

Announcement to the ASX

iSOFT 2009 Annual General Meeting Transcript

Sydney – Wednesday, 7 October 2009 – iSOFT Group Limited (ASX: ISF) – Australia's largest listed health information technology company today released the transcript of the Executive Chairman & CEO's address at its 2009 Annual General Meeting yesterday. The transcript is attached with this announcement.

End of release

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About iSOFT Group

iSOFT Group Limited (ASX: ISF) is the largest health information technology company listed on the Australian Securities Exchange, and among the world's biggest providers of advanced application solutions in modern healthcare economies.

iSOFT works with healthcare professionals to design and build software applications that answer all of the difficult questions posed by today's healthcare delivery challenges. Our solutions act as a catalyst for change, supporting free exchange of critical information across diverse care settings and participating organisations.

Today, more than 13,000 provider organisations in 40 countries use iSOFT'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 the market, and anticipation of our clients' evolving requirements. Our business is driven by the collective talent, experience and commitment of more than 4,600 specialists, including more than 2,300 technology and development professionals.

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

www.isofthealth.com

Executive Chairman & CEO's Annual General Meeting Address

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Before we get to the formal part of today's meeting, I'd like to share with you a few notable achievements in fiscal 2009, our 10th anniversary since listing as a public company in early 2000, as well as talk about some observations and opportunities going forward.

When I stood before you last year, our company, under its former name, was transitioning itself into a global healthcare information technology company. One year on we have succeeded in this goal. iSOFT is now able to take its place on the world stage of healthcare IT. We are a leader in innovation and at the same time we have delivered strong and profitable growth and returns commensurate with our international peers.

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First, this is in no small part due to the excellence of our management team. The quality and depth of our senior executives, many of whom joined iSOFT in the past 18 months, together with their teams of professionals, are truly world class.

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We have refreshed our businesses models, reinvigorated relationships with our customers and are repositioning and updating our products into the most innovative and comprehensive in the industry.

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Second, in fiscal 2009 we aligned our products, our people, our business processes – and of course our corporate name – under the common iSOFT banner. Our brand is now reflected in our products, our culture and in the design that is being adopted in new offices - as you can see here today. It means we are able to execute our strategy in a unified and consistent way as the owner of one of the most powerful brands in our industry.

Third, we have become a more broadly engaging company. By this I mean that we have a strategy of not only improving our direct relationships with customers but also engaging more widely with all stakeholders in the healthcare system. This strategy is about leveraging our full potential as both a major player globally, as well as marketing our expertise in connecting patient records on a national scale.

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iSOFT is one of very few companies in the world today that has the expertise across the entire healthcare continuum, in five continents, to engage with all stakeholders in a cost-effective, quality healthcare system.

This policy of direct engagement meant we were able to win significant new business in our core markets in Europe, such as Ireland, and play a more direct role with hospital trusts in England as that market opens up. Here at home, it also means we have been able to position ourselves as a partner to the Australian government as it seeks industry expertise for its eHealth agenda through the National Broadband Network (NBN).

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As part of this strategy, we are reaching out to the wider industry with our Ideaworks innovation symposium in London this month. I encourage you to see what we are doing there at www.ideaworksforhealthcare.com .

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With eminent social commentators such as Malcolm Gladwell as our keynote speaker, this event has the aim of furthering our reputation as a thought leader in healthcare technology.

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Fourth, our credibility as a global leader in our industry has been significantly enhanced by our record in 2009 of successfully delivering on our product milestones, particularly our latest generation solution, Lorenzo.

Lorenzo is our flagship solution which we have developed in conjunction with the UK National Health Service (NHS) in a £12 billion programme called the National Programme for IT (NPfIT). It is designed to connect Hospitals, Clinics and GP's to provide an electronic health record for all citizens across England. The programme commenced in 2004 and had some ambitious deadlines which weren't met. When we inherited this project following our acquisition in 2007 – the programme was behind schedule and no part of the Lorenzo solution had been delivered – despite much hype and promised expectations. We have completed the underlying architecture and now have the first release of Lorenzo implemented in Early Adopter sites in England. The second release will be available in its first site before the end of the calendar year. It is unfortunate that given the UK politics and the forthcoming election that there is a lot of criticism that comes out of the UK – leading to a general misunderstanding of how that may affect us.

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It was clear to us (and many of our customers) that Lorenzo is a transformational solution. Because it is written as a web services solution it doesn't require heavy and costly infrastructure by the client to run it. Because it is open it can interoperate with many other solutions. Because it is centred on the patient it fits within the way Governments around the world want to view health information. Because it modular it can work in and adapt to many different environments and healthcare settings. Because it is also exceedingly scalable – it can handle tens of millions of patient records with tens of thousands of concurrent users.

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The significance of these features/benefits is only truly understood when one considers the competitive landscape. Whilst today other existing products may have more features and functions – and Lorenzo is catching up – they are built with architecture that is not patient centric and use technology that is closed and doesn't easily scale. So with organisations making investments of millions of dollars today they will want to ensure that the investment is good for the next 15 years.

We have invested hundreds of millions of dollars (and substantially expensed this investment) on our R&D for Lorenzo. Much of this investment is in the architecture. Today the investment we are making is in the applications. Since we have been involved in the project we believe that we have been able to demonstrate to the NHS and our customers that this investment is now bearing fruit and that the wait has been worthwhile.

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During the year we successfully implemented Lorenzo Release 1 (Clinicals) in three NHS Trusts and last month went live in another at Hereford NHS Trust. We expect several more NHS Trusts to quickly start taking up Release 1 in coming months. With regards to Release 1.9/2 (Integrated patient management and clinicals) we are working with our partner CSC to have Bury NHS Trust live during the next few weeks. Further, we are working with Morecombe Bay NHS Trust for this version to go live early in 2010 calendar year. Once this has occurred we expect many more Lorenzo implementations during 2010.

All of this work is leading to many of our customers in other markets seeking to have Lorenzo as their key platform.

In Continental Europe we have continued gain traction where we have announced new LORENZO customers and we expect another major announcement shortly. We are also currently preparing for an implementation at Macquarie University Hospital in Sydney, Australia.

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Fifth, we continued to invest in our lifeblood – innovation – through our “smart solution” strategy and ground-breaking technologies such as new usability interfaces. With the goal of strengthening our clinical excellence we created the office of Chief Medical Officer under Dr Michael Dahlweid. We have also recently appointed a leading doctor to head our product portfolio directors. I am also pleased announce today the creation of the iSOFT Medical Advisory Board (iMAB) comprising leading doctors from various countries around the world which will work with us to advise us on clinical directions of our product strategy. The first meeting of the iMAB will be held in London later this month.

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In April we introduced our Health Studio solution in the U.S market at the HIMSS convention in Chicago. Health Studio is as a major by-product of the Lorenzo platform. Studio is the toolkit used by us to create Lorenzo applications. Studio is designed for organisations (or their vendors) that have existing solutions from third parties but need new applications or to achieve more “meaningful use” (this is the term used by the Obama \$34 billion stimulus package for healthcare IT).

In August, we formally entered the U.S through our acquisition of Boston-based BridgeForward, adding valuable intellectual property to our arsenal, as well as giving us our first office there. BridgeForward’s Viaduct integration engine is a valuable addition to our product portfolio.

We also acquired outstanding intellectual property through our acquisition of Hatrix in Australia.

Bolt-on’s such as these remain firmly on our agenda.

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I’d like to turn to our financial results for the year, which were announced in August. As you can see from this slide, we improved in all major measures year-on-year including revenue, net profit and EBITDA. In fact, fiscal 2009 was our best-ever year as we remain steadfastly focused on our long-term goal of creating shareholder value.

Revenues grew 50% to \$540m; (15% on a like for like basis). EBITDA exceeded guidance with a 37% increase to \$132m; while net profit climbed 137% to \$34.7m. Our EBITDA margin is a healthy 25% and our EPS of 4.3c is an increase of 107% on the prior year. We also reinstated a one cent dividend which is being paid today.

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During the year with the market concerned about excessive gearing we were the first major company outside the top 100 who successfully completed a capital raising by a non renounceable rights issue which raised \$124 million and strengthened our balance sheet and enabled us to reduce net debt by almost \$119m.

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Let's turn to the here and now. I have already explained the importance of the UK NPfIT and our position in that. What the market doesn't often understand is that a core part of our business and revenue has nothing to do with that programme. If you subtract the revenue we have from the programme more than 50 % of our earnings come from recurring maintenance and support revenue.

Further, we have leading market shares in a number of our markets (UK & I, Malaysia, ANZ) whilst a strong presence in the rest of our markets, particularly Continental Europe and Middle East. Our core strategy is to strengthen our market share, particularly in our core markets of The United Kingdom, Continental Europe and Australia where we see significant growth opportunities by leveraging our existing footprint.

The world of health IT is being driven by several very significant investments by governments in the U.S, Europe, Asia, the Middle East and here in Australia.

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In the U.K, for example, we are taking advantage of the opportunities that have opened up to us as a result of recent changes in the National Programme by engaging directly with hospital trusts in the Southern region. Initially the South of England was the domain of the local service provider - Fujitsu with a competitive solution from Cerner. Last week I announced that Frimley Park, another Southern based NHS Hospital Trust signed with us for a major renewal.

The potential change in landscape to the NPfIT by the Tories, should they form the next Government in the UK in 2010 , is as I have previously explained potentially a significant boon for us. We are well positioned to benefit from a direct engagement model with our customers as we have substantial presence with existing solutions right across the NHS in England. Further, we have a large existing portfolio of solutions that work in the UK market (unlike any other potential competitor). We also expect the development and successful rollout of Lorenzo will have occurred and that alone will provide a substantial momentum for further uptake in the UK market.

In addition to all of this as the NPfIT starts to take shape we see further opportunities emerging in the UK from a more connected healthcare community.

I have already talked about the opportunities here in Australia as the government pursues the digitization of health records on a national scale. The recent Health and Hospital Reform Commission of Enquiry recommended the introduction of Electronic Health Records for all Australians by 2012. The NBN requires applications that will pay for this large investment. Given the privacy, security and need for certainty of access, electronic healthcare is a natural application fit for the NBN.

In the U.S, a huge and highly fragmented market, the stimulus package has allocated up to \$34 billion for investment in Healthcare IT to assist companies achieve "meaningful use" from their investments. We see a number of opportunities for our products to work in this area. Our acquisition of Bridge Forward and its product "Viaduct" - an integration engine that has already traction in the US market is an important and strategic step for us in this strategy.

Last week, we announced our entry into Peru— our latest foray into the Latin American market having recently established an office in Mexico. The opportunities in the Spanish and Portuguese-speaking

nations of Latin America are a good example of how iSOFT is leveraging its global footprint to cross sell its expertise into new markets.

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I'd like to take a few moments to describe how our product strategy fits in with the transformation of the healthcare industry.

The adoption of technology by industries follows a recognised path from a phase where systems are focussed on internal transactions to one where the systems enable interoperability to one where those systems are designed to meet the needs of the consumer. We believe healthcare will be no exception.

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For the past few years we have seen the first stage, being the adoption of technology by individual healthcare providers – hospitals, GPs and clinics. Whilst much of this focus has been on financial and administrative flows the emphasis in recent times has started to shift to clinical flows and electronic patient records. Lorenzo is an application that fits within this area. We should note that we are still within this early stage as that while many healthcare providers have administrative solutions – few have electronic clinical systems.

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The second stage moves towards a more connected system as each segment employs interoperable solutions that enable the sharing of data. This stage depends on the foundation of the first stage. A individual personal health record – such as that which is being considered for Australians would be a prerequisite here. This stage would also involve using the information cleverly to assist in the interpretation of the data and the adoption of decision support tools designed to understand trends affecting healthcare within a community. Lorenzo is designed to enable the sharing of patient data across healthcare communities to create a personal healthcare record.

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This stage would also see the use of the care moving out into the community. The availability of personal health records and interoperability would enable healthcare services to be undertaken closer to the home where the patient resides. The development of home and mobile care devices to keep track of a patient's health is at an early stage of development but being looked at by governments and funders as a means to provide more cost effective healthcare services.

In this fourth stage we see the use of the data for managing population health. Longitudinal health records across a community would enable the analysis of trends not possible today. This would be essential for evidence based medicine. This stage would include the use of data to third parties such as Pharma groups that need to understand the effects their drugs are having on the patient population. As Lorenzo is built with an open architecture it is able to work with purpose built decision support tools that can leverage many of its features and functions.

I'd like to turn now to how we see our future. The market story is compelling and happening all around us. The world of healthcare IT is on the cusp of a remarkable transformation.

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Having regard to the stages of evolution discussed above we are still within stage one with glimpses of other stages emerging.

iSOFT – with its world class solutions, expertise and global footprint – is well-placed to play a major role as the healthcare industry worldwide moves towards the full digitization and connectivity of patient records and the evolution of these four stages.

Opportunities will continue to emerge for iSOFT as the healthcare IT marketplace consolidates. No other company has expertise in as many locations and market segments as we do – with operations in 40 countries.

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We expect that we will continue to grow at an above average pace relative to our competitors. We have already provided specific guidance for FY 2010 to the market for 10% organic revenue growth. However, with the number of opportunities emerging globally we would expect to see a higher longer term growth rate.

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I would like to talk about our market valuation which, you may recall, I touched on during the full-year result presentation. On a normalised basis, our shares are trading at about half the price-earnings ratio of those of our major peers, most of which are listed in the U.S.

Despite the relative outperformance of our shares in Australia, I believe there is still a fundamental mismatch between our valuation and those of our competitors. This is probably because iSOFT finds itself alone here in Australia as a leading global software company focussed on healthcare. We also earn some 90% of our revenues overseas. We therefore should be properly compared to our international peers.

The management and the Board are looking at how we can be best positioned to address the valuation mismatch. You may have already noted our increased disclosure, as well a campaign to educate market participants about our industry.

In closing this part of the presentation before we move ahead with the formal procedures, I would like to thank my Board for their guidance and support. I would also like to thank every single member of my staff – who now number almost 4,700 in five continents. And also thank you – the shareholders who have continued to invest and follow this company its amazing journey over the last ten years. 2009 was the best year in our history, but I strongly believe that the next ten years will see even more growth and successes.