

EBIX INC
Form 8-K/A
September 13, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 1, 2004**

Ebix, Inc.

(Exact name of registrant as specified in its chapter)

Delaware
(State or other jurisdiction
of incorporation)

0-15946
(Commission
File Number)

77-0021975
(IRS Employer
Identification No.)

1900 East Golf Road, Schaumburg, Illinois
(Address of principal executive offices)

60173
(Zip Code)

Registrant's telephone number, including area code **(847) 789-3047**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

On July 14, 2004, Ebix, Inc. (the Company) filed a current report on Form 8-K (the Original Filing) in connection with the completion of the acquisition by its subsidiary Ebix Australia Pty Ltd of the operating assets of Heart Consulting Services Pty Ltd located in Melbourne, Australia (Heart). The Company is amending the Original Filing to include the appropriate Financial Statements and Pro Forma Financial Information required by Items 9.01(a) and 9.01(b). Heart is the wholly owned operating trustee company of Heart Consulting Services Unit Trust, which owns no other assets.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The appropriate financial statements of Heart Consulting Services Unit Trust are filed herewith as Annex A.

(b) Pro Forma Financial Information.

The appropriate pro forma financial information of the Company is filed herewith as Annex B.

(c) Exhibits.

Exhibit No.	Exhibit
2.1	Purchase Agreement, dated June 28, 2004, by and between Ebix Australia Pty Ltd and Heart Consulting Services Pty Ltd (previously filed with the SEC on July 14, 2004 as Exhibit 2.1 to this current report on Form 8-K) *
2.2	Agreement, dated July 1, 2004, by and between Heart Consulting Services Pty Ltd. and Ebix, Inc. (previously filed with the SEC on July 14, 2004 as Exhibit 2.2 to this current report on Form 8-K)
23	Consent of BDO Chartered Accountants.

* The schedules and exhibits to the Purchase Agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC, upon request, a copy of any omitted schedule or exhibit.

Chartered Accountants

563 Bourke Street Melbourne 3000

& Advisers

DX 30937 Stock Exchange Melbourne

Telephone (03) 9615 8500

Facsimile (03) 9614 4963

www.bdo.com.au

Report of Independent Auditors

We have audited the statement of financial position of Heart Consulting Services Unit Trust as at 30 June 2004 and 2003 and the statement of financial performance, statement of cash flows and notes to the financial statements for each of the years in the two-year period ending 30 June 2004. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in Australia and the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position as of 30 June 2004 and 2003 and the results of operations and cash flows for each of the years in the two-year period ended 30 June 2004 and are in conformity with accounting principles generally accepted in Australia.

BDO

Chartered Accountants

R D D COLLIE

Partner

Melbourne 13 September 2004

Heart Consulting Services Unit Trust**Statement of Financial Performance****For the Years ended 30 June 2004 and 2003**

	Note	2004 \$AUD	2003 \$AUD
Revenues from ordinary activities	2	4,017,108	3,233,128
Administration expense		(246,583)	(335,674)
Employee benefits expense		(837,944)	(903,936)
Properties expense		(77,598)	(76,879)
Amortisation expense		(929,762)	(927,006)
Other expenses from ordinary activities		(208,151)	(200,124)
Profit from ordinary activities before income tax expense		1,717,070	789,509
Income tax expense relating to ordinary activities	4		
Net profit from ordinary activities after income tax expense attributable to beneficiaries of the trust	14	1,717,070	789,509
Total changes in equity other than those resulting from transactions with beneficiaries as beneficiaries		1,717,070	789,509
Distribution to Beneficiaries			
Strybosch Consulting Pty Ltd ITF Strybosch Family Trust		572,357	263,169
Forte Consulting Services Pty Ltd		572,357	263,170
Hamish Strachan & Associates Pty Ltd ITF Strachan Family Trust		572,356	263,170
		1,717,070	789,509

The accompanying notes form part of these financial statements.

Heart Consulting Services Unit Trust

Statement of Financial Position

As at 30 June 2004 and 2003

	Note	2004 \$AUD	2003 \$AUD
CURRENT ASSETS			
Cash	3	839,881	399,235
Receivables	6	277,588	184,157
Beneficiary loan accounts	10	678,951	268,900
TOTAL CURRENT ASSETS		1,796,420	852,292
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	60,998	70,542
Intangible assets	8	12,500	915,000
TOTAL NON-CURRENT ASSETS		73,498	985,542
TOTAL ASSETS		1,869,918	1,837,834
CURRENT LIABILITIES			
Payables	9	160,977	125,977
Current tax liabilities	12	115	
Other	11	611,000	600,943
Provision for Staff Entitlements	15	57,038	70,126
TOTAL CURRENT LIABILITIES		829,130	797,046
NON-CURRENT LIABILITIES			
Other	11	1,040,488	1,040,488
TOTAL NON-CURRENT LIABILITIES		1,040,488	1,040,488
TOTAL LIABILITIES		1,869,618	1,837,534
NET ASSETS		300	300
TRUST FUNDS			
Settlement Sum	13	300	300
TOTAL TRUST FUNDS		300	300

The accompanying notes form part of these financial statements.

Heart Consulting Services Unit Trust

Statement of Cash Flows

For the Years ended 30 June 2004 and 2003

	Note	2004 \$AUD	2003 \$AUD
Cash Flows from Operating Activities			
Receipts		3,865,274	3,415,188
Payments to suppliers and employees		(1,365,956)	(1,577,073)
Interest received		19,760	13,051
Net cash provided by operating activities	20(b)	2,519,078	1,851,166
Cash Flows from Investing Activities			
Net cash provided by investing activities			
Cash Flows from Financing Activities			
Repayment of directors' loan accounts		(2,078,423)	(1,798,870)
Net cash used by financing activities		(2,078,423)	(1,798,870)
Net Increase in Cash Held		440,655	52,296
Cash at the Beginning of the Year		395,505	343,209
Cash at the End of the Year	20(a)	836,160	395,505

The accompanying notes form part of these financial statements.

Heart Consulting Services Unit Trust

Notes to the Financial Statements

For the Years ended 30th June 2004 and 2003

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

Heart Consulting Services Unit Trust is a unit trust domiciled and operating in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and going concern basis and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost base is on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the trust in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) **Income Tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences and distributions of taxable income to beneficiaries. No liability has been raised for provisional tax as it is unlikely that any taxable income will be retained by the economic entity in 2004.

(b) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	20-40%

The accompanying notes form part of these financial statements.

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(c) **Leases**

Operating Leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised as revenue in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

(d) **Employee Benefits**

Provision is made for the trust's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

(e) **Intangibles**

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is amortised on a straight line basis over a period of 20 years. The balances are reviewed annually and any balance representing future benefits of which realisation is considered to be no longer probable are written off.

(f) **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Income in advance represents amounts where the client has been billed, but the services have not been performed.

(g) **Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at banks including at call deposits with banks.

The accompanying notes form part of these financial statements.

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(h) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(i) **Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The directors of the trustee company of the Trust are assessing the significance of these changes and preparing for their implementation.

The directors are of the opinion that the key differences in the Trust's accounting policies which will arise from the adoption of IFRS are:

Income Tax

Currently, Heart Consulting Services Unit Trust adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences and distributions of taxable income to beneficiaries. Under the Australian equivalent to IAS 12, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of timing and permanent differences between taxable income and accounting profit.

Goodwill

Under AASB 3 Business Combinations, goodwill acquired in a business combination will not require amortisation, but instead be subject to impairment testing at least annually. This will result in lower amortisation expenses but increased volatility of results in the event of impairment.

Intangible Assets

Under AASB 138 Intangible Assets start up costs will be expensed and not capitalised. On transition the balance of formation costs will be required to be adjusted against opening retained earnings as they will not meet the recognition requirements under IFRS.

(j) **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. All figures presented are in Australian Dollars.

The accompanying notes form part of these financial statements

	2004 \$	2003 \$
2. REVENUE		
Operating Activities		
- Gross Receipts	3,997,348	3,220,077
- Interest	19,760	13,051
	4,017,108	3,233,128
3. CASH ASSETS		
Cash on Hand	300	300
Security Deposits	3,396	3,234
Petty Cash Imprest	25	197
Cash at Bank	836,160	395,504
	839,881	399,235
4. INCOME TAX EXPENSE		
The prima facie tax on profit from ordinary activities is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 48.5% (2003: 48.5%)	832,779	382,912
Tax effect of:		
Non-allowable items	5,355	(10,502)
Income distributed to beneficiaries	(838,134)	(372,410)
Income tax expense		
5. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after:		
(a) Expenses		
Remuneration of auditor		
- audit or reviewing the financial report		
- other services		
Audit fees for the years ended 30 June 2003 and 30 June 2004 payable to BDO Chartered Accountants and Advisers will be paid by Ebix Australia Pty Ltd.		
6. RECEIVABLES		
Current		
Trade Debtors	277,588	135,457
Loans at Call		48,700
	277,588	184,157

The accompanying notes form part of these financial statements.

	2004 \$	2003 \$
7. PROPERTY, PLANT & EQUIPMENT		
Office Furniture & Equipment	169,162	153,604
Less Accumulated Depreciation	122,217	98,443
	46,945	55,161
Furniture & Fittings	49,663	47,503
Less Accumulated Depreciation	35,610	32,122
	14,053	15,381
Total Plant & Equipment	60,998	70,542
Movements in Carrying Amounts		
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.		
Plant & Equipment		
Balance at beginning of year	70,542	58,171
Additions	17,718	36,877
Disposals		
Depreciation expense	(27,262)	(24,506)
Carrying amount at end of year	60,998	70,542
	-	-
8. INTANGIBLE ASSETS		
Non-Current		
Licence Fee	4,500,000	4,500,000
Less Accumulated Amortisation	(4,500,000)	(3,600,000)
Goodwill	50,000	50,000
Less Accumulated Amortisation	(37,500)	(35,000)
	12,500	15,000
	12,500	915,000
9. PAYABLES		
Current		
Trade Creditors	160,977	125,977
	160,977	125,977

The accompanying notes form part of these financial statements.

	2004 \$	2003 \$
10. BENEFICIARY LOAN ACCOUNTS		
Current Assets		
Strybosch Consulting Pty Ltd ITF Strybosch Family Trust	226,317	89,633
Forte Consulting Services Pty Ltd	226,317	89,633
Hamish Strachan & Associates Pty Ltd ITF Strachan Family Trust	226,317	89,634
	678,951	268,900
11. OTHER		
Current		
Income in Advance	611,000	600,943
	611,000	600,943
Non Current		
Heart Consulting Services Pty Ltd Loan	1,040,488	1,040,488
	1,040,488	1,040,488
12. CURRENT TAX LIABILITIES		
GST Payable	115	
	115	
13. TRUST FUNDS		
Settlement Sum	300	300
Total Trust Funds	300	300
14. RETAINED PROFITS		
Retained profits at the beginning of the year		
Net profit attributable to the trust	1,717,070	789,509
Distributions to beneficiaries	(1,717,070)	(789,509)
Retained profits at the end of the financial year		
15. PROVISIONS		
Current		
Employee entitlements	57,038	70,126
Non Current		
Employee entitlements		
(a) Aggregate employee benefits liability	57,038	70,126
(b) Number of employees at year-end	16	17

The accompanying notes form part of these financial statements..

	2004 \$	2003 \$
16. EVENTS SUBSEQUENT TO REPORTING DATE		
Effective 1 July 2004 Ebix Australia Pty Ltd acquired the business assets of the trust and assumed certain liabilities under a business sale agreement.		
17. RELATED PARTY TRANSACTIONS		
(a) Related Parties		
Directors of the trustee company Heart Consulting Services Pty Ltd, who held office during the financial year: Mr. Hamish Strachan Mr. Marinus Strybosch Mr. Maurice Forte Each director is also either a beneficiary, or controls a corporate beneficiary of the trust.		
(b) Transactions with Directors		
(i) Income received, or due and receivable, By all directors of the trustee company: - from the trust or related party in connection with the management of the trust	2,617,070	1,689,509
(ii) Loans from Directors Directors, as beneficiaries referred to in Note 17(a), and director-related entities, have provided the unsecured interest-free at call loans to the trust disclosed in the statement of financial position.		
(iii) Distributions Distributions to directors as beneficiaries are identified in the statement of financial performance.		
18. SEGMENT REPORTING		
The trust operates in one business and geographical segment, being the licensing of computer software throughout Australia.		
19. TRUST DETAILS		
The Principal place of business of the trust is Suite 7, 670 Canterbury Road, Surrey Hills, Melbourne, 3127 and its principal activity is the licensing of computer software.		

The accompanying notes form part of these financial statements.

Heart Consulting Services Unit Trust**Notes to the Statement of Cash Flows****For the Years ended 30 June 2004 and 2003**

	2004 \$	2003 \$
20. CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash at Bank	836,160	395,505
	836,160	395,505
(b) Reconciliation of Net Cash provided by Operating Activities to Profit from Ordinary Activities after Income Tax		
Profit from ordinary activities after income tax	1,717,070	789,509
Non-cash flows in profit from ordinary activities:		
Amortisation / Depreciation	929,762	927,006
Changes in assets and liabilities:		
Increase/(decrease) in fixed assets	(17,718)	(36,877)
Increase/(decrease) in payables	35,000	(42,023)
Increase/(decrease) in receivables	(142,131)	5,744
Increase/(decrease) in provisions	(12,973)	17,615
Increase/(decrease) in income in advance	10,057	189,368
Increase/(decrease) in intangibles		(600)
Increase/(decrease) in sundry cash assets	11	1,424
Cash flows from operations	2,519,078	1,851,166

The accompanying notes form part of these financial statements.

Heart Consulting Services Unit Trust

Notes to the Financial Statements

For the Years ended 30th June 2004 and 2003

**21. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
RECONCILIATION (US GAAP)**

The following is a summary of all material differences between Australian and United States generally accepted accounting principles.

(a) Goodwill Amortisation

Goodwill is amortised on a straight-line basis over a period of 20 years. US GAAP SFAS 142 Goodwill and Other Intangible Assets eliminated the requirement to amortise goodwill effective for fiscal years beginning after December 15, 2001.

(b) New Accounting Standards

The effect of the application of the following recent pronouncements is considered below. This application will not have a material effect on the Australian/US GAAP reconciliations detailed in this note.

SFAS 146 Accounting for Costs Associated with Exit or Disposal Activities

This statement requires companies to recognize costs associated with exit or disposal activities, other than SFAS 143 costs, when they are incurred rather than the date of a commitment to an exit or disposal plan. Examples of these costs are lease termination costs, employee severance costs associated with restructuring, discontinued operation, plant closing or other exit or disposal activity. This statement is effective after 15 December 2002.

SFAS 147 Acquisitions of Certain Financial Institutions an amendment of FASB Statement No. 72 and 144 and FASB Interpretation No. 9.

This statement makes the acquisition of financial institutions come under the statements 141 and 142 instead of statement 72, 144 and FASB Interpretation No. 9. This statement is applicable for acquisition on or after 1 October 2002.

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SFAS 148 Accounting for stock based compensation Transition and Disclosure Amends FASB 123 to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation.

SFAS 149 Amendment of Statement 133 on Derivative Instruments and Hedging Activities.

This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities.

SFAS 150 Financial Instruments with Characteristics of both Liabilities and Equity.

This statement requires that such instruments be classified as liabilities in the balance sheet. SFAS 150 is effective for financial instruments entered into or modified after 31 May 2003.

Interpretation No. 46 (FIN 46)

Effective 31 January 2003, The Financial Accounting Standards Board requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a continuing financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Trust has not invested in any such entities and does not expect to do so in the foreseeable future.

The adoption of these new statements is not expected to have a material effect on the Trust's current financial position, results of operations or cash flows.

The accompanying notes form part of these financial statements.

21. **UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
RECONCILIATION (US GAAP) (CONT D)**

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure an Amendment of FASB Statement No. 123. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Trust does not have any stock-based employee compensation.

Reconciliation Adjustments

The following reconciliations show the effect on net profit for the financial periods ended June 30, 2004 and 2003 using the US GAAP basis of accounting for the matters outlined in items (a) and (b) above.

	30 Jun 04 US\$	A\$	30 Jun 03 A\$
Reconciliation Adjustments			
Net profit after Tax in Accordance with Australian GAAP	1,200,919	1,717,070	789,509
Reconciliation Adjustments			
Goodwill amortisation elimination	1,749	2,500	2,500
Net profit after tax in Accordance with US GAAP	1,202,668	1,719,570	792,009
	30 Jun 04 US\$	A\$	30 Jun 03 A\$
Reconciliation Adjustments			
Partners' equity attributable to member of the chief entity in accordance with Australian GAAP	0	0	0
Reconciliation Adjustments			
Goodwill amortisation elimination	3,497	5,000	2,500
Total partners' equity in accordance with US GAAP	3,497	5,000	2,500

The balance sheet effect is that goodwill and thus, total assets will be higher by A\$5,000 and A\$2,500 for the years ended June 30, 2004 and 2003, respectively due to the amortisation expense that was eliminated. There will be no net effect on cash flow for the years ended June 30, 2004 and 2003.

The accompanying notes form part of these financial statements.

Heart Consulting Services Unit Trust
Directors Declaration of the Trustee Company
for the Year Ended 30 June 2004

The directors of the trustee company hereby declare that:

1. The financial statements and notes, as set out on pages 1 to 13, present fairly the trust's and economic entity's financial position as at 30 June 2004 and 30 June 2003 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements.
2. In the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company:

Director /s/ Rin Strybosch

Dated this 13th day of September 2004

The following unaudited Pro Forma Condensed Combining Financial data are qualified in their entirety by reference to, and should be read in conjunction with, the historical consolidated financial statements of Heart and Notes thereto included herein.

Ebix, Inc. and Subsidiaries

Unaudited Pro Forma Condensed Combining Balance Sheets

June 30, 2004

(In thousands, except for share amounts)

	Ebix, Inc. 6/30/2004	Heart	Pro Forma Adjustments	Ebix, Inc./ Heart Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 9,665	587	(587) (E) 427 (D) 40 (F)	\$ 6,513
Accounts receivable	3,145	194	(194) (E)	3,145
Other current assets	663	475	(475) (E)	663
Total current assets	13,473	1,256	(4,408)	10,321
Property and equipment, net	1,364	43		1,407
Capitalized software, net	55			55
Goodwill	6,112	9	(9) (G)	
			6,676 (C)	12,788
Intangibles, net	3,315		450 (C)	3,765
Other assets	411			411
Total assets	\$ 24,730	\$ 1,308	\$ 2,709	\$ 28,747
LIABILITIES AND STOCKHOLDERS				
EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,675	113	(113) (E) 106 (H)	1,781
Accrued payroll and related benefits	576	40		616
Current portion of long term debt	500		466 (A)	966
Current portion of capital lease obligations	11			11
Deferred revenue	2,843	427		3,270
Total current liabilities	5,605	580	459	6,644
Long term debt, less current portion	1,726		880 (A)	2,606
Non-current loan		728	(728) (E)	
Line of credit	3,500			3,500
Redeemable common stock stated at redemption price	2,700		1,399 (B)	4,099
Stockholders equity:				

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Convertible Series D Preferred stock							
Common stock, \$.10 par value,							
40,000,000 shares authorized		274			16 (A)		290
Additional paid-in capital		91,945			2,082 (A)		94,027
					(1,399) (B)		(1,399)
Deferred compensation		(393)					(393)
Accumulated deficit		(81,095)					(81,095)
Accumulated other comprehensive income		468					468
Total stockholders equity		11,199			699		11,898
Total liabilities and stockholders equity	\$	24,730	\$	1,308	\$	2,709	\$ 28,747

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Ebix, Inc. and Subsidiaries

Unaudited Pro Forma Condensed Combining Statements of Income

June 30, 2004

(In thousands, except per share data)

	Ebix, Inc.	1-1 thru 2-22 LifeLink	Pro Forma Adjustments	Ebix, Inc./ LifeLink Pro Forma	Heart	Pro Forma Adjustments	Ebix, Inc./ LifeLink/ Heart Pro Forma
Revenue:							
Software	\$ 560			\$ 560			\$ 560
Services and other	8,050	921	(19) (L)	8,952	1,405		10,357
Total revenue	8,610	921	(19)	9,512	1,405		10,917
Operating expenses:							
Services and other costs	2,517	795		3,312	366		3,678
Product development	1,421			1,421			1,421
Sales and marketing							