

Misys plc First Half Results for the six months ended 30 November 2009 (Unaudited)



Strong results; new solutions gaining momentum

Misys plc (FTSE: MSY.L), the global application software and services company serving the healthcare and financial services markets, announces its interim results for the six months ended 30 November 2009.

Financial and operational highlights

- Adjusted operating profit up 11% on pro-forma, constant currency basis; (as reported; down 32%, representing disposal of Misys Healthcare in prior year) as adjusted operating margin was raised 2 percentage points
- Adjusted basic earnings per share up 24% to 4.6p
- Reported revenue of £361m, up 29% on the first half of 2008/09
- Revenue (pro-forma, constant currency) down 1%
- Recurring revenues, from maintenance, application service provider (ASP) subscriptions and transaction processing, were 62% of revenue and up 6% on prior year (pro-forma, constant currency)
- ASP revenues up 22% and a rising proportion of orders, as customers transition to new solutions on new delivery platforms
- Group order intake up 10% (pro-forma, constant currency); including Allscripts up 20% and Treasury & Capital Markets up 16%
- Cash conversion sharply improved and net debt reduced to £120m from £129m at the start of the period. Targeting Group net debt between £20m - £30m by 31 May 2010
- Allscripts strong demand and margin improvement drive double-digit net income growth
- Treasury & Capital Markets strengthened its market position with 14 new customers acquired in the period
- The Banking division faced challenging trading conditions but saw adoption of newer products gain traction
- 6 customers now signed to the new BankFusion banking software platform: 2 customers added in the period, with a further 2 signed after the period end, including the first new BankFusion customer from outside our installed base
- Comfortable with our earnings expectations for the full year

Chief Executive Mike Lawrie comments

"We have achieved adjusted operating profit growth of 11% (pro-forma constant currency) on our adjusted basis, due to the resilience, innovation and improving efficiency of our business, despite uncertain economic conditions. Our performance was underpinned by strong recurring revenues from software maintenance, ASP subscriptions and transaction processing. These revenues grew in the period during a period of increased customer satisfaction.

We are encouraged by order intake growth of 10%. There is heightened orders activity in Allscripts as the onset of federal incentives for the adoption of US Electronic Health Records draws closer. In Treasury & Capital Markets we are also seeing significant orders growth as customers see the benefits they can realise through investing in Misys trading, loans and risk management solutions.

In the Banking market post credit crisis, IT spending remains subdued and we are seeing banks shifting towards fee-earning activities. We have renewed our product portfolio in response to this, and we see a growing pipeline for our new products in mobile banking, trade services, transaction banking and business intelligence. There is also growing interest in BankFusion, our leading edge next generation core banking platform. All these solutions are aligned with banks' changed business priorities as they emerge from the credit crisis.

We are making good progress in the second phase of our multi-year turnaround programme, focussed on launching innovative solutions and becoming more competitive. As we enter the second half of 2009/10, our strong order intake and sales pipeline lead us to expect second half revenue growth to be back in line with our 5-8% pro-forma constant currency target for this second phase of our turnaround plan, yielding full year revenue growth of approximately 2-4% on that basis. We expect continuing cost discipline to deliver operating margins within the target range of 18-20% for the full year. Consequently we are confident of achieving earnings growth consistent with our expectations for the full year 2009/10."

Financial results summary

<i>£m unless stated</i>	First half 2009/10	First half 2008/09	growth
Order Intake: as reported	240	164	47%
Order Intake: pro-forma, constant currency	240	219	10%
Revenue: as reported	361	280	29%
Revenue: pro-forma, constant currency	363	369	(1%)
Operating Profit: as reported*	49	72	(32%)
Adjusted Operating Profit (before exceptionals, amortisation of acquired intangible assets, translation exchange differences, losses on embedded derivatives): pro-forma, constant currency	62	56	11%
Profit after taxation: as reported*	28	72	(61%)
Basic earnings per share: as reported*	4.0p	14.7p	(73%)
Adjusted basic earnings per share	4.6p	3.7p	24%

*First half 2008/09 included an accounting gain of £69.3m upon disposal of Misys Healthcare Systems as part of the merger to create Allscripts. A full reconciliation between reported and adjusted and pro-forma constant currency measures is provided on page 3.

Analyst / investor enquiries

Phil Branston
T: +44 (0) 203 320 5503
M: +44 (0) 789 906 5115
Email: phil.branston@misys.com

Media enquiries

Carl Gibson
T: +44 (0) 203 320 5526
M: +44 (0) 782 523 6473
Email: carl.gibson@misys.com

Analysts Presentation: Webcast & Audio Details

A live webcast of the presentation to analysts and investors will be available at www.misys.com and www.cantos.com from 09.00 today and will be available to view on demand from approximately 14.00. A listen only dial in facility will also be available. To access dial UK 020 7906 8535 or USA 1 866 978 9973. A results interview with Mike Lawrie, Chief Executive will be available from 07.00 on www.misys.com.

About Misys

Misys plc (FTSE: MSY.L), provides integrated, comprehensive solutions that deliver significant results to organisations in the financial services and healthcare industries. We maximise value for our customers by combining our deep knowledge of their business with our commitment to their success. In banking and treasury & capital markets, Misys is a market leader, with over 1,200 customers, including all of the world's top 50 banks. In healthcare, Misys plc owns a controlling stake in NASDAQ listed Allscripts-Misys Healthcare Solutions, Inc, a clear leader in the provision of healthcare information technology, serving more than 160,000 physicians, 800 hospitals and nearly 7,000 post-acute and homecare organisations. Misys employs 6,000 people who serve customers in more than 120 countries. We aspire to be the world's best application software and services company, delivering results for the most important industries in the world.

Financial review

Operating results from continuing operations for the 6 months ended 30 November 2009

<i>£m</i>	First half 2009/10	First half 2008/09	% growth
Revenue			
Allscripts	205	201	2
Treasury & Capital Markets	79	79	1
Banking	79	89	(11)
Revenue: pro-forma, at constant exchange rates	363	369	(1)
Retranslation at current exchange rates and pro-forma adjustment to acquired business	(2)	(89)	
Revenue: as reported	361	280	29
Operating Profit			
Allscripts	39	36	9
Treasury & Capital Markets	15	14	5
Banking	14	16	(9)
Corporate and others	(6)	(10)	
Adjusted Operating Profit: pro-forma, at constant exchange rates	62	56	11
<i>Operating Margin</i>	<i>17%</i>	<i>15%</i>	
Retranslation at current exchange rates and pro-forma adjustment to acquired business	(2)	(20)	
Adjusted Operating Profit	60	36	66
before: Exceptional items	(1)	33	
Other: (i) amortisation of acquired intangible assets			
(ii) (losses) gains on embedded derivatives	(10)	3	
(iii) translation exchange differences recycled from reserves			
Operating Profit: as reported	49	72	(32)
Finance costs	(9)	(5)	
Profit before taxation	40	67	
Taxation	(12)	5	
Profit after taxation	28	72	
Minority interest	(7)	1	
Profit for the period attributable to equity holders of Misys plc	21	73	(71)
Earnings per share (basic)	4.0p	14.7p	(73)
Earnings per share (basic): adjusted	4.6p	3.7p	24

Adjusted operating results

Adjusted results are stated before exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangible assets and translation exchange differences recycled from reserves.

Exceptional costs of £0.8m (2008: £33.1m gain) within reported operating results consist of a turnaround programme and restructuring activities credit of £2.4m (2008: £9.4m loss), reflecting the release of a property provision in the Corporate segment; offset by £3.2m of costs relating to the merger of Misys Healthcare Systems and Allscripts Healthcare Solutions (2008: £22.1m cost). In addition, the prior year exceptional costs include a £4.7m loss on a currency swap and a £69.3m gain on the sale of Misys Healthcare Systems, both arising from the merger with Allscripts Healthcare Solutions.

Other, non-exceptional items excluded from adjusted results are losses on embedded derivatives in Banking of £1.7m (2008: £5.1m gain) and in Treasury & Capital Markets of £0.2m (2008: £0.2m gain), amortisation of acquired intangible assets in Banking of £0.5m (2008: £0.4m) and in Allscripts of £7.7m (2008: £2.1m) and translation exchange differences recycled from reserves in Corporate of £0.2m gain (2008: £nil).

Pro-forma constant exchange rates

Pro-forma, constant currency financial information is translated at constant exchange rates based on adjusted results and is for continuing businesses. Pro-forma adjustments assume Allscripts healthcare operations were combined on 1 June 2008. The financial information in respect of the former Allscripts Healthcare Solutions business is derived from previously reported US GAAP information, restated under IFRS and adjusted to exclude the results from significant operations disposed of during the period. Given that the Allscripts financial year differed from the Misys financial year, the comparative information for the 6 months to 30 November 2008 includes pro-forma results from 1 June 2008 to 10 October 2008 based on the Allscripts results for the quarter from July to September 2008. The financial information in respect of the former Misys healthcare business is derived from previously reported US GAAP information included in the "carve-out" financial statements of that business, restated under IFRS and adjusted to exclude the results of significant businesses disposed of during the period.

To arrive at pro-forma, constant currency revenue, current year revenues are adjusted by the addition of £2.5m of revenue in respect of deferred revenue balances written down upon acquisition of Allscripts Healthcare Solutions (2008: £1.2m), included within the overall pre-acquisition adjustment referred to above.

The prior year adjustment to revenues of £88.5m comprises £30.4m to retranslate revenues at average exchange rates for 2009 and £58.1m to add Allscripts Healthcare Solutions revenues for the prior year pre-acquisition period from 1 June 2008 to 10 October 2008. Given that the Allscripts Healthcare Solutions financial year end differed from the Misys financial year end, pro-forma results from 1 June 2008 to 10 October 2008 are based on the Allscripts Healthcare Solutions results for the quarter from July to September 2008, combined with previously reported results of Misys Healthcare Systems, adjusted to exclude the results of significant businesses disposed of during the period. The retranslation adjustment comprises increases of £20.1m to Allscripts, £4.9m to Banking and £5.4m to Treasury & Capital Markets. The most significant impact is from the movement in the US dollar and the Euro against Sterling, where the average exchange rates in 2009/10 were US\$1.64 and €1.13 compared to US\$ 1.83 and €1.26 in 2008/09. The pro-forma operating profit adjustment of £20.4m for 2008/09 comprises £9.8m relating to Allscripts Healthcare Solutions for the pre-acquisition period and £10.6m to retranslate at average exchange rates for 2009/10 (Allscripts: £9.2m increase, Banking: £1.4m increase, TCM: £0.6m increase, Corporate: £0.6m decrease).

Group operating performance

The information in this section is presented on an adjusted basis, with comparisons to prior year on a pro-forma constant currency basis (see definitions on page 3).

Order intake was £240.3m, up 10% compared with the prior year period. This was the result of a continued rising interest in the Electronic Health Records offering of Allscripts, and of successful pipeline building and conversion activity in Treasury & Capital Markets.

Adjusted operating profit at £62.3m was 11% ahead of last year, reflecting a 2 percentage rise in margin as costs continued to be tightly controlled. The group continues to improve its efficiency while sustaining record levels of new product investment and despite challenging revenue conditions in Banking.

Revenue of £363.2m was 1% below the prior year period, principally due to lower revenues in Banking in the challenging trading conditions that prevailed during the period. Recurring revenue from maintenance contracts, ASP subscriptions and transaction processing remained the largest revenue components and contributed the greatest revenue increases, as our customers expressed increasing levels of satisfaction with Misys solutions and services.

Group revenue profile

<i>Pro-forma at constant exchange rates</i>	First half 2009/10			First half 2008/09	
	£m	% of total	% growth	£m	% of total
Initial Licence Fees (ILF)	65	18	(10)	72	19
Application Service Provision (ASP)	17	5	22	14	4
Maintenance	154	42	5	146	40
Transaction Processing	53	15	4	51	14
Global Services	56	15	(13)	65	18
Hardware / Other	18	5	(10)	21	5
	363	100	(1)	369	100

Initial Licence Fees were weak as a result of challenging new business conditions in Banking, and with increasing proportions of new customer choosing our ASP alternative.

Application Service Provision fees increased significantly compared to last year as this method of delivery gained significant acceptance amongst our customers, particularly small physician practices and capital markets operations. 30% of our new software orders by value are on this basis. ASP adoption is accelerating the growth of recurring revenues but constrained current period revenue given the staged subscription payments.

Maintenance, our largest revenue stream, contributed the largest revenue addition. All divisions reported growing maintenance revenues in the period.

Transaction Processing fees grew as a result of greater adoption of these services and a greater volume of transactions being processed.

Global Services revenues from professional services, consulting, education and training, declined in line with our customers' more cautious spending environments.

Hardware revenues, which occur principally within Allscripts, were down on prior year as a consequence of reduced emphasis on this revenue source.

Divisional review

The information in this section is presented on an adjusted basis, with comparisons to prior year on a pro-forma constant currency basis unless stated otherwise (see definitions on page 3).

Allscripts

In the US healthcare market, the direct US government incentive payments available to physicians adopting Electronic Health Records (EHR), beginning in November 2010, are mobilising potential customers. Allscripts offers market-leading EHR solutions for both new customers and existing customers in its large practice management software installed base. Allscripts is playing a leading role in raising awareness of these incentives amongst the physician community. The criteria qualifying physicians for incentive payments on the basis of 'meaningful use' have recently been clarified by the Federal Government, which we expect to further stimulate awareness.

Just over a year after the merger of Misys Healthcare Systems and Allscripts Healthcare Solutions, Allscripts, has integrated its product portfolios and realised cost synergies, and is well prepared for the increase in activity generated by the US stimulus package for physicians. To meet the upswing in demand, Allscripts has expanded its distribution network, and created the READY programme to speed the services implementations of its solutions.

<i>Pro-forma at constant exchange rates (£m)</i>	First half 2009/10	First half 2008/09	% change
Order intake			
ILF/ASP	64	57	14
Global Services	38	21	87
Transaction processing	46	46	0
Hardware	14	12	9
Total order intake	162	136	20
Revenue			
ILF/ASP	44	42	3
Maintenance	75	70	6
Transaction processing	48	45	7
Global Services	20	23	(12)
Hardware / Other	18	21	(10)
Total revenue	205	201	2
<i>Pro-forma, constant exchange rate adjustments</i>	<i>(3)</i>	<i>(78)</i>	
<i>Total revenue as reported</i>	<i>202</i>	<i>123</i>	
Total costs	(166)	(165)	0
Adjusted Operating Profit	39	36	9
<i>Pro-forma, constant exchange rate adjustments</i>	<i>(2)</i>	<i>(19)</i>	
<i>Adjusted operating profit as reported</i>	<i>37</i>	<i>17</i>	
Adjusted Operating Margin	19%	18%	

Order intake growth of 20% resulted from a building pipeline of EHR orders. These included a growing proportion under the ASP model, and contracts with hospital groups to provide EHR for large communities of both affiliated and unaffiliated physicians. The latter included deals with Long Island North Shore Jewish, West Penn Allegheny, Baptist Memorial Health Care, UMass Memorial Health Care and Community Memorial Health System. Allscripts also started to see the stimulus having an effect in mid-sized practices through a pick up in orders for the Professional EHR product, which also saw strong reviews of the latest version (v9.0).

Revenue at £204.8m was 2% above the prior year period, principally due to continued strength in maintenance and transaction processing, complemented by increasing adoption of ASP solutions. Enterprise EHR orders from hospital group deals, which yield revenue over longer time periods, were a higher proportion of revenues but had a limited conversion into revenue in the period.

Adjusted operating profit at £39.1m was 9% ahead of last year, with the operating margin increasing from 18% to 19%. The principal factors were cost synergies resulting from the merger and a shift in the revenue mix towards higher-margin recurring revenue sources.

Treasury & Capital Markets

Treasury & Capital Markets institutions are now selectively reinvesting in trading, risk and loan management systems. Mergers and restructurings of financial institutions have brought about recombinations of businesses and with them the need to consolidate systems and a renewed focus on 'straight through processing'. There is a greater emphasis on risk management and on improving the efficiency of mainstream activities such as business lending, for which Misys risk management, loan origination and securities trading products are very well positioned, contributing to 22% growth in ILF/ASP orders in the period.

<i>Pro-forma at constant exchange rates (£m)</i>	First half 2009/10	First half 2008/09	% change
Order intake			
ILF/ASP	22	18	22
Global Services	18	17	9
Total order intake	40	35	16
Revenue			
ILF/ASP	20	20	(1)
Maintenance	38	35	8
Transaction processing	5	6	(18)
Global Services	16	18	(5)
Total revenue	79	79	1
<i>Constant exchange rate adjustments</i>	-	(6)	
<i>Total revenue as reported</i>	79	73	
Total costs	(64)	(65)	0
Adjusted Operating Profit	15	14	5
<i>Pro-forma, constant exchange rate adjustments</i>	-	-	
<i>Adjusted operating profit as reported</i>	15	14	
Adjusted Operating Margin	19%	18%	

In a challenging market, we improved our market position with 14 new customers added in the period. We are seeing a higher degree of interest in our hosted solutions, and 3 of those new customers subscribed to a TCM hosted solution. A good example was OeKB in Austria, which chose a hosted version of Summit to manage its liability and portfolio management functions. The OPICS Treasury system continued to enjoy strong acceptance, particularly in Asia and the Middle East, while Loan IQ expanded its functional footprint with its first ever win in the commercial real estate segment with Freddie Mac.

Treasury & Capital Markets revenue at £79.3m was up 1% compared with the prior year period. Strength in maintenance revenue as existing customers extended their use of installed products was offset by some weakness in transaction processing and global services revenue, although orders for services improved by 9%. These services are expected to be delivered in the second half.

Adjusted operating profit grew 5%, with the operating margin rising to 19% (2008: 18%) due to tight cost control and a favourable revenue mix shift towards higher-margin recurring revenues.

Banking

In Banking, IT spending remains subdued and new business opportunities limited as banks rebuild their capital bases and protect margins. Institutions have been slow to reinvest in IT, but as they shift their business models towards fee-earning activities, there is growing interest in the trade and transaction banking products which Misys has developed. We have introduced new solutions that enable banks to improve the efficiency of their customer channels, integrating their online, mobile and phone banking systems, and to enhance their fee-generating products such as trade finance, foreign exchange and payments.

Banks face the challenge of modernising their systems in order to be competitive, whilst not disrupting the functioning of their existing systems. Misys BankFusion products and platforms allow banks to do so by rapidly improving processes within their business, whilst having the flexibility to run in multiple operating system environments.

<i>Pro-forma at constant exchange rates (£m)</i>	First half 2009/10	First half 2008/09	% change
Order intake			
ILF/ASP	19	22	(14)
Global Services	19	26	(29)
Total order intake	38	48	(22)
Revenue			
ILF	18	24	(24)
Maintenance	41	41	2
Global Services	20	24	(20)
Total revenue	79	89	(11)
<i>Constant exchange rate adjustments</i>	-	(5)	
<i>Total revenue as reported</i>	79	84	
Total costs	(65)	(73)	(11)
Adjusted Operating Profit	14	16	(9)
<i>Constant exchange rate adjustments</i>	-	(2)	
<i>Adjusted operating profit as reported</i>	14	14	
Adjusted Operating Margin	18%	18%	

Banking revenues at £79.1m were down 11% on the prior year period as ILF revenues and associated services activity from established products were weak whilst pipelines were built for the new products. Maintenance, the largest revenue stream, grew by 2%. Despite challenging market conditions, new customers were added in the period, notably the Egyptian Gulf Bank, which selected the Equation and Trade Innovation products.

We saw encouraging pipeline build-up during the 2nd quarter in respect of the new solutions referred to above, particularly BankFusion, payments and customer portals. This included BankFusion orders from two existing Misys customers, Piraeus in Greece, and Investec in South Africa, which have both chosen to upgrade from Equation to BankFusion Equation. Two further orders were secured after the end of the period. These were Qatar National Bank, also for an upgrade from Equation to BankFusion Equation and, most encouraging, Actinver in Mexico, which chose BankFusion Universal Banking in preference to a number of competitors, becoming first new BankFusion customer from outside our installed base. These orders are in addition to the two previously reported early adopter implementations in Standard Bank in Zimbabwe and CRDB in Tanzania.

Adjusted operating profit at £14.0m was 9% down on last year. Cost reductions in line with revenue trends kept the operating margin at the prior year period's level of 18%.

Open Source Solutions

In the open source market, opportunities are opening up in healthcare information systems and in carbon trading. Our open source business is developing platforms and partnerships to build a service-based business around such opportunities. During the period, Misys Open Source Solutions formed important partnerships with Hartford HealthCare and the Climate Exchange Registry.

Corporate

The net charge for the period was £5.9m compared with £9.5m in the prior year principally due to tight cost control and certain one-off credits.

Other

Global Services

Global services revenues are reported under each of the three divisions. This section is a Group summary of those revenues.

In constrained IT spending conditions, both financial services and healthcare customers have planned their use of our services cautiously, resulting in a revenue decline of 13% for the first half.

In Healthcare and in Treasury & Capital Markets, customers have started to increase their service requirements for the rest of the year, so that Group order intake was up 18% in the period. Allscripts order intake was particularly strong, principally resulting from the large scale new contracts with hospital groups signed in the period.

<i>Pro-forma at constant exchange rates (£m)</i>	Order Intake			Revenue		
	First half 2009/10	First half 2008/09	% growth	First half 2009/10	First half 2008/09	% growth
Allscripts	38	21	87	20	23	(12)
Treasury & Capital Markets	18	17	9	16	18	(5)
Banking	19	26	(29)	20	24	(20)
Group	75	64	18	56	65	(13)

Group profit

Unless otherwise stated, the information in this section is presented on an 'as reported' basis.

<i>£m, continuing operations</i>	First half 2009/10	First half 2008/09
Operating profit	49	72
Net finance costs	(9)	(5)
Profit before taxation	40	67
Taxation	(12)	5
Profit after taxation	28	72
Minority interest	(7)	1
Profit for the period attributable to equity holders of Misys plc	21	73

Finance costs

The net finance charge for continuing operations at £8.7m was £3.9m higher than last year. This was principally due to the loans originally taken out towards the end of the prior year period to finance the Allscripts acquisition and a charge of £1.3m relating to a loss on forward currency exchange contracts.

Profit before taxation

Reported profit before taxation at £40.4m reflects the improved operating margin, but was £26.6m lower than the prior year period, which included an exceptional gain from the sale of Misys Healthcare Systems as part of the merger with Allscripts Healthcare Solutions.

Taxation

The tax charge is £12.5m (including a credit on exceptional items of £1.3m) compared with a credit in the prior year of £5.3m. The underlying effective tax rate, based on the adjusted profit before taxation, at 34% was approximately in line with last year's rate.

Earnings per share (EPS)

Adjusted basic EPS from continuing operations of 4.6p was 24% above the prior year period (3.7p), due to higher operating profit margins and the impact of a full period contribution from Allscripts compared with the partial post-acquisition period in the prior year. Adjusted EPS excludes exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangible assets and translation exchange differences recycled from reserves. In the opinion of the Directors, adjusted basic EPS provides more comparable and representative information on the continuing trading activities of the Group. Basic EPS, as reported, for the first half is 4.0p. The prior year's basic EPS of 14.7p included a profit on the sale of Misys Healthcare Systems as part of the Allscripts merger. As in the previous year, the Board is not recommending a dividend this period. Misys intends to reinvest the funds in our businesses to generate strong sustainable returns for shareholders for the long term.

Balance Sheet and Cash Flow

Capital expenditure, research and development

Operating expenditure on research and development of £49.4m increased by £4.5m in the period due principally to the Allscripts acquisition. As our development operation has improved its efficiency, we are able to devote a higher proportion of expenditure to developing new products as opposed to maintaining existing products. Spending on development of key new products to address new market opportunities, principally BankFusion, MyWay (the Allscripts ASP EHR solution) and an ASP version of Summit (a key Treasury & Capital Markets solution) resulted in £14.6m of capitalised software development (2008: £10.9m). The increase primarily reflects the Allscripts acquisition. Amortisation of developed software in the period was £5.8m (2008: £2.3m).

£m	First half 2009/10				First half 2008/09			
	Allscripts	Banking	Treasury & Capital Markets	Total	Allscripts	Banking	Treasury & Capital Markets	Total
Research & development expense	18.6	16.8	14.0	49.4	12.6	18.5	13.8	44.9
Capitalisation of developed software	5.2	6.0	3.4	14.6	2.8	5.6	2.5	10.9
Amortisation of developed software	(1.1)	(2.7)	(2.0)	(5.8)	(0.2)	(1.1)	(1.0)	(2.3)
Net Capitalisation	4.1	3.3	1.4	8.8	2.6	4.5	1.5	8.6

Total capital expenditure and investment was £20.1m (2008/09: £36.3m), the balance after software development being £5.3m (2008/09: £25.4m), principally reflecting leasehold improvements to our principal office locations and investments in our computer and systems infrastructure, both of which were significantly lower than the prior year period.

Cash Flow and Net Debt

The group has successfully focused on working capital management. Trade receivables were reduced by £20.4m since the start of the period, to £122.5m. As a result, days' sales outstanding (based on pro-forma trailing quarter revenues) have been reduced to 83 days from 88 days at the end of last year's first half.

Deferred income, principally from upfront maintenance payments yet to be recognised as revenue, declined to £109.3m from £141.0m at the start of the period, due to seasonally lower maintenance billing in our first half. This seasonality significantly impacts cash conversion comparatives against the 2008/09 full year period.

Cash flow before financing and tax was £7.1m, compared with an outflow of £52.7m in last year's first half. The difference was attributable primarily to higher adjusted operating profit including higher non-cash charges for share-based payments, and to a significant reduction in exceptional charges to profit. As a result, the conversion ratio from adjusted operating profit to cash flow before financing and tax was 12%, compared with -147% in the prior year period. This cash conversion ratio was lower in the period than the 43% for the full year 2008/09, principally since seasonally low first half maintenance fee collections offset the reduction in exceptional charges to profit.

Net debt was reduced to £120.4m at the end of the period from £128.9m at the start of the period. The principal factor was a £12.2m debt reduction at Allscripts from the conversion of debentures to equity. Profit growth and higher cash conversion are expected to bring further significant reductions in net debt by the end of the second half to a range of £20-30m by the end of May 2010.

Consolidated income statement for the six months to 30 November 2009

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2009/10	2008/09	2008/09
Continuing operations			
Revenue (note 2)	360.7	280.2	692.4
Adjusted operating profit before:	59.8	35.9	117.5
- Amortisation of acquired intangibles	(8.2)	(2.5)	(12.4)
- (Losses) gains on embedded derivatives	(1.9)	5.3	5.7
- Translation exchange differences recycled from reserves	0.2	-	(3.3)
Operating profit before exceptional items	49.9	38.7	107.5
Exceptional items (note 3)	(0.8)	33.1	7.9
Operating profit (note 2)	49.1	71.8	115.4
Finance costs	(8.9)	(5.2)	(22.7)
Finance income	0.2	0.4	1.5
Net finance costs (note 5)	(8.7)	(4.8)	(21.2)
Profit before taxation	40.4	67.0	94.2
Taxation (note 6)	(12.5)	5.3	(4.6)
Profit for the period	27.9	72.3	89.6
Minority interest	(6.6)	0.5	(7.6)
Profit for the period - attributable to equity holders of Misys plc	21.3	72.8	82.0
	Pence	Pence	Pence
Basic earnings per share (note 4)	4.0	14.7	16.0
Diluted earnings per share (note 4)	3.9	14.7	15.8

Statement of comprehensive income for the six months to 30 November 2009

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2009/10	2008/09	2008/09
Profit for the period	27.9	72.3	89.6
Other comprehensive income:			
- Exchange differences on the translation of foreign operations	(6.5)	26.7	7.5
- Actuarial losses recognised	0.1	(0.1)	1.3
- Tax credit on items taken directly to equity	0.8	-	8.4
Other comprehensive income for the period (net of tax)	(5.6)	26.6	17.2
Total comprehensive income for the period	22.3	98.9	106.8
Total comprehensive income attributable to:			
- Equity holders of Misys plc	17.0	90.8	94.5
- Minority interest	5.3	8.1	12.3
Total income recognised in the period	22.3	98.9	106.8

Consolidated statement of cash flows for the six months to 30 November 2009

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2009/10	2008/09	2008/09
Operating activities			
Net cash flow generated from operations	26.8	(28.0)	100.4
Net interest paid	(7.0)	(1.5)	(9.8)
Net taxation paid	(0.1)	(4.4)	(10.0)
Net cash flow from operating activities	19.7	(33.9)	80.6
Investing activities			
Acquisitions and disposals of businesses (note 8)	(2.9)	(151.2)	(150.5)
Expenditure on developed software	(14.6)	(11.0)	(28.4)
Other capital expenditure and financial investment (note 9)	(5.1)	(13.7)	(22.2)
Net cash flow from investing activities	(22.6)	(175.9)	(201.1)
Net cash flow from financing activities (note 10)	0.5	249.2	167.4
Net cash flow from operating, investing and financing activities	(2.4)	39.4	46.9
Differences on exchange	(0.7)	0.5	(10.9)
(Decrease) increase in cash and cash equivalents in the period	(3.1)	39.9	36.0
Net cash and cash equivalents at the start of the period	63.1	27.1	27.1
Net cash and cash equivalents at the end of the period (note 11)	60.0	67.0	63.1

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2009/10	2008/09	2008/09
Continuing operations			
Profit after taxation	27.9	72.3	89.6
Net finance costs	8.7	4.8	21.2
Taxation charge (credit)	12.5	(5.3)	4.6
Amortisation and impairment charge of other intangible assets	15.4	14.1	34.2
Depreciation and impairment charge of property, plant and equipment	4.7	3.5	8.7
Share-based payment charge	9.7	4.0	11.9
Differences between pension charge and cash contributions	0.2	0.3	1.0
Net profit on disposal of businesses	-	(69.3)	(68.2)
(Increase) decrease in inventories	(0.7)	(0.2)	0.2
Decrease (increase) in trade and other receivables	2.4	4.1	(0.3)
Decrease in payables and provisions	(26.4)	(16.1)	(18.9)
(Decrease) increase in deferred income	(31.7)	(38.9)	15.2
Other non-cash movements	4.1	(1.3)	1.2
Net cash flow generated from continuing operations	26.8	(28.0)	100.4

Consolidated balance sheet as at 30 November 2009

	Unaudited November 2009	Unaudited November 2008*	Audited May 2009*
all figures in £ millions			
Non current assets			
Goodwill (note 12)*	286.7	303.2	289.8
Other intangible assets (note 13)*	200.5	214.2	202.1
Property, plant and equipment (note 14)*	28.5	32.2	29.0
Investments*	5.9	10.0	6.1
Trade and other receivables (note 15)	4.4	4.2	5.8
Derivative financial instruments	3.3	4.4	3.8
Deferred tax assets	33.4	35.8	28.5
	562.7	604.0	565.1
Current assets			
Inventories*	2.4	3.3	1.6
Trade and other receivables (note 15)*	221.1	230.9	222.1
Derivative financial instruments	0.8	4.4	1.7
Current tax assets	7.6	2.4	6.5
Cash and cash equivalents (note 11)	70.1	77.8	63.1
	302.0	318.8	295.0
Current liabilities			
Trade and other payables*	(111.4)	(149.4)	(129.7)
Loans and overdrafts (note 16)	(12.7)	(13.6)	(2.4)
Derivative financial instruments	(3.4)	(3.6)	(1.4)
Current tax liabilities*	(31.9)	(32.1)	(22.3)
Provisions (note 17)	(3.3)	(10.4)	(6.7)
Deferred income	(106.4)	(88.7)	(138.6)
	(269.1)	(297.8)	(301.1)
Net current assets (liabilities)	32.9	21.0	(6.1)
Total assets less current liabilities	595.6	625.0	559.0
Non current liabilities			
Trade and other payables	(1.6)	(1.1)	(3.7)
Loans (note 16)	(177.8)	(263.7)	(189.3)
Derivative financial instruments	(2.9)	(2.8)	(2.1)
Deferred tax liabilities*	(3.5)	(9.7)	(4.9)
Provisions (note 17)	(13.5)	(10.7)	(19.1)
Deferred income	(2.9)	(0.5)	(2.4)
Retirement benefit obligations	(2.0)	(5.3)	(1.7)
	(204.2)	(293.8)	(223.2)
Net assets	391.4	331.2	335.8
Equity			
Share capital	5.9	5.9	5.9
Share premium account	151.9	151.9	151.9
Capital redemption reserve	0.3	0.3	0.3
Other reserves	122.9	75.1	85.2
Equity shareholders' funds	281.0	233.2	243.3
Minority interest*	110.4	98.0	92.5
Total equity	391.4	331.2	335.8

* As required under IFRS 3, Misys has reassessed and finalised the provisional allocation of the Allscripts purchase price within the allowed 12 months period since the acquisition date and has restated the opening balances accordingly (See note 12).

Consolidated statement of changes in equity

for the six months to 30 November 2009 (Unaudited)

all figures in £ millions	Share capital	Share premium	Capital redemption reserve	Other reserves	Minority interest	Total equity
At 1 June 2009	5.9	151.9	0.3	85.2	92.5	335.8
Total comprehensive income for the period	-	-	-	17.0	5.3	22.3
<i>Transactions with owners</i>						
Share options settled from own shares	-	-	-	0.7	-	0.7
Exercise of Allscripts share options	-	-	-	1.0	0.7	1.7
Conversion of Allscripts 3.5% senior convertible debentures	-	-	-	6.7	5.3	12.0
Share-based payments	-	-	-	7.3	2.4	9.7
Deferred tax on share-based payments	-	-	-	5.0	4.2	9.2
At 30 November 2009	5.9	151.9	0.3	122.9	110.4	391.4

During the period, nil (First half 2008/09: 9,975; Year 2008/09: 9,975) ordinary shares were purchased by the Misys Employee's Share Trust.

for the six months to 30 November 2008 (Unaudited)

all figures in £ millions	Share capital	Share premium	Capital redemption reserve	Other reserves	Minority interest*	Total equity*
At 1 June 2008	5.5	67.3	0.3	5.2	-	78.3
Total comprehensive income for the period	-	-	-	90.8	8.1	98.9
<i>Transactions with owners</i>						
Shares issued in the period (net of expenses)	0.4	84.6	-	-	-	85.0
Dividends paid	-	-	-	(23.9)	-	(23.9)
Acquisitions	-	-	-	-	90.4	90.4
Share-based payments	-	-	-	3.9	0.1	4.0
Deferred tax on share-based payments	-	-	-	(0.9)	(0.6)	(1.5)
At 30 November 2008	5.9	151.9	0.3	75.1	98.0	331.2

On 18 March 2008, Misys launched a conditional placing of 42,857,143 new Ordinary Shares, with a nominal value of 1 pence per share (the Placing Shares) at a price of 175 pence per Placing Share. During the period ended 30 November 2008, all of the Placing Shares were acquired by ValueAct Capital (acting through its general partner VA Partners I, LLC), pursuant to the underwriting commitment provided by it at the time of the placing. Proceeds of the issue generated share premium of £84.6m net of issue expenses of £3.0m.

for the year ended 31 May 2009 (Audited)

all figures in £ millions	Share capital	Share premium	Capital redemption reserve	Other reserves	Minority interest*	Total equity*
At 1 June 2008	5.5	67.3	0.3	5.2	-	78.3
Total comprehensive income for the period	-	-	-	94.5	12.3	106.8
<i>Transactions with owners</i>						
Shares issued in the period (net of expenses)	0.4	84.6	-	-	-	85.0
Dividends paid	-	-	-	(23.9)	-	(23.9)
Exercise of Allscripts share options	-	-	-	-	3.8	3.8
Buyback of Allscripts shares	-	-	-	-	(15.2)	(15.2)
Acquisitions	-	-	-	-	90.3	90.3
Share-based payments	-	-	-	9.9	2.3	12.2
Deferred tax on share-based payments	-	-	-	(0.5)	(1.0)	(1.5)
At 31 May 2009	5.9	151.9	0.3	85.2	92.5	335.8

* As required under IFRS 3, Misys has reassessed and finalised the provisional allocation of the Allscripts purchase price within the allowed 12 months period since the acquisition date and has restated the opening balances accordingly (See note 12).

NOTES TO THE ACCOUNTS

1. Basis of preparation

The condensed consolidated financial statements for the half year ended 30 November 2009 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 May 2009, as described in those annual financial statements. The IFRIC interpretations, amendments to existing standards and new standards which became mandatory for accounting periods beginning on or after 1 June 2009 have been adopted in the current financial year, but since this interim report only contains a condensed set of financial statements, full disclosure will be given in the annual financial statements for the year ending 31 May 2010 where the impact is considered material. This half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 31 May 2009 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information contained in this interim report does not comprise statutory accounts within the meaning of sections 434 - 436 of the UK Companies Act 2006. Statutory accounts for the year ended 31 May 2009 were approved by the Board of Directors on 28 July 2009 and delivered to the Registrar of Companies. The auditors' report on those statutory accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

This interim report was approved by the Board of Directors on 13 January 2010. It is unaudited but has been reviewed by the auditors and their report is attached to this document.

The following IFRSs, IFRIC interpretations and amendments became effective and have been adopted by the Group in the presentation of the unaudited condensed Group half-yearly financial statements:

- a) IAS 1 (Revised) 'Presentation of Financial Statements' requires that the consolidated statement of changes in total equity is now presented as a primary statement. The amendment in the revised standard also prohibits the presentation of items of income and expense within this statement and requires such 'non-owner' changes in equity to be presented separately from 'owner' changes in equity. Accordingly, the standard requires that all 'non-owner' changes in equity are shown in a performance statement and, as permitted by the standard, the Group has elected to comply with this requirement by presenting an income statement and a statement of comprehensive income.
- b) IFRS 8 'Operating Segments' which replaced IAS 14 has been adopted by the Group. Accordingly, the segmental information presented in note 2 has been prepared in accordance with the requirements of IFRS 8.

The following IFRSs and IFRIC interpretations and amendments have been adopted in the unaudited condensed half-yearly financial statements. None had any material impact on the Group results or financial position:

- Amendments to IFRS 2 'Share-based payments'
- Amendment to IAS 23 'Borrowing costs'
- Amendments to IAS 32 and IAS 1 'Puttable financial instruments and obligations arising on liquidation'
- Amendments to IAS 39 and IFRS 7 'Reclassification of financial instruments'
- Improvements to IFRSs (May 2008)
- IFRIC 15 'Agreements for the construction of real estate'
- IFRIC 16 'Hedges of a net investment in foreign operations'
- IFRIC 18 'Transfer of assets to customers'
- Amendment to IFRS 7 'Improving disclosure about financial instruments'
- Amendment to IFRIC 9 and IAS 39 'Embedded derivatives'

The following IFRSs, IFRIC interpretations and amendments have been issued by the International Accounting Standards Board but are not yet effective and have not been early adopted by the Group:

- Amendment to IAS 27 'Consolidated and separate financial statements'
- Amendment to IAS 39 'Eligible hedged items'
- Amendment to IFRS 2 'Group cash settled share-based payment transactions'
- Amendment to IFRS 3 'Business combinations'
- Improvement to IFRSs (April 2009)
- IFRS 9 'Financial instruments'
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'

2. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been identified as the Misys Operations Team, comprising the Group Chief Executive, Chief Financial Officer and all Executive Vice Presidents. The Misys Operations Team is responsible for resources allocation and assessing the performance of the operating segments. The operating segments are defined by distinctly separate product offerings or markets. The operating segments within continuing operations consist of Allscripts, Banking, Treasury & Capital Markets (TCM) which has not changed from prior year. The 'Corporate and others' category includes 'Open Source' and corporate costs as these operations are not reportable segments as required to be disclosed under IFRS 8. Corporate was previously known as Central Services. Global services is considered as a horizontal function with performance assessed by the CODM in each of the defined operating segments.

Revenue, operating profit (loss) by business (unaudited)

all figures in £ millions	Banking	TCM	Allscripts	Corporate & others	First half 2009/10
Revenue	79.0	79.3	202.3	0.1	360.7
Adjusted operating profit	14.0	15.1	36.6	(5.9)	59.8
Amortisation of acquired intangibles	(0.5)	-	(7.7)	-	(8.2)
Losses on embedded derivatives	(1.7)	(0.2)	-	-	(1.9)
Translation exchange differences recycled from reserves	-	-	-	0.2	0.2
Operating profit (loss) before exceptional items	11.8	14.9	28.9	(5.7)	49.9
Exceptional items	0.1	-	(3.2)	2.3	(0.8)
Operating profit	11.9	14.9	25.7	(3.4)	49.1
Net finance costs					(8.7)
Profit before taxation					40.4
Taxation before exceptional items					(13.8)
Taxation in relation to exceptional items					1.3
Taxation					(12.5)
Profit for the period					27.9

all figures in £ millions	Banking	TCM	Allscripts*	Corporate & others	First half 2008/09
Revenue	83.9	73.3	123.0	-	280.2
Adjusted operating profit	14.1	13.8	16.9	(8.9)	35.9
Amortisation of acquired intangibles	(0.4)	-	(2.1)	-	(2.5)
Gains on embedded derivatives	5.1	0.2	-	-	5.3
Translation exchange differences recycled from reserves	-	-	-	-	-
Operating profit (loss) before exceptional items	18.8	14.0	14.8	(8.9)	38.7
Exceptional items	(0.8)	(2.3)	47.7	(11.5)	33.1
Operating profit	18.0	11.7	62.5	(20.4)	71.8
Net finance costs					(4.8)
Profit before taxation					67.0
Taxation before exceptional items					(10.5)
Taxation in relation to exceptional items					15.8
Taxation					5.3
Profit for the period					72.3

Revenue (unaudited)

all figures in £ millions	Banking	TCM	Allscripts	First half 2009/10
Initial licence fees	17.8	17.9	28.1	63.8
ASP revenue	0.1	1.7	14.6	16.4
Maintenance	41.5	37.9	73.8	153.2
Transaction processing	-	5.1	48.0	53.1
Global services	19.6	16.7	19.4	55.7
Hardware	-	-	12.4	12.4
Other revenue	-	-	6.1	6.1
	79.0	79.3	202.4	360.7

Other revenue in 'Allscripts' includes £0.1m related to 'Corporate and others'.

all figures in £ millions	Banking	TCM	Allscripts*	First half 2008/09
Initial licence fees	22.7	17.4	12.4	52.5
ASP revenue	-	-	3.4	3.4
Maintenance	38.5	32.4	46.3	117.2
Transaction processing	-	7.0	36.7	43.7
Global services	22.7	16.5	10.0	49.2
Hardware	-	-	7.0	7.0
Other revenue	-	-	7.2	7.2
	83.9	73.3	123.0	280.2

Disclosure of assets by segment has been reviewed and no significant changes have been reported since 31 May 2009.

* Allscripts first half 2008/09 includes results for Allscripts Healthcare Solutions since acquisition on 10 October 2008.

3. Exceptional items (unaudited)

all figures in £ millions	First half 2009/10	First half 2008/09
Restructuring activities and turnaround programme (A)	2.4	(9.4)
Merger of Misys Healthcare Systems with Allscripts Healthcare Solutions (B)	(2.9)	(22.1)
Loss on disposal of Medication Services Group	(0.3)	-
Currency swap (C)	-	(4.7)
Profit on disposal of businesses (D)	-	69.3
Exceptional items	(0.8)	33.1
Taxation on exceptional items (E)	1.3	8.5
Exceptional tax credit (E)	-	7.3
Total exceptional items after taxation	0.5	48.9

(A) Restructuring activities and turnaround programme

A credit of £2.4m has been recognised relating to the release of provisions on the disposal of property leases. The 2008/09 charge of £9.4m relates to the Group-wide turnaround programme. These costs primarily relate to consultancy services, recruitment, severance costs, property costs associated with the closure of a number of offices in the United Kingdom and establishing a new headquarters in London and impairment of assets. There was a related cash outflow of £nil in respect of this item (First half 2008/09: £11.3m).

(B) Merger of Misys Healthcare with Allscripts Healthcare Solutions

A charge of £2.9m (First half 2008/09: £22.1m) has been recognised in relation to costs incurred in the merger of the Misys Healthcare Systems business with Allscripts Healthcare Solutions to create Allscripts-Misys Healthcare Solutions, Inc.

These costs include a payment by Allscripts-Misys relating to that part of the business addressing smaller physician practices of £1.3m and integration costs. There was a related cash outflow of £2.8m.

(C) Currency swap

In the previous financial year, as part of the Allscripts-Misys merger, an intercompany balance with Healthcare was repaid. This balance was previously hedged by a US dollar swap which closed one month beyond the merger transaction. During that financial year, the foreign exchange rate changed significantly, generating a loss of £4.7m with an associated cash outflow of £3.9m.

(D) Profit on disposal

In the previous financial year, £69.3m was recognised in relation to the profit on partial disposal of the Healthcare business as part of the merger transaction with Allscripts Healthcare.

(E) Taxation (note 6)

Included within current taxation is a credit of £1.3m relating to the Allscripts merger costs (First half 2008/09: £0.6m) in continuing operations and a deferred tax credit of £nil (First half 2008/09: £7.9m) in respect of taxation on exceptional items.

In the previous financial year, an exceptional tax credit of £7.3m was recognised. This reflected the benefit arising from an internal finance restructuring in an earlier period, recognised as a £2.6m credit within current taxation and a £4.7m credit within deferred tax.

4. Earnings per share (unaudited)

Earnings per share ('EPS') have been calculated by dividing profit attributable to shareholders by the weighted average number of shares in issue during the period. Diluted EPS includes the dilutive effect of outstanding share options.

Adjusted basic and adjusted diluted EPS are presented to provide more comparable and representative information on continuing operations. Accordingly, the adjusted basic and adjusted diluted EPS figures exclude discontinued operations, exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles and translation exchange differences recycled from reserves.

all figures in £ millions	First half 2009/10	First half 2008/09
Profit for the period	27.9	72.3
Minority interest	(6.6)	0.5
Profit attributable to shareholders	21.3	72.8
Exceptional items after taxation (note 3)	(0.5)	(48.9)
Losses (gains) on embedded derivatives (after tax)	1.3	(5.3)
Amortisation of acquired intangibles (after tax)	5.3	2.5
Translation exchange differences recycled from reserves (after tax)	(0.2)	-
Adjusted profit items attributable to minority interest	(2.9)	(2.6)
Adjusted profit attributable to shareholders	24.3	18.5
	pence	pence
Basic earnings per share	4.0	14.7
Diluted earnings per share	3.9	14.7
Adjusted basic earnings per share	4.6	3.7
Adjusted diluted earnings per share	4.5	3.7

The weighted average numbers of basic and diluted shares in issue during the period were 528.4m and 534.3m respectively (First half 2008/09: 495.5m and 497.1m).

5. Finance costs (unaudited)

all figures in £ millions	First half 2009/10	First half 2008/09
Bank loans and overdraft interest payable	(3.8)	(3.1)
Amortisation of financing facility costs	(2.3)	(1.6)
Other interest payable	(0.7)	(0.5)
Expected return on pension scheme assets	1.1	1.3
Interest on pension scheme liabilities	(1.2)	(1.2)
Financing fair value re-measurement loss on forward currency exchange contracts	(1.3)	-
Unwinding of discount on provisions	(0.7)	(0.1)
Finance costs	(8.9)	(5.2)
Interest receivable	0.2	0.4
Net finance costs	(8.7)	(4.8)

An element of the Group's derivatives is ineligible for hedge accounting under IFRS. Gains or losses on these derivatives arising from market movements are credited or charged to financing fair value re-measurements within finance income and finance expense in the Group income statement. These gains or losses are not regarded as part of operating profit as they relate to financing activities of the Group.

6. Taxation (unaudited)

Taxation on ordinary activities

all figures in £ millions	First half 2009/10	First half 2008/09
Current taxation		
UK corporation tax at 28% (2008: 28%)	0.6	0.2
UK prior year items	0.4	-
Overseas taxation	7.8	2.8
Overseas prior year items	(0.5)	(2.6)
Irrecoverable withholding taxes	0.6	-
Current taxation (including tax relating to continuing operations' exceptional items)	8.9	0.4
Deferred taxation	3.6	(5.7)
Tax expense (credit) - continuing operations	12.5	(5.3)

Included within current taxation is a credit of £1.3m (First half 2008/09: credit of £3.2m) and a deferred tax credit of £nil (First half 2008/09: £12.6m) relating to taxation on exceptional items.

7. Equity dividends (unaudited)

all figures in £ millions	First half 2009/10	First half 2008/09
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 May 2008 of 4.95p per share	-	23.9
	-	23.9

Following the acquisition of Allscripts Healthcare Solutions, Inc. the Group's dividend policy was amended. The Group will retain funds that would otherwise have been issued as dividends to shareholders and reinvest these funds in the Group.

8. Acquisitions and disposals of businesses (unaudited)

all figures in £ millions	First half 2009/10	First half 2008/09
Cash consideration paid in respect of current year acquisitions (including expenses)	-	(195.7)
Cash consideration paid in respect of prior year acquisitions	(2.6)	-
Cash consideration paid in respect of prior year disposals	(0.3)	-
Cash consideration paid in respect of current year disposals (net of expenses)	-	(0.9)
Cash at bank and in hand acquired	-	45.4
Net cash flow from acquisitions and disposals	(2.9)	(151.2)

9. Other capital expenditure and financial investment (unaudited)

all figures in £ millions	First half 2009/10	First half 2008/09
Purchase of third party software	(0.7)	(10.3)
Purchase of property, plant and equipment	(4.5)	(7.9)
Purchase of investments	(0.3)	-
Sale of property, plant and equipment	0.1	4.5
Sale of other intangible assets	0.1	-
Sale of investments	0.2	-
Net cash flow from other capital expenditure and financial investment	(5.1)	(13.7)

10. Financing activities (unaudited)

all figures in £ millions	First half 2009/10	First half 2008/09
Dividends paid	-	(23.9)
(Decrease) increase in borrowings	(2.3)	187.9
Share options exercised	2.8	-
Shares issued	-	85.2
Net cash flow from financing activities	0.5	249.2

11. Analysis of net funds (debt) (unaudited)

all figures in £ millions	At 1 June 2009	Cash flow	Non cash movements	Differences on exchange	At 30 Nov 2009	At 30 Nov 2008
Cash	63.1	7.7	-	(0.7)	70.1	77.8
Bank overdraft	-	(10.1)	-	-	(10.1)	(10.8)
Bank loans	63.1	(2.4)	-	(0.7)	60.0	67.0
Other loans	(178.5)	1.3	(2.3)	0.5	(179.0)	(96.3)
Debt securities	-	-	-	-	-	(149.4)
Debentures	(12.2)	-	12.2	-	-	(18.1)
Interest bearing consideration	(0.3)	0.3	-	-	-	(0.7)
Finance leases	(1.0)	-	(0.4)	-	(1.4)	(2.7)
Net funds (debt)	(128.9)	(0.8)	9.5	(0.2)	(120.4)	(200.2)

12. Goodwill (unaudited)

all figures in £ millions	Total Goodwill
Cost and net book value at 1 June 2009	291.5
Adjustment to goodwill	(1.7)
Adjusted cost and net book value at 1 June 2009	289.8
Adjustment to goodwill	(0.1)
Differences on exchange	(3.0)
Cost and net book value at 30 November 2009	286.7
Cost and net book value at 30 November 2008	303.2

Acquisition of Allscripts Healthcare Solutions, Inc.

On 10 October 2008, the Group acquired 56.8% of the issued share capital of Allscripts-Misys Healthcare Solutions, Inc. for a cash consideration, including expenses, both paid and secured, of £200.8m (\$330m plus related expenses). As part of the acquisition, 100% ownership of Misys Healthcare System was transferred to Allscripts.

An analysis of the net assets acquired is shown below:

all figures in £ millions	Book value	Fair value adjustment	Fair value at 30 Nov 2009	Fair value at 30 Nov 2008*	Fair value at 31 May 2009*
Intangible assets	70.3	69.2	139.5	141.1	139.5
Property, plant and equipment	13.0	(1.8)	11.2	11.5	11.2
Deferred tax liabilities	23.4	(24.9)	(1.5)	(25.0)	(3.0)
Cash	45.4	-	45.4	45.4	45.4
Other assets	68.9	(0.3)	68.6	66.8	68.6
Other liabilities	(113.6)	7.6	(106.0)	(105.0)	(107.5)
Net assets acquired	107.4	49.8	157.2	134.8	154.2
Minority interest			(67.9)	(58.3)	(66.6)
Misys shareholders' interest			89.3	76.5	87.6
Goodwill			202.9	216.2	204.7
Total consideration			292.2	292.7	292.3

Total consideration of £292.2m includes the cash consideration of £200.8m (including directly attributable expenses of £7.1m) and the fair value attributed to the 43.2% net disposal of Misys Healthcare of £91.4m. The original fair value adjustments contained provisional amounts which have now been finalised.

The goodwill arising on the acquisition of Allscripts Healthcare Solutions is principally attributable to the anticipated profitability achieved through perceived cost and revenue synergies. The fair value adjustments are based on an independent valuation at the time of acquisition and primarily relate to identified intangible assets (technology, relationships and brand name), deferred revenue and related deferred tax.

* In accordance with IFRS 3, the fair value of the identifiable assets, liabilities and contingent liabilities was determined provisionally as of 10 October 2008. Given the complexity of the acquisition, additional information was obtained as part of the process of finalising the purchase price allocation during the 12 months period allowed under IFRS 3. This resulted in certain aspects of the purchase price allocation being revisited to reflect finalisation of the allocation process. The table above shows the fair values for the prior periods at the reported amounts. These have been restated in the relevant balance sheets.

13. Other intangible assets (unaudited)

all figures in £ millions	Complete technology	Customer relationships*	Trade names and brands*	Total acquired intangibles	Developed software	Third party software	Total intangibles
Cost							
At 1 June 2009	73.3	66.4	32.5	172.2	76.1	27.6	275.9
Differences on exchange	(0.1)	(0.8)	(0.4)	(1.3)	0.1	(0.2)	(1.4)
Disposals	-	-	-	-	-	(0.8)	(0.8)
Additions	-	-	-	-	14.6	0.7	15.3
At 30 November 2009	73.2	65.6	32.1	170.9	90.8	27.3	289.0
At 30 November 2008*	77.2	69.7	34.2	181.1	61.1	33.5	275.7
Amortisation and impairment							
At 1 June 2009	(22.3)	(5.8)	(1.3)	(29.4)	(31.4)	(13.0)	(73.8)
Differences on exchange	(0.5)	-	-	(0.5)	0.3	0.1	(0.1)
Charge for the period	(3.9)	(3.1)	(0.8)	(7.8)	(5.8)	(1.7)	(15.3)
Disposals	-	-	-	-	-	0.7	0.7
At 30 November 2009	(26.7)	(8.9)	(2.1)	(37.7)	(36.9)	(13.9)	(88.5)
At 30 November 2008	(17.8)	(2.5)	(0.2)	(20.5)	(29.1)	(11.9)	(61.5)
Net book value							
At 30 November 2009	46.5	56.7	30.0	133.2	53.9	13.4	200.5
At 31 May 2009	51.0	60.6	31.2	142.8	44.7	14.6	202.1
At 30 November 2008*	59.4	67.2	34.0	160.6	32.0	21.6	214.2

* As required under IFRS 3, Misys has reassessed and finalised the provisional allocation of the Allscripts purchase price within the allowed 12 months period since the acquisition date and has restated the opening balances accordingly (See note 12).

Third party software includes £0.4m of amortisation relating to the acquisition of a perpetual licence for healthcare software which is being amortised over seven years and which is part of the adjusting item 'Amortisation of acquired intangibles'.

14. Property, plant and equipment (unaudited)

all figures in £ millions	Freehold properties	Leasehold properties	Computer and other equipment*	Total
Cost				
At 1 June 2009	1.5	16.9	47.8	66.2
Differences on exchange	-	-	(0.2)	(0.2)
Additions	-	0.5	4.0	4.5
Disposals	-	(0.5)	(0.6)	(1.1)
At 30 November 2009	1.5	16.9	51.0	69.4
At 30 November 2008*	1.8	16.4	48.8	67.0
Depreciation				
At 1 June 2009	(0.8)	(5.0)	(31.4)	(37.2)
Differences on exchange	-	-	0.1	0.1
Charge for the period	-	(0.8)	(3.9)	(4.7)
Disposals	-	0.4	0.5	0.9
At 30 November 2009	(0.8)	(5.4)	(34.7)	(40.9)
At 30 November 2008	(0.9)	(4.1)	(29.8)	(34.8)
Net book value				
At 30 November 2009	0.7	11.5	16.3	28.5
At 31 May 2009	0.7	11.9	16.4	29.0
At 30 November 2008*	0.9	12.3	19.0	32.2

* As required under IFRS 3, Misys has reassessed and finalised the provisional allocation of the Allscripts purchase price within the allowed 12 months period since the acquisition date and has restated the opening balances accordingly (See note 12).

15. Trade and other receivables (unaudited)

all figures in £ millions	30 Nov 2009	30 Nov 2008*	31 May 2009
Trade receivables*	122.5	139.6	142.9
Less: Provision for receivables	(6.9)	(11.9)	(7.4)
	115.6	127.7	135.5
Other receivables	24.8	24.2	13.1
Prepayments	21.0	19.6	20.2
Accrued income	59.7	59.4	53.3
Current trade and other receivables	221.1	230.9	222.1
Other receivables	2.4	3.5	2.3
Prepayments	0.2	0.4	1.7
Accrued income	1.8	0.3	1.8
Non current trade and other receivables	4.4	4.2	5.8
Total trade and other receivables	225.5	235.1	227.9

* As required under IFRS 3, Misys has reassessed and finalised the provisional allocation of the Allscripts purchase price within the allowed 12 months period since the acquisition date and has restated the opening balances accordingly. The fair value of trade receivables acquired as part of the Allscripts transaction was increased by £0.5m from the value reported at 30 November 2008 (See note 12).

16. Loans and overdrafts (unaudited)

	30 Nov 2009	30 Nov 2008	31 May 2009
all figures in £ millions			
Bank overdrafts	(10.1)	(10.8)	-
Bank loans	(1.8)	(1.9)	(1.8)
Finance leases	(0.8)	(0.9)	(0.6)
Current loans and overdrafts	(12.7)	(13.6)	(2.4)
Bank loans	(177.2)	(94.4)	(176.7)
Other loans	-	(149.4)	-
3.5% senior convertible debentures	-	(18.1)	(12.2)
Finance leases	(0.6)	(1.8)	(0.4)
Non current loans and overdrafts	(177.8)	(263.7)	(189.3)
Total loans and overdrafts	(190.5)	(277.3)	(191.7)

Bank overdrafts

This relates to an £11m overdraft facility.

Bank loans

Group Credit Facility

In September 2008, the Group entered into a \$150m revolving credit facility with a syndicate of banks. In May 2009, this facility was refinanced with a syndicate of banks comprising an £80m term loan and a £130m multicurrency revolving credit facility. £40m of the term loan matures in May 2011 and the remaining £40m matures in May 2012. The revolving credit facility expires in May 2012. At 30 November 2009, the term loan was fully drawn and £86.0m drawn against the multicurrency revolving credit facility. Interest on these borrowings is payable at LIBOR plus a variable margin (based on covenant ratio), currently 2.75%.

Arrangement fees in respect of this facility are included in the carrying value of the loan. These costs are amortised over the expected term of the facility. The amount of unamortised facility transaction fees at 30 November 2009 was £3.5m (30 November 2008: £3.0m). The facility is guaranteed by certain companies within the Group.

The Group is subject to certain financial covenants under the term loan and revolving credit facility agreement. These include a minimum ratio of operating profit, before depreciation, amortisation and exceptional items to net interest charged and a maximum ratio of net borrowings to operating profit, before depreciation, amortisation and exceptional items. These covenants have not been breached during the period.

Allscripts loans

Allscripts has a credit facility which provides for a total unsecured commitment of \$150m and which matures on 15 August 2012. The facility is available in the form of letters of credit in an aggregate amount up to \$10m and revolving loans.

The Credit Facility contains certain financial covenants including, but not limited to, leverage and coverage ratios to be calculated on a quarterly basis. There is no default under the Credit Facility as of 30 November 2009.

Other loans

In September 2008, the Group entered into a bridge facility agreement with ValueAct Capital Master Fund L.P., the Company's largest shareholder. This facility was for \$190.0m and was refinanced with the term loan and multicurrency revolving credit facility in May 2009 as described above.

3.5% Senior Convertible Debentures

In July 2004, Allscripts completed a private placement of \$82.5m of 3.50% Senior Convertible Debentures due 2024 ("Notes"). Holders of \$54.6m principal amount of the Notes exercised their right to convert the Notes into an aggregate of 4.85m shares of Allscripts common stock. During July 2009, Allscripts exercised its call on the remaining \$19.7m of Notes for redemption, which was made in August 2009.

17. Provisions for liabilities and charges (unaudited)

	30 Nov 2009	30 Nov 2008	31 May 2009
all figures in £ millions			
Property	(15.8)	(18.4)	(23.5)
Contingent consideration	(0.1)	(0.8)	(0.5)
Other	(0.9)	(1.9)	(1.8)
	(16.8)	(21.1)	(25.8)
Included in current liabilities	(3.3)	(10.4)	(6.7)
Included in non current liabilities	(13.5)	(10.7)	(19.1)
	(16.8)	(21.1)	(25.8)

The property provisions comprise the net present value of the estimated future costs of vacant and sublet properties and the excess over market value for occupied properties of subsidiaries acquired in previous years. The provision relating to vacant and sublet properties is expected to be utilised on average over the next seven years and the excess over market value provision over the next two years. The property provision as of 31 May 2009 has been reduced in the period ended 30 November 2009 primarily as a result of the disposal of the property leases as explained in Note 3.

Included in other provisions are amounts primarily in respect of professional fees, maintenance costs and restructuring costs.

18. Contingent liabilities (unaudited)

Contingent liabilities that are quantifiable arise from property rental guarantees that have been issued in the normal course of business, from letters of credit and also from bonds that have been issued in support of tenders submitted to prospective customers. These amount to £12.1m (First half 2008/09: £18.8m, Year 2008/09: £18.4m).

The Group's subsidiaries and the Company can be parties to legal actions and claims arising in the ordinary course of business. Whilst the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact to the Group's financial position.

19. Related party transactions (unaudited)

Transactions between Misys plc and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The key management personnel of the Group comprise the Chief Executive, who is also a member of the Board and Executive Vice Presidents. Their remuneration is disclosed in the year-end Group financial statements.

ValueAct Capital has a holding of approximately 25.7 per cent (31 May 2009: 25.7 per cent) in the Company on an aggregated basis. Mr. Ubben, who is a non-executive Director of the Company, is Chief Executive Officer and Chief Investment Officer of ValueAct Capital.

On 29 September 2008, the Company entered into a US\$190.0m bridge facility with a subsidiary of ValueAct Capital. Details of this facility which has now been repaid are given in Note 16.

20. Risk factors as required by DTR 4.2.7(2)

As with all businesses, the Group is affected by certain risks, not wholly within our control, which could have a material impact on the Group's long term performance and could cause actual results to differ materially from forecast and historic results.

The principal risks and uncertainties facing the Group have not changed from those existing at 31 May 2009 as set out in the 2009 Annual Report on pages 40 - 43. These are: global economic and market conditions and its effect on our business; competition; intellectual property; the importance of Allscripts to the whole of Misys; people; product development including the successful launch of new products; changes in the industries which Misys serves; contract implementation; key suppliers; government regulation; attack by IT viruses; reliance on key locations and systems failures; incomplete management information; tax risks; treasury controls and operations; liquidity risk; foreign currency risk; interest rate risk; cash management and credit risk.

21. Seasonality

There is seasonality within the Group's activities. Misys invoices many of its customers for recurring licence fees at the beginning of the second half of its financial year. Accordingly, the fiscal second half is a period of high cash collection compared to the fiscal first half.

22. Registered Office

The registered office is One Kingdom Street, Paddington, London, W2 6BL. The Company is registered and domiciled in England No. 1360027.

INDEPENDENT REVIEW REPORT TO MISYS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2009, which comprises the consolidated income statement, consolidated balance sheet, the statement of comprehensive income, statement of changes in equity, consolidated statement of cash flows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 November 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 January 2010

Notes:

The maintenance and integrity of the Misys plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Misys plc are listed in the Misys plc Annual Report and Accounts for 31 May 2009, with the exception of the following changes that took place during the six months ended 30 November 2009:

- A) Sir Dominic Cadbury resigned as Chairman on 30 September 2009.
- B) Sir James Crosby appointed as Chairman on 30 September 2009.

By order of the Board

Mike Lawrie
Chief Executive Officer
13 January 2010

James Gelly
Chief Financial Officer
13 January 2010