumulated losses	*17*	(9,170)	(18,588)
Total equity attributable to equity holders of the parent entity		717,224	585,724
Minority interest		1,277	350
TOTAL EQUITY		**718,501**	**586,074**

The above Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

IBA HEALTH GROUP LIMITED
Condensed Consolidated Statement of Recognised Income and Expense
For the half year ended 31 December 2008

	Notes	31 December 2008 $'000	31 December 2007 $'000
Changes in the fair value of cash flow hedges, net of tax	*17*	1,020	-
Defined benefit plan actuarial gains (losses), net of tax	*17*	2,502	(987)
Share-based payments	*17*	676	326
Foreign currency translation differences, net of tax	*17*	110,506	5,266
Fair value of warrants issued	*17*	821	-
Equity component of convertible notes	*17*	-	7,723
Net income recognised directly in equity		115,525	12,328
Profit/(loss) for the period		10,345	(1,074)
Total recognised income and expense for the period		**125,870**	**11,254**
Total recognised income and expense for the period is attributable to:			
Equityholders of the parent entity		124,943	11,094
Minority interest		927	160
Total recognised income and expense for the period		**125,870**	**11,254**

The above Condensed Consolidated Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes.

IBA HEALTH GROUP LIMITED

Condensed Consolidated Cash Flow Statement

For the half year ended 31 December 2008

	Note	31 December 2008 $000	31 December 2007 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		256,448	72,140
Payments to suppliers and employees (inclusive of GST)		(264,526)	(63,084)
Interest received		515	1,905
Income tax paid		(5,325)	(2,770)
Net cash from operating activities		**(12,888)**	**8,191**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(3,527)	(2,336)
Payment for acquisition of business entity		(2,644)	(307,900)
Repayment from ELP loan		(56)	820
Payments for development expenditure		-	(4,379)
Payment for deferred consideration		(188)	(671)
Net cash from investing activities		**(6,415)**	**(314,466)**
Cash flows from financing activities			
Proceeds from issue of shares		-	132,001
Proceeds from issue of convertible notes		-	105,292
Share issue costs		-	(6,718)
Proceeds from contract funding and other funding		-	2,172
Repayment of contract funding and other funding		(7,417)	(584)
Proceeds from finance leases		-	294
Proceeds from borrowings		28,092	240,123
Repayment of borrowings		-	(231,713)
Interest paid		(14,082)	(8,013)
Interest paid on refinancing of acquisition loans		-	(23,608)
Finance lease principal repayments		(429)	-
Net cash from financing activities		**6,164**	**209,246**
Net decrease in cash and cash equivalents		(13,139)	(97,029)
Cash and cash equivalents held at 1 July	*8*	54,218	152,528
Effect of exchange rate changes on cash and cash equivalents		3,040	166
Cash and cash equivalents held at 31 December	***8***	**44,119**	**55,665**

The above Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

This general purpose condensed consolidated interim financial report for the half year ended 31 December 2008 comprises IBA Health Group Limited (“the Company” or "IBA") and its controlled entities (together referred to as the “Consolidated Entity”).

IBA is a company domiciled in Australia.

The condensed consolidated interim financial report was approved by the Board of Directors on 16 February 2009.

(a) Statement of compliance
The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The condensed consolidated interim financial report of the Consolidated Entity complies with the International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This condensed consolidated interim financial report does not include all the information required for a full annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2008 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian Dollars in the interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Basis of preparation
The accounting policies adopted by the Consolidated Entity in this condensed consolidated interim financial report are the same as applied by the Consolidated Entity in its 30 June 2008 consolidated report and corresponding interim reporting period, except as otherwise stated below.

The Consolidated Entity has made reclassifications in prior year comparatives in order to align with the presentation in this condensed consolidated interim financial report. In particular, in the Cash Flow Statement the Consolidated Entity has reclassified interest paid from operating activities to financing activities.

(c) Addition of new and revised accounting standards
The Consolidated Entity has not adopted any new Standards and Interpretations, as there are no mandatory new Standards for half year reporting periods beginning on or after 1 July 2008.

(d) Use of estimates and judgements
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors, including expectations of future events that may have a financial impact on the Consolidated Entity and that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In preparing this condensed consolidated interim financial report of the Consolidated Entity, the significant judgments made by management in applying accounting policies were the same as those that applied to the financial report for the year ended 30 June 2008.

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Should the projected turnover figures differ significantly from the budgeted figures incorporated in the value-in-use calculations then an impairment loss would be recognised, up to the maximum carrying value of goodwill and intangibles at 31 December 2008.

Accrued revenue represents earned revenue which has been calculated on a percentage of completion basis and which has not yet been invoiced. The calculation of revenue recognised on a percentage of completion basis over the period of installation, implementation and provision of services requires accurate forecasts of costs to completion which are generally difficult to ascertain and are therefore subject to judgment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 2: SEGMENT REPORTING

Segment information is presented in respect of the Consolidated Entity's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting is based on the Consolidated Entity's management and internal reporting structure. Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Revenue and results are derived from the sales and maintenance of computer software to the healthcare industry in the business segments highlighted below.

	United Kingdom and Ireland	Continental Europe	Australia and New Zealand	Asia, Middle East & Africa	Intersegment eliminations	Consolidated
	31-Dec 2008 $'000	31-Dec 2008 $'000	31-Dec 2008 $'000	31-Dec 2008 $'000	31-Dec 2008 $'000	31-Dec 2008 $'000
Sales to external customers	161,004	69,974	31,981	11,581	-	274,540
Intersegment sales	1,237	333	-	34,858	(36,428)	-
Total sales revenue	162,241	70,307	31,981	46,439	(36,428)	274,540
Other revenue	262	346	150	83	-	841
Total segment revenue	**162,503**	**70,653**	**32,131**	**46,522**	**(36,428)**	**275,381**
Segment result	**8,234**	**10,292**	**(1,660)**	**8,790**	**-**	**25,656**
Unallocated corporate expenses						(10,367)
Operating profit						**15,289**

Segment results include amortisation of intangibles on acquisition.

	United Kingdom and Ireland	Continental Europe	Australia and New Zealand	Asia, Middle East & Africa	Intersegment eliminations	Consolidated
	31-Dec 2007 $'000	31-Dec 2007 $'000	31-Dec 2007 $'000	31-Dec 2007 $'000	31-Dec 2007 $'000	31-Dec 2007 $'000
Sales to external customers	48,219	21,686	21,190	9,553	-	100,648
Intersegment sales	1,985	276	-	34,012	(36,273)	-
Total sales revenue	50,204	21,962	21,190	43,565	(36,273)	100,648
Other revenue	85	57	1,723	324	-	2,189
Total segment revenue	**50,289**	**22,019**	**22,913**	**43,889**	**(36,273)**	**102,837**
Segment result	**1,103**	**2,966**	**(1,364)**	**(1,041)**	**-**	**1,664**

	31-December 2008 $'000	31-December 2007 $'000
NOTE 3: REVENUE		
Sales revenue		
Licences	103,280	34,014
Implementation	48,270	25,668
Maintenance and support	109,759	36,841
Third party hardware	9,109	2,421
Third party software	2,930	1,199
Other	1,192	505
	274,540	**100,648**
Other revenue		
Interest income	841	2,189
	275,381	**102,837**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 4: EXPENSES

	31-December 2008 $'000	31-December 2007 $'000
Expenses excluding finance costs, amortisation, depreciation and impairment is comprised as follows:		
- Consultancy, Insurance and Professional Fees	13,166	2,092
- Consumables	35,407	11,833
- Doubtful debts	102	(72)
- Employee benefits expense	122,184	49,958
- Marketing	3,482	1,254
- Occupancy	10,980	3,408
- Telecommunications	3,666	1,634
- Travel	11,415	4,473
- Other	6,297	1,236
- Provision for Hyderabad Office Closure	-	1,198
- Restructuring costs including redundancy	1,194	-
	207,893	**77,014**

NOTE 5: DIVIDENDS

Dividends paid		
Dividends provided for or paid during the half year	-	-
Dividends proposed		
Dividends to ordinary shareholders not recognised at the end of the half year	-	-

NOTE 6: CALCULATION OF EBITDAI

The Consolidated Entity has reported EBITDAI, calculated as follows:

Profit before tax	15,289	1,664
Amortisation of intangible assets	21,090	11,157
Impairment of intangible assets	-	-
Depreciation	4,481	2,032
Interest charges	16,719	6,348
Finance costs	9,909	2,222
Hedging costs	-	2,400
	67,488	**25,823**

EBITDAI is earnings before income tax, finance costs, depreciation, amortisation and impairment expense.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 7: BUSINESS COMBINATION

On 30 October 2007 the Consolidated Entity acquired 100% of the issued share capital of iSOFT Group Plc. At 30 June 2008, the accounting for this business combination was still provisional, which has now been finalised. Refer to Note 10 for further details on goodwill and intangibles.

Details of the finalised purchase price allocation for the iSOFT Group Plc acquisition are as follows:

	Acquiree's carrying amount $’000	**Fair value $’000**
Cash and cash equivalents	57,626	57,626
Trade receivables	73,107	73,107
Plant and equipment	19,867	19,867
Patents and trademarks	-	54,000
Customer contracts	-	126,700
Intellectual property	-	195,400
Deferred tax assets	-	94,489
Other non-current assets	41,058	41,058
Trade payables	(215,253)	(215,253)
Deferred tax liabilities	-	(107,939)
Retirement benefit obligations	(22,237)	(22,237)
Bank loans	(320,269)	(320,269)
Net assets acquired	**(366,101)**	**(3,451)**
Goodwill		468,642
Total purchase consideration		465,191

NOTE 8: CASH AND CASH EQUIVALENTS	**31-December 2008 $'000**	**30-June 2008 $'000**
Cash at bank	44,119	54,218
	44,119	**54,218**

In the Cash Flow Statement, opening cash in the comparative period included cash held on deposit at 30 June 2007 of $144.5 million raised from a rights issue. The funds were used to acquire iSOFT Group plc on 30 October 2007 (See Note 7).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 9: OTHER ASSETS - CURRENT

	31-December 2008 $'000	30-June 2008 $'000
Prepayments and sundry debtors	20,762	19,298
Derivative assets	1,457	-
Employee loan plan	12,871	7,839
	35,090	**27,137**

NOTE 10: INTANGIBLE ASSETS

	Goodwill	Capitalised Development	Intellectual Property	Customer Contracts	Patents and trademarks	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2007						
Cost	92,497	27,595	29,238	-	-	149,330
Accumulated amortisation and impairment	-	(15,495)	(5,086)	-	-	(20,581)
Net carrying amount	**92,497**	**12,100**	**24,152**	**-**	**-**	**128,749**
Movement during the year ended 30 June 2008						
Additions	-	8,699	-	-	-	8,699
Fair value recognised from business combinations	445,867	-	321,770	12,830	60,700	841,167
Amortisation	-	(4,648)	(7,170)	(16,465)	(2,041)	(30,324)
Impairment	-	-	(5,179)	-	-	(5,179)
Reallocation of Fair Value	(30,600)	-	(1,872)	31,977	495	-
Effect of foreign exchange movements	(10,453)	1,210	(62)	(757)	-	(10,062)
	404,814	**5,261**	**307,487**	**27,585**	**59,154**	**804,301**
Balance at 1 July 2008						
Cost	507,764	36,294	349,136	44,807	61,195	999,196
Accumulated amortisation and impairment	-	(20,143)	(17,435)	(16,465)	(2,041)	(56,084)
Accumulated currency translation adjustments	(10,453)	1,210	(62)	(757)	-	(10,062)
Net carrying amount	**497,311**	**17,361**	**331,639**	**27,585**	**59,154**	**933,050**
Movement during the 6 months ended 31 December 2008						
Additions	2,509	6,041	314	-	-	8,864
Adjustments to fair values previously recognised from business combinations	(4,034)	-	(115,670)	115,670	-	(4,034)
Reclassifications and reallocations of fair values	23,400	-	(10,800)	(5,900)	(6,700)	-
Amortisation	-	(1,136)	(6,830)	(11,561)	(1,563)	(21,090)
Effect of foreign exchange movements	64,556	2,769	24,605	15,734	6,543	114,207
	86,431	**7,674**	**(108,381)**	**113,943**	**(1,720)**	**97,947**
Balance at 31 December 2008						
Cost	529,639	42,335	222,980	154,577	54,495	1,004,026
Accumulated amortisation and impairment	-	(21,279)	(24,265)	(28,026)	(3,604)	(77,174)
Accumulated currency translation adjustments	54,103	3,979	24,543	14,977	6,543	104,145
Net carrying amount	**583,742**	**25,035**	**223,258**	**141,528**	**57,434**	**1,030,997**

During the reporting period, the Australian Dollar presentation currency of the Consolidated Entity weakened quite significantly against the British Pound, Euro and other currencies. The translation of goodwill and intangibles, held by the relevant reporting segments of the Consolidated Entity and denominated in the segment's respective functional currency resulted in an unrealised foreign currency gain of $114.2 million on consolidation, which is recognised in equity. The impairment charge in the period to 30 June 2008 represented an impairment on intellectual property for a discontinued product line. Adjustments to fair values in the reporting period include the correction of a presentation error of $115.7 million between customer contracts and intellectual property.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 10: INTANGIBLE ASSETS (continued)

	31-December 2008 $'000
Goodwill is allocated to the following cash generating units:	
Asia, Middle East and Africa	68,472
Australia and New Zealand	80,528
United Kingdom and Ireland	159,857
IBS (iSOFT Business Solutions)	22,823
Southern Europe and South America	82,251
Continental Europe	169,811
	583,742

Purchase price allocation was provisionally determined at 30 June 2008. This has now been finalised, resulting in reclassifications of goodwill among CGU's and further identification of separately identifiable intangibles. As a consequence, there is no comparative.
The recoverable amount of each cash-generating unit (CGU) above is determined based on value in use calculations. Value in use is calculated based on the present value of cash flow projections over a 5 year period using an estimated growth rate of between 3% and 16%. The cash flows are discounted using the weighted average cost of capital determined per CGU, being in the range of 10.8% to 14.7%. The cash flows are based on forecasts for each CGU. These forecasts use estimated growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the CGU's operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular CGU.

NOTE 11: TRADE AND OTHER PAYABLES - CURRENT

	31-December 2008 $'000	**30-June 2008 $'000**
Trade payables	17,243	17,738
Employee related including taxes	29,824	20,543
Settlement due	5,941	16,884
Payments received on account	6,978	13,582
Cost of sales accruals	12,281	11,481
Exceptional cost accruals	3,414	4,396
Purchase / Sales taxes	10,994	8,036
Other creditors and accruals	30,760	39,950
	117,435	**132,610**

NOTE 12: BORROWINGS - CURRENT

Senior secured borrowings	22,679	9,000
Subordinated secured borrowings	60,003	57,561
Contract funding	31,782	30,239
Other borrowings	425	-
Finance lease liability	940	1,323
	115,829	**98,123**

Senior secured borrowings:
Short term component of long term funding amounting to $13.7 million is provided by ABN Amro, London Branch. The borrowings are secured by a first ranking floating and fixed charge over certain assets of the Consolidated Entity and are denominated in GBP. Interest rates applicable to various tranches of the facility were between 6.16% to 7.17%. The maturity date of the facility is October 2011. There is $9 million of bank loans fully drawn under 364-day revolving term facilities with HSBC. These bank loans are secured by a fixed and floating charge over other assets of the Consolidated Entity.

Subordinated secured borrowings:
During the last financial year, the Consolidated Entity received an interest bearing loan from a related party, AEP Financial Services Holdings Pty Limited, a wholly owned controlled entity of Allco Equity Partners Limited as part of the financing provided for IBA's acquisition of iSOFT Group plc in 2007. The termination date of the loan is 30 June 2009. The agreement provides for repayment or prepayment through a form of equity or as otherwise agreed with the senior lender. The balance of the loan, net of deferred establishment fees, at 31 December 2008 was $60.0 million (30 June 2008: $57.6 million) and is denominated in AUD.
The loan is subordinated and until the maturity date of IBA's existing senior facilities (October 2011), the lender does not have the right to seek repayment. The Consolidated Entity intends to repay, renegotiate (as done in the past), restructure (as done in the past) or otherwise deal with this loan.

Contract funding:
Money to be earned from some ongoing contracts of the iSOFT Group has previously been paid in advance by third party lenders. This practice ceased after the acquisition of iSOFT. The majority of contract funding is denominated in Euros and GBP. The increase in the balance is entirely a consequence of foreign exchange effects when translated into Australian Dollars. At the reporting date, total contract funding (current and non-current) amounted to EUR22.5m, GBP5.3m, AUD11.5m (30 June 2008: EUR22.8m, GBP6.5m, AUD14.9m respectively).

Finance lease liability:
Finance lease liabilities are secured over specific equipment owned and capitalised by IBA.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31-December 2008 $'000	30-June 2008 $'000
NOTE 13: PROVISIONS - CURRENT		
Employee benefits	11,637	9,219
Lease make good	2,360	2,970
Other	399	716
	14,396	**12,905**

NOTE 14: TRADE AND OTHER PAYABLES - NON-CURRENT

Trade and other payables	10,563	10,034
	10,563	**10,034**

NOTE 15: BORROWINGS - NON-CURRENT

Senior secured borrowings	180,194	168,346
Contract funding	36,715	35,588
Convertible notes payable	31,651	30,834
Other borrowings	1,116	-
Finance lease liability	505	406
	250,181	**235,174**

Senior secured borrowings and contract funding: see Note 12: Borrowings - Current. The majority of contract funding is denominated in Euros and GBP. The increase in the balance is entirely a consequence of foreign exchange effects when translated into Australian Dollars. At the reporting date, total contract funding (current and non-current) amounted to EUR22.5m, GBP5.3m, AUD11.5m (30 June 2008: EUR22.8m, GBP6.5m, AUD14.9m respectively).

Convertible notes:
Amount represents the liability component of the compound financial instrument. AEP Financial Services Holdings Pty Ltd, a related party, owns 45,969,469 unsecured convertible notes which can be converted with no consideration at the direction of the holder at any time until the expiry date 31 October 2012. The convertible notes are entitled to interest amounting to a dividend distribution only as and when a dividend is declared. If not converted, the notes must be repaid by the issuer on the expiry date.

NOTE 16: PROVISIONS - NON-CURRENT

Employee benefits	1,822	508
	1,822	**508**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 17: SHARE CAPITAL AND RESERVES	**Dec 2008 No. shares**	**June 2008 No. shares**
Ordinary shares – fully paid	786,890,441	776,486,191

Movements in ordinary share capital during the year:

Date	**Details**	**Number of shares**	**Issue price $**	**$'000**
1/07/2008	Opening balance at the beginning of the financial period	776,486,191		602,328
16/07/2008	Issued under IBA Health Employee Share Plan	224,903	0.59	133
24/09/2008	Issued under IBA Health Employee Loan Plan	4,100,000	0.73	2,991
8/10/2008	Issued under IBA Health Employee Share Plan	183,024	0.73	132
28/11/2008	Issued under IBA Health Employee Deferred Incentive Plan	430,775	0.56	242
10/12/2008	Issued under IBA Health Employee Loan Plan	200,000	0.56	112
10/12/2008	Issued under IBA Health Employee Deferred Incentive Plan	5,208,843	0.56	2,914
18/12/2008	Issued under IBA Health Employee Deferred Incentive Plan	56,705	0.57	33
Closing balance		786,890,441		608,885

Movements in options

Date	**Details**	**Number of options**
1/7/2008	Opening balance	5,700,000
24/9/2008	Exercise price $0.7297, expiry date 4 September 2013	13,900,000
Closing balance		19,600,000

Movements in Convertible Notes

Date	**Details**	**Number of Convertible Notes**	**$'000**
1/7/2008	Opening balance	45,969,469	30,834
	Interest		817
Closing balance		45,969,469	31,651

Convertible notes	
Debt component	31,651
Deferred tax liability component	2,420
Option premium on convertible loan notes	7,723
	41,794

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 17: SHARE CAPITAL AND RESERVES (continued)

	Contributed equity $'000	**Cash Flow Hedging Reserve $'000**	**Options / warrants reserve $'000**	**Share-based payments $'000**	**Foreign currency translation $'000**	**Option Premium Reserve $'000**	**Retirement benefits reserve $'000**	**Reserves $'000**	**Accumu-lated losses $'000**	**Total $'000**	**Minority interest $'000**	**Total Equity $'000**
At 1 July 2007	**187,235**	**-**	**4,343**	**3,285**	**(5,099)**	**-**	**-**	**2,529**	**(33,024)**	**156,740**	**131**	**156,871**
Equity issued during the period	413,077	-	-	-	-	-	-	-	-	**413,077**	-	**413,077**
Equity component of convertible notes	-	-	-	-	-	7,723	-	**7,723**	-	**7,723**	-	**7,723**
Foreign currency translation, net of tax	-	-	-	-	5,266	-	-	**5,266**	-	**5,266**	-	**5,266**
Actuarial gains/(losses), net of tax	-	-	-	-	-	-	(987)	**(987)**	-	**(987)**	-	**(987)**
Share-based payments	-	-	-	326	-	-	-	**326**	-	**326**	-	**326**
Profit for the period	-	-	-	-	-	-	-	-	(1,234)	**(1,234)**	160	**(1,074)**
At 31 December 2007	**600,312**	**-**	**4,343**	**3,611**	**167**	**7,723**	**(987)**	**14,857**	**(34,258)**	**580,911**	**291**	**581,202**
At 1 January 2008	**600,312**	**-**	**4,343**	**3,611**	**167**	**7,723**	**(987)**	**14,857**	**(34,258)**	**580,911**	**291**	**581,202**
Equity issued during the period	2,016	-	640	-	-	-	-	**640**	-	**2,656**	-	**2,656**
Foreign currency translation, net of tax	-	-	-	-	(5,707)	-	-	**(5,707)**	-	**(5,707)**	-	**(5,707)**
Actuarial gains/(losses), net of tax	-	-	-	-	-	-	(8,128)	**(8,128)**	-	**(8,128)**	-	**(8,128)**
Share-based payments	-	-	-	322	-	-	-	**322**	-	**322**	-	**322**
Profit for the period	-	-	-	-	-	-	-	-	15,670	**15,670**	59	**15,729**
At 30 June 2008	**602,328**	**-**	**4,983**	**3,933**	**(5,540)**	**7,723**	**(9,115)**	**1,984**	**(18,588)**	**585,724**	**350**	**586,074**
At 1 July 2008	**602,328**	**-**	**4,983**	**3,933**	**(5,540)**	**7,723**	**(9,115)**	**1,984**	**(18,588)**	**585,724**	**350**	**586,074**
Equity issued during the period	6,557	-	821	-	-	-	-	**821**	-	**7,378**	-	**7,378**
Changes in fair value, net of tax	-	1,020	-	-	-	-	-	**1,020**	-	**1,020**	-	**1,020**
Foreign currency translation, net of tax	-	-	-	-	110,506	-	-	**110,506**	-	**110,506**	-	**110,506**
Actuarial gains/(losses), net of tax	-	-	-	-	-	-	2,502	**2,502**	-	**2,502**	-	**2,502**
Share-based payments	-	-	-	676	-	-	-	**676**	-	**676**	-	**676**
Profit for the period	-	-	-	-	-	-	-	-	9,418	**9,418**	927	**10,345**
At 31 December 2008	**608,885**	**1,020**	**5,804**	**4,609**	**104,966**	**7,723**	**(6,613)**	**117,509**	**(9,170)**	**717,224**	**1,277**	**718,501**

During the reporting period, the Australian Dollar reporting currency of the Consolidated Entity weakened quite significantly against the British Pound, Euro and other currencies. The translation of foreign currency financial statements on consolidation resulted in an unrealised foreign currency gain of $110.5 million net of tax. The majority of these unrealised foreign currency gains result from goodwill and intangibles, held by the relevant reporting segments of the Consolidated Entity and denominated in the segment's respective functional currency.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 18: COMMITMENTS

	31-December 2008 $'000	30-June 2008 $'000
Lease commitments - operating		
Committed at reporting date but not recognised as liabilities, payable:		
Within one year	12,569	7,019
One to five years	37,302	21,497
More than five years	40,195	22,201
	90,066	**50,717**
Lease commitments - financing		
Committed at reporting date and recognised as liabilities, payable:		
Within one year	683	1,375
One to five years	815	439
More than five years	-	-
	1,498	**1,814**
Less: future finance charges	(53)	(85)
Net commitment recognised as liabilities	**1,445**	**1,729**
Representing		
Finance lease liability - current (note 12)	940	1,323
Finance lease liability - non-current (note 15)	505	406
	1,445	**1,729**

Lease commitments are for operating leases on property and finance leases on plant and equipment. Property leases are non-cancellable with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require minimum lease payments be increased by CPI or a percentage factor. Certain agreements have option arrangements to renew the lease for an additional term.

NOTE 19: CONTINGENT LIABILITIES

Performance guarantees
IBA provides guarantees in respect of the obligations of the parent company and its controlled entity in the normal course of their trading operations. No provision is required for liquidated damages on contracts that have passed their contracted sign-off date. As at the balance date, any future claims relating to liquidated damages arising under these contracts are adequately provided by either agreements with the parties, or work already performed and not charged as at balance date.

(a) The proceedings in the Supreme Court of Queensland, Brisbane Registry (Proceedings No.BS9769/06), between the Australian Church in Australia Property Trust in Australia (Q) (as plaintiff) and iSOFT Australia Pty Limited (as defendant). The plaintiff alleges that iSOFT Australia Pty Limited breached a software supply agreement dated 17 September 2001 and made misleading and deceptive representations, such that the plaintiff has suffered loss and damage in the amount of approximately A$4,600,000. In the view of the Directors, the outcome is unknown and they cannot estimate the likelihood of an unfavourable decision. As a result, no provision has been made as at 31 December 2008; and

(b) The proceedings under case number CIV-2006-404-004502 filed in the High Court at Auckland, New Zealand, between I-Health Limited (as plaintiff) and iSOFT NZ Limited and iSOFT Australia Pty Limited (as first and second respondents respectively). The proceedings arose out of a business and asset sale agreement entered into by iSOFT NZ Limited (as purchaser), iSOFT Australia Pty Limited (as the purchaser’s guarantor) and I-Health Limited (as vendor), whereby iSOFT NZ Limited acquired the business and assets of I-Health Limited (including I-Health Limited’s software known as “healthviews”). Payment for the business included payments based on revenue earned by iSOFT NZ Limited from the healthviews software over a five-year period following settlement of the sale. I-Health Limited claims that iSOFT NZ Limited has breached its obligations under the business and asset sale agreement to, inter alia, promote and develop the healthviews software thus negatively impacting on the earn-out payments due to I-Health Limited. The maximum payable under the earn-out agreement is A$24.9 million. In the view of the Directors, the outcome is unknown and they cannot estimate the likelihood of an unfavourable decision. As a result, no provision has been made as at 31 December 2008.

iSOFT Group Plc
The Company is assisting the Financial Services Authority in the United Kingdom in matters relating to iSOFT Group Plc that took place prior to the acquisition by the Consolidated Entity.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There are no significant events or occurrences that have arisen since 31 December 2008 that would affect significantly the operations of the Consolidated Entity, the results of those operations or state of affairs of the Consolidated Entity.

DIRECTORS' DECLARATION

In the opinion of the Directors of IBA Health Group Limited:

a) the financial statements and notes set out in pages 8 to 21 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2008 and of its performance represented by the results of its operations and its cash flows for the six month period ended on that date; and

(ii) complying with with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that IBA Health Group Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

....

Gary Cohen
Director

Dated at Sydney, 16 February 2009

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of IBA Health Group Limited and subsidiaries

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IBA Health Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the subsidiaries it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of IBA Health Group Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IBA Health Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Chartered Accountants
& Business Advisers

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IBA Health Group Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

PKF

Bruce Gordon
Partner
Sydney

16 February 2009