

Results for the year to 31 May 2011 (audited)

Pro-forma adjusted EPS up 22%
12% adjusted operating profit growth
8% revenue growth in the 2nd half, including 10% growth in Banking

Misys plc (FTSE: MSY.L), the global application software and services company serving the financial services industry, announces results for the year ended 31 May 2011.

Operating highlights (continuing operations, excluding Allscripts, including Misys Sophis)

Comparisons to prior year at constant exchange rates, including a pre-acquisition comparative for Sophis in the 4th quarter Earnings per share comparison at 'as reported' exchange rates and excluding a pre-acquisition comparative for Sophis

- Revenue £370m for the full year - up 4%, accelerating to 8% in the 2nd half
- Order intake £213m - up 3%
- Adjusted operating profit £72m - up 12%
- Adjusted basic EPS up 22% pro-forma for the share count reduction following return of capital
- **Misys Sophis** revenue for the 4th quarter, its first in the Group, up 32% on the prior year quarter
Sophis integration successful – cost and revenue synergies on track
- **Banking** returned to growth with revenue of £167m - up 3% including a 10% increase in the 2nd half
BankFusion adoption accelerated with 27 sales in the period and 40 customers in total
- **Treasury & Capital Markets ('TCM')** revenue £185m - up 3%
TCM's market position continued to strengthen with 25 new name wins

Chief Executive Mike Lawrie comments

'This has been a year of great progress with our strategy and corporate structure. We completed the acquisition of Sophis to create the leading capital markets platform and delivered significant value to shareholders from the divestment of Allscripts.

The growth in our business accelerated in the second half, with 8% revenue growth and 16% adjusted operating profit growth. I am pleased with our pro-forma adjusted EPS growth of 22% for the year. These results reflect the success of our BankFusion platform, the momentum behind our new solutions and significant growth by Misys Sophis.

We have great confidence in the future opportunities for Misys to continue its path to leadership in our industry. Our confidence has been confirmed by the approach we received from Fidelity National Information Services with a potential offer to acquire the company.

We will continue to invest to deliver new, innovative solutions to our customers, to increase our customer-facing resources including partnerships, and to focus on growth opportunities in Asia, Latin America, Africa and the Middle East. We will also prudently and appropriately assess opportunities for inorganic growth as our industry continues to consolidate.'

Financial Results Summary

<i>Continuing operations unless stated</i>	2010/11	2009/10 As reported		2009/10 Pro-forma, constant currency	
	£m	£m	% growth	£m	% growth
Order Intake Excludes maintenance and transaction processing fees	213	195	9.0%	206	3.3%
Revenue	370	342	8.2%	355	4.2%
Adjusted Operating Profit Before exceptionals, acquired intangible asset amortisation, exchange differences transferred from reserves, embedded derivatives gains/(losses)	72	64	13.0%	64	12.1%
Adjusted Operating Margin	19.4%	18.6%	+0.8pp	18.1%	+1.3pp
Operating Profit	36	54	(32.4%)	-	-
Profit after taxation	34	25	40.0%	-	-
Profit after taxation including discontinued operation	649	61			
Basic Earnings Per Share including discontinued operation	146.3p	8.4p		-	-
Adjusted Basic Earnings Per Share	11.0p	7.6p	45.0%	-	-
Adjusted Pro-forma Basic Earnings Per Share Based on shares in issue at 31 May 2011	15.1p	12.4p	21.6%	-	-

A reconciliation between statutory Operating Profit and Adjusted Operating Profit is on page 4 and an explanation of constant currency comparisons against the prior year is provided on page 13.

Continuing operations excludes results from Allscripts which are reported separately in the accounts as discontinued operation.

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Webcast

A live webcast of the presentation to analysts and investors including the slideshow will be available at www.misys.com and www.cantos.com from 9.00am today and will be available to view on demand from approximately 2.00pm. A listen only dial in facility will also be available. To access dial UK 020 3140 0786 or USA 1 866 458 4086. A results interview with Mike Lawrie, Chief Executive will be available from 7.00am on www.misys.com

About Misys

Misys (FTSE: MSY.L) provides integrated, comprehensive solutions that deliver significant results to organisations in the financial services industry. Misys maximises value for its customers by combining deep knowledge of their business with commitment to their success. In banking and in capital markets, Misys is a market leader, with over 1,300 customers, including all of the world's top 50 banks. Misys employs approximately 4,000 people who serve customers in more than 120 countries. Misys aspires to be the world's best application software and services company.

Chief Executive's Review

The year was one of significant progress in the ongoing transformation of Misys that began in 2007. We established Misys as a pure play financial services software company by divesting Allscripts and subsequently increased our exposure to the fast-growing capital markets sector by acquiring Sophis. We have continued to invest in innovation and technology, with the bulk of our investment going towards the development of new solutions. We are also investing to expand the skills base in the customer-facing parts of our organisation. The results of our investments began to be evident in increased revenues from Asia and other growth regions, a return to growth in our banking division, and rapid revenue growth from Misys Sophis.

These achievements have generated increased interest in Misys and have been recognised through the approach we received from Fidelity National Information Services with a potential offer to acquire the company. The interest in our organisation is a great tribute to our on-going strategy and the dedication of our staff to make our transformation a success.

Return of capital to shareholders and creation of pure play financial services software company

During the year we returned £670 million to Misys shareholders from the proceeds of our divestment of Allscripts. As a result of the Allscripts sale, we created a pure play financial services company, with an opportunity to be a leader in the financial services industry.

Increased exposure to high-growth capital markets

We believe capital markets will be the faster-growing of the financial services markets that we operate in, and we substantially increased our presence with the acquisition of Sophis, a leader in portfolio and risk management solutions, which improves our asset class coverage and greatly accelerates our buy-side strategy. Its integration into the Misys group has been successful. Since acquisition Misys Sophis has already demonstrated a high level of growth, with 32% revenue growth in its first quarter as part of the Group.

Substantial investment in product development now producing a pipeline of new solutions

We have continued to invest heavily in research and development – 19% of revenue this year. Our significant product development spend is now producing a pipeline of new and innovative solutions. As a result, 41% of our orders in the year came from new solutions developed over the last two years, compared with 28% in the previous year.

Investment in people and skills

This year we made a record number of new hires – around 900 people. Our investments in people have been focussed on the growth regions of Asia, Latin America, Africa and the Middle East, where we see exciting sales opportunities in the years ahead. 75% of our people are now outside the UK and US.

We made significant investments in the customer-facing parts of our operations to upgrade our skills base and attract new talent into our organisation - sales, customer service and pre-sales solution consulting. Our training programmes have been expanded, including the successful launch of new graduate programmes in New York, India and London. We have extended existing partnerships and established new ones, with industry leaders such as HCL, everis, IBM and Microsoft.

Our independent customer survey this year has shown a significant rise in customer satisfaction to the highest level since the beginning of our turnaround. This makes us more relevant to our customers and gives us the permission to upgrade customers to our new solutions.

Growth from new regions and new solutions

Our investments in Asia, Latin America, Africa and the Middle East have brought early signs of growth. Revenues across these regions grew 14%.

Our new solutions have brought back growth to our Banking business, with 12% order intake growth in the year, as a result of our new solutions. We have launched and established BankFusion as the newest and most modern core banking platform in the last decade, with 40 customers so far, just over a year after its general release. BankFusion is now recognised independently as one of the leading banking platforms in the marketplace. We have applied for two patents so far to protect the unique technology underpinning BankFusion, and are continuing to invest in the banking functionality available in the platform.

During this year we made significant progress in the ongoing transformation of Misys. We have a strong leadership team in place that is ready to take the business to the next level. As a result we are strongly positioned to create value for our customers and for our shareholders, making Misys an innovative workplace for our people. We are confident in the future of our business and our ongoing strategy to achieve and maintain a leadership position in all of our market segments.

Financial Review

Information in this section is presented on an 'adjusted' basis, excluding exceptionals and other items. Results from Allscripts Healthcare Solutions, Inc. ('Allscripts') are excluded. These are reported in the accounts as discontinued operation. Comparisons to prior year are on a pro-forma constant currency basis, including pre-acquisition results from Misys Sophis in the prior year's fourth quarter comparatives (see notes on page 13). These measures provide more comparable and representative information on the trading activities of the Group than 'as reported' measures.

The corporate transactions that took place during the year position us well for future growth. The disposal of Allscripts transformed Misys into a pure play financial services software business. The refinancing and convertible bond issue in November 2010 equipped us well for future investment in the business. The acquisition of Sophis in February 2011 accelerated our capital markets strategy and as a result a majority of the Group's revenues and profits are from the capital markets divisions.

Operational progress was strong, including a strong end to the financial year with an acceleration to approximately 8% revenue growth in the second half. Overall revenues for the year were £370m (2009/10: £355m), a growth of 4%. The revenues reflected a return to growth by the Banking division in the second half, consistent growth through the year in Treasury & Capital Markets ('TCM') and impressive growth in Misys Sophis in its first quarter as part of the Misys Group. Recurring revenues from maintenance, ASP subscriptions, software leasing and transaction processing constituted 49% of revenues. Our medium-term revenue growth targets are maintained for the two years to 31 May 2013 - annual revenue growth of 5-8%.

Order intake (which excludes maintenance and transaction processing) grew 3% to £213m (2009/10: £206m).

Adjusted operating profit was £72m. Growth on last year was 12% and the adjusted operating margin was 1.3 percentage points higher as back-office savings were made whilst investment was sustained in product development and solution implementation.

Group Operating Results

Operating results from continuing operations for the year ended 31 May 2011

£m	2010/11	2009/10		2009/10	
		As reported	% growth	Pro-forma, constant currency	% growth
Revenue					
Banking	167	162	4%	162	3%
Treasury & Capital Markets	185	179	3%	179	3%
Misys Sophis	17	-	-	13	32%
Open Source	1	1	30%	1	35%
Revenue	370	342	8%	355	4%
Operating Profit					
Banking	36	32	10%	31	15%
Treasury & Capital Markets	43	42	2%	42	2%
Misys Sophis	6	-	-	2	155%
Corporate & Other	(12)	(10)	(12%)	(11)	(10%)
Adjusted Operating Profit	72	64	13%	64	12%
before:					
Acquired intangible asset amortisation, embedded derivatives gains / (losses) and exchange differences transferred from reserves	(15)	(2)			
Exceptional items	(21)	(8)			
Operating Profit	36	54	(32%)		

Group Revenue Profile

<i>Continuing Operations</i> <i>Pro-forma, constant currency</i>	2010/11			2009/10	
	£m	% of total	% growth	£m	% of total
Initial Licence Fees	102	28	8%	95	27
Application Service Provision & Software Leasing	5	1	1%	5	1
Global Services	86	23	10%	78	22
Maintenance	166	45	(1%)	167	47
Transaction Processing	11	3	6%	10	3
TOTAL	370	100	4%	355	100

Initial Licence Fees grew 8%, a result of greater sales of new solutions by the Banking division and of new customer licences by Misys Sophis.

Application Service Provision and Software Leasing revenues were at similar levels to prior year.

Global Services revenues grew 10% as recently sold solutions progressed in their implementations and customers adopted more of our expanded range of support services.

Maintenance was 1% lower than last year, a result of a small number of contract reductions and cancellations in advance of recent new customers starting their maintenance contracts.

Transaction Processing fees grew 5% from new adoption of this service by a number of fund managers and hedge funds and from greater transaction volumes generated by our existing customers.

Divisional Review

The information in this section is presented on an adjusted basis, with comparisons to prior year on a constant currency basis, pro-forma for the acquisition of Sophis and disposal of Allscripts, unless stated otherwise (see notes on page 13).

Misys Sophis

The acquisition of Sophis was completed at the end of February 2011 and Misys Sophis results are consolidated into the Misys Group results from the beginning of the fourth quarter.

Misys Sophis has continued to strengthen its market position, particularly in the buy-side market with sales to asset managers and hedge funds. During calendar year 2010, 22 new buy-side customers were added, and so far in 2011 new customers have been added at a similar pace. New customers in the fourth quarter included specialist investment managers such as Aldersgate Investment Management in the UK. In addition, some key long-term buy-side customers such as ING Life extended their existing Sophis solutions.

During the fourth quarter, a new version of the buy-side solution, Value, was released. Improved risk features include pre-trade risk control, liquidity risk management and real-time risk calculations. New instruments covered include bond-linked contracts for difference and exchange-traded funds. Returns attribution has been incorporated into portfolio performance analysis.

Collaboration between Misys Sophis and TCM has resulted in the first cross-sell success. Banca Aletti in Italy, a sell-side Misys Sophis Risque customer, added an Opics Plus module to meet Basel regulatory requirements by calculating and reporting a weekly 'Incremental Risk Charge' on fixed income and credit derivatives positions.

Development work began during the year on a new generation of consolidated cross-asset risk management solutions drawing on the collective expertise and software functionality within both Misys Sophis and TCM. The market risk solution was demonstrated to potential customers during June 2011, and further solutions for credit and liquidity risk are intended to follow.

£m	2010/11	2009/10	% change
Order intake			
ILF / ASP / Software Leasing	8	8	-
Global Services	3	3	3%
Total Order Intake	11	11	1%
Revenue			
ILF/ ASP / Software Leasing	8	5	73%
Maintenance	6	6	(1%)
Global Services	3	2	34%
Total Revenue	17	13	32%
Total costs	(11)	(11)	
Adjusted Operating Profit	6	2	155%
Adjusted Operating Margin	33%	17%	

Misys Sophis revenues for the fourth quarter were £16.8m (2009/10: £12.7m). 32% growth on last year's fourth quarter was driven by strong ILF sales from new and extending buy-side customers of the Value solution, and by the roll-out of ILF and service revenues during implementation of sales from the previous year.

Order intake grew 1% as the pipeline started to build up after a strong end to the previous Sophis financial year.

Adjusted operating profit was £5.6m, a substantial increase on the previous year's £2.2m, resulting from the higher revenues.

Divisional Review (continued)

Treasury & Capital Markets ('TCM')

TCM has continued to strengthen its market position. The volume of new name sales was consistent with the previous year at 25 and was spread across the key Summit, Opics Plus and Loan IQ solutions, with particular success in growth regions. In addition, some significant sales of solution extensions have reinforced TCM's position with key customers.

Summit, our market-leading cross-asset solution for the sell-side, added new customers in both developed and growth regions, including Shanghai Pu Dong Development Bank for middle-office risk management and Misrahi Terahot in Israel for foreign exchange, money markets and inflation-linked investments. Many existing customers, such as Crédit Agricole, extended Summit systems to replace in-house and competitor systems. A new Summit upgrade during the year improved cross-asset functionality, pricing analytics and market data interfaces.

Opics Plus, our solution for the mid-market including growth regions, added 13 new customers, including HSBC in Mexico, Shinhan Bank in China and others in Thailand and Kenya. Existing customers such as Union Bank in the US and China Bohai Bank upgraded to new Opics Plus features such as the Opics Portal, middle-office risk alerts and localisation features for China.

Our Loan IQ lending solution was the fastest-growing TCM solution, continuing its expansion into commercial lending with some large new customers in the US, Australia and Germany such as Bayerische Landesbank. Some existing customers, including WestDeutsche Landesbank in Germany, significantly extended their Loan IQ systems. New commercial lending, loan origination and portal features were released during the year.

<i>£m</i>	2010/11	2009/10	% change
Order intake			
ILF / ASP / Software Leasing	56	64	(12%)
Global Services	52	48	9%
Total Order Intake	108	112	(3%)
Revenue			
ILF / ASP / Software Leasing	51	55	(7%)
Maintenance	76	76	-
Transaction processing	11	10	6%
Global Services	47	38	22%
Total Revenue	185	180	3%
Total costs	(142)	(138)	
Adjusted Operating Profit	43	42	2%
Adjusted Operating Margin	23%	23%	

TCM revenues grew 3% to £184.9m. Services grew 22% as implementations progressed on recent new and upgrading customers, resulting in 87 go-lives during the year.

Order intake was 3% below the prior year, reflecting last year's very strong finish. Services orders grew 9% and included implementations for large new Loan IQ customers as well as Opics Plus upgrades.

Adjusted operating profit grew 2%, resulting from revenue growth and cost control, whilst investment continued in technology and feature upgrades.

Divisional Review (continued)

Banking

In Banking, our new solutions have started to generate significant revenues for the first time. New solutions, principally comprising BankFusion and Transaction Banking, contributed 45% of the banking division's ILF order intake, up significantly from 22% in the previous year.

BankFusion was adopted by 27 customers in the period, bringing the total number of sales to 40. These BankFusion sales ranged across various aspects of the BankFusion strategy, including new name wins, replacements of legacy Misys systems with BankFusion Universal Banking, and conversions of legacy Misys solutions to BankFusion versions. In addition, during the second half of the year, existing BankFusion customers began to extend their BankFusion solutions by adding new application functionality such as Branch Teller modules (Habib Bank and Amsterdam Trade Bank), and by extending their BankFusion solutions into new territories and operations (Nordea and BBAC).

In Transaction Banking, there were 26 new sales of trade or payments solutions, many incorporating our unified portal technology. Trade Services sales included Pohjola Bank in Finland and Chinatrust Commercial Bank. Payments sales included Qatar International Islamic Bank and United Overseas Bank in Singapore, where Cash Portal was part of our biggest ever sale in Asia.

<i>£m</i>	2010/11	2009/10	% change
Order intake			
ILF / ASP / Software Leasing	48	43	11%
Global Services	45	40	13%
Total order intake	93	83	12%
Revenue			
ILF/ ASP / Software Leasing	48	40	19%
Maintenance	84	85	(1%)
Global Services	35	37	(3%)
Total revenue	167	162	3%
Total costs	(131)	(131)	
Adjusted Operating Profit	36	31	15%
Adjusted Operating Margin	21%	19%	

Order intake returned to growth during the year with a 12% increase on the prior year, including 30% growth in ILF orders in the second half, from accelerating sales of the new BankFusion and Transaction Banking solutions.

Revenues grew 3% to £167.5m, including 10% growth in the second half. The strong sales of new solutions in the second half brought ILF revenue growth of 40% for the second half and 19% for the full year.

Adjusted operating profit rose 15% to £35.7m as a result of higher revenues and continued cost discipline.

Divisional Review (continued)

Corporate & Other

The net charge for the period was £11.9m compared with £10.8m in the prior year period, principally due to a rise in share-based payments expenses.

Open Source

Open Source is considered an operating segment but is not a reportable segment required to be disclosed under IFRS 8. It is included in the 'Corporate & Other' category in the divisional results.

Misys Open Source Solutions ('MOSS'), operating in the healthcare and carbon markets, gained momentum in sales of its interoperability solutions for the free exchange of data, based on a services, subscription and maintenance model.

In healthcare, MOSS Healthcare Information Exchange platforms generated revenues during the year from some key healthcare agencies such as Hartford Hospital and eHealthConnecticut. Over 2.5 million patient records have been loaded into the MOSS system in Connecticut. This early success has helped in building a strong pipeline of other healthcare opportunities, both inside the US, elsewhere in the Americas region and in Europe and Australia. Other healthcare information solutions opportunities for MOSS include portals and community data solutions. These will enable the adoption of Electronic Health Records and the co-ordination of care by Accountable Care Organizations under the US government's healthcare IT stimulus programme.

In carbon, MOSS has developed solutions for measurement and reporting of carbon emissions by corporations, government agencies and voluntary organisations. For a large US utility, MOSS completed a project for identification and processing of energy saving incentives and rebates. With The Climate Registry MOSS went live with 8,000 facilities in North America on the world's largest voluntary carbon reporting system. This project has generated interest from government agencies in China, Costa Rica, Israel and Brazil which has resulted in a large sales pipeline.

Global Services

Global services revenues are reported separately under each of the principal divisions.

In addition to activity related to the implementation of software solutions (professional services, consulting, education and training), we have extended the services and support offered to customers through initiatives such as premium support.

Services orders grew 11% and revenues grew 10%. This was due partly to the progress in implementation and go-live of some large systems sold over this year and the previous year, particularly some of the large Loan IQ installations sold by TCM. These implementations include a growing proportion of recently-developed new solutions which are beginning to yield larger-scale installations than the old solutions which they replace.

The growth in services was also in part due to the adoption by customers of additional services such as premium support.

Profit and Loss

Operating profit is presented in this section on an 'as reported' basis, which includes amortisation of acquired intangibles, gains (losses) on embedded derivatives, exchange difference transferred from reserves (2009/10 only) and exceptional items. These items are excluded from adjusted operating profit.

Operating results

Continuing operations, £m	2010/11	2009/10	% growth
Revenue	370	342	8%
Adjusted Operating Profit	72	64	13%
Adjustments (intangibles amortisation, embedded derivatives, exchange differences transferred from reserves)	(15)	(2)	
Operating Profit before exceptional items	57	62	(8%)
Exceptional items	(21)	(8)	
Operating Profit	36	54	(32%)
Net Finance (charge)	(4)	(9)	
Profit before taxation	32	45	
Taxation	2	(20)	
Profit after taxation	34	25	
Earnings Per Share			
Weighted Average Number of shares in issue (millions)	443.5	529.4	
Basic Earnings Per Share	7.7p	4.6p	
Adjusted Basic Earnings Per Share	11.0p	7.6p	45%

Revenue rose by 8% due to revenue growth in the Banking and TCM divisions and additionally the first post-acquisition revenue contribution from Misys Sophis. Currency movements had in aggregate no material impact.

Operating profit before exceptional items fell by 8%. The principal positive impacts were adjusted operating profit growth from the Banking and TCM divisions and the first post-acquisition contribution from Misys Sophis. These were more than offset by exchange rate losses on embedded derivatives and by post-acquisition amortisation of acquired Sophis intangible assets.

Exceptional charges from continuing operations, before interest and tax, of £21.0m arose from advisory fees in relation to the Sophis acquisition, Misys Sophis integration costs and costs associated with the Misys turnaround and restructuring programme. Last year's exceptional charge of £8.4m was due principally to advisory fees in relation to the Allscripts disposal and to property provisions established as part of the restructuring and turnaround programme.

An exceptional profit, before tax, from discontinued operation, of £606.2m resulted from the disposal of Allscripts shares.

Divisional operating results

Continuing operations, £m	Revenue		Operating Profit	
	2010/11	2009/10	2010/11	2009/10
Banking	167	162	30	32
Treasury & Capital Markets	185	179	37	42
Misys Sophis	17	-	(8)	-
Corporate & Other	1	1	(23)	(20)
Group	370	342	36	54

TCM operating profit was impacted by exceptional costs of £4.5m (2009/10: no charge), principally severance from the rationalisation of product development as part of the restructuring and turnaround programme. Banking operating profit included a £3.8m loss on embedded derivatives (2009/10: £1.4m gain). In Misys Sophis, the operating loss was due to a £9.3m charge for amortisation of acquired intangibles and a £4.6m exceptional charge, largely for onerous lease costs on vacation of certain Misys Sophis properties. The Corporate & Other operating loss included £10.8m of exceptional charges for advisory fees, principally in connection with the disposal of Allscripts and acquisition of Sophis.

Profit and Loss (continued)

Profit before taxation

The decrease in profit before taxation to £32.2m (2009/10: £45.0m) resulted from the higher exceptional charges, acquired intangibles amortisation and embedded derivatives charges outlined above. These were partially offset by higher adjusted operating profits. The net finance charge was £4.1m (2009/10: £8.7m), including exceptional finance income of £4.8m associated with the Allscripts disposal and Sophis acquisition (2009/10: exceptional finance credit of £1.4m associated with a VAT refund).

Taxation

There was a tax credit for the year of £2.1m (2009/10: £20.5m charge). This includes an exceptional tax credit of £9.4m arising from a release of tax provisions following a favourable settlement of corporation tax liabilities for 2005/06 and earlier periods. In 2009/10 there was an exceptional charge of £10.8m relating to loss of future tax benefits in connection with the disposal of Allscripts.

The underlying effective tax rate of 22.5%, based on adjusted profit before taxation, was 2.4 percentage points lower than for the previous year, due principally to an increase in recognised tax losses in the US, UK and Ireland and the impact of the lower tax rate in Misys Sophis. In addition, following the favourable settlement mentioned above, the Group now has unrecognised tax benefits of £87.0m.

Divestment of Allscripts

During the year Misys completed the disposal of its majority shareholding in Allscripts. The disposal took place through share sales in August 2010, November 2010 and February 2011. Total disposal proceeds were £988.5m after underwriting fees. The disposal gave rise to an exceptional profit of £606.2m after advisory fees and other costs associated with the transaction.

Allscripts results in the period prior to the majority disposal are reported as discontinued operation. Revenues were £101.7m and operating profit before exceptionals was £12.5m.

Return of Capital to Misys shareholders

Misys shareholders benefitted from the return of £670m of proceeds from the Allscripts disposal. The return was in two stages. In December 2010, £525m was returned by way of a purchase of shares from shareholders through a Tender Offer. In March and April 2011, a further £145m was returned in the form of a payment of 38p per share to all remaining shareholders together with a 7 for 8 share consolidation. At 31 May 2011 the issued share count (excluding Treasury shares) stood at 338.8m.

The Misys Employee Share Trust received a return of capital income of £6.2m which was netted off in reserves against the return of capital expenses. Its shareholding was reduced by 2.0m in the share consolidation and at 31 May 2011 stood at 14.0m. Excluding the Misys Employee Share Trust and Employee Share Ownership Plan, the share count at 31 May 2011 was 324.7m and the weighted average issued share count for the year was 443.5m (2009/10: 529.4m).

Earnings Per Share (EPS)

In the opinion of the Directors, adjusted basic EPS from continuing operations (excluding exceptional items, embedded derivatives gains or losses, and amortisation of acquired intangible assets) provides the most comparable and representative information on continuing trading activities of the Group. Adjusted basic EPS from continuing operations was 11.0p (2009/10: 7.6p), based on the weighted average shares in issue for the respective periods.

Pro-forma for the share count reduction from the return of capital, adjusted basic EPS was 15.1p (2009/10: 12.4p), showing 22% growth. We are pleased with this result, which was due to higher adjusted operating profits in the Banking and TCM divisions, the first post-acquisition contribution from Sophis, and the reduced effective tax rate.

Balance Sheet and Cash Flow (continuing operations)

Capital expenditure, research & development

Research and development expenditure including capitalised expenditure was £69.3m (2009/10: £64.4m). Over the last five years an increasing proportion of this expenditure has been devoted to developing new products as opposed to maintaining existing products. During the year, as spending on old solutions was reduced, there was a significant increase in development of key new solutions, principally BankFusion and Asian localisation features in Opics Plus, resulting in £21.4m of capitalised software development (2009/10: £18.3m).

£m	2010/11					2009/10			
	Banking	Sophis	TCM	Open Source	Total	Banking	TCM	Open Source	Total
Research & development expenditure (including capitalised expenditure)	37	2	30	1	69	34	29	1	64
Capitalisation of developed software	13	1	7	-	21	12	6	-	18
Amortisation of developed software	(5)	-	(4)	-	(9)	(5)	(4)	-	(9)
Net Capitalisation	8	1	3	-	12	7	2	-	9

Total capital expenditure and investment was £27.0m (2009/10: £22.8m), the balance after software development being £5.8m (2009/10: £4.4m), principally investments in computer and systems infrastructure.

Acquisition of Sophis and Financing

The acquisition of Sophis was completed on 28 February 2011, for an enterprise value of £380.9m (at £1:€1.171). The enterprise value included net debt of £145.4m and a payment of £2.6m to Sophis shareholders based on Sophis performance for the year ended 31 December 2010.

New credit facilities of £280m were agreed in November 2010, partly to finance the Sophis acquisition and partly for ongoing development of the business. The facilities comprise a £90m term loan and a £190m revolving credit facility, both expiring in August 2014. The new facilities replaced the previous £210m facility, which was due to expire in May 2012, and incorporate improved terms and lower margins over LIBOR, which will vary according to the group's net debt to EBITDA ratio.

In November 2010, Misys issued £100m of senior unsecured convertible bonds due in November 2015 and convertible into Misys shares at an initial conversion price of £3.69. As a result of the share consolidation in February the conversion price was adjusted to £3.75.

The overall level of debt taken on to fund the acquisition is considered prudent in view of the highly cash-generative nature of the enlarged Misys Group, which will enable net debt to be reduced rapidly. At the end of the year £190m of the new credit facilities remained unused.

Derivatives

The Group hedges exposures to foreign exchange rates and interest rates arising on future foreign currency cash flows and expected debt, using forward currency contracts and interest rate swaps. In addition, certain recurring licence fees priced in currencies other than the functional currencies of the Misys selling entity, or its customer, contain an embedded currency derivative. Including both types of derivative, the total market value of derivatives assets at 31 May 2011 was £3.0m (2009/10: £6.0m), and of derivatives liabilities was £3.9m (2009/10: £2.7m).

Balance Sheet and Cash Flow (continuing operations), continued

Cash Flow and Net Debt

Trade receivables from continuing operations increased to £69.4m at the end of the year from £65.7m at the start of the financial year. The increase was a result of the consolidation of Misys Sophis trade receivables, offset by better cash collection improving underlying trade receivables. Accrued income increased to £53.8m at the end of the year from £36.6m at the start of the year, due to the consolidation of acquired Misys Sophis accrued income balances and also a result of strong fourth quarter revenues. Days' sales outstanding (based on trade receivables and accrued income compared with trailing quarter revenues) was 86 days at the end of the year compared with 89 days at the start of the year pro-forma for the acquisition of Sophis.

Cash flow from operations was positively impacted by higher adjusted operating profit. After tax and interest, there was a net cash inflow from continuing operations of £79.5m (2009/10: £67.1m).

Net debt at the end of the period was £94.2m, compared with net debt at the start of the period of £96.1m (excluding Allscripts). Net cash inflow from continuing operations and Allscripts disposal proceeds were offset by the Sophis purchase consideration and the return of Allscripts disposal proceeds to shareholders. Of the convertible bond liability of £99.5m, net of issuance costs, at 31 May 2011, £83.4m is treated as debt and £16.1m is treated as equity in respect of the value of bondholders' options to convert debt to equity.

Our strong balance sheet position provides ample flexibility for further investment in the transformation of Misys.

Notes

Adjusted operating results

Adjusted results are stated before exceptional items, gains or losses on embedded derivatives and amortisation of acquired intangible assets. There are no adjustments for exchange differences transferred from reserves upon repayment of internal funding loans (2009/10: £2.0m in Corporate & Other), since these are no longer required in the income statement, except upon loss of control of a subsidiary, following a revision to International Accounting Standard 21.

The non-exceptional items excluded from adjusted results are losses on embedded derivatives in Banking of £3.8m (2009/10: gain of £1.4m) and in TCM of £0.2m (2009/10: gain of £0.1m), amortisation of acquired intangible assets in Banking of £0.8m (2009/10: £1.0m), TCM of £0.5m (2009/10: no charge) and in Misys Sophis of £9.3m (2009/10: no charge).

Constant currency results

The most significant currency impacts were from the movement in the US dollar and the Euro against Sterling, where average exchange rates during 2010/11 were US\$1.58 and €1.17 compared to US\$1.59 and €1.13 in 2009/10.

Prior year results are retranslated at 2010/11 exchange rates for comparative purposes. Retranslation of prior year revenues results in an increase of £0.4m (Banking £0.4m, TCM £0.1m and a decrease in Corporate & others of £0.1m). Retranslation of prior year adjusted operating profits results in a decrease of £1.7m (Banking: £1.4m, TCM: £0.1m, Corporate: £0.2m).

Consolidated income statement for the year ended 31 May 2011

all figures in £ millions	Note	2011	2010
Continuing operations			
Revenue	1	370.0	341.9
Adjusted operating profit before:	1	71.9	63.6
- Amortisation of acquired intangibles	1	(10.6)	(1.0)
- (Losses) gains on embedded derivatives	1	(4.0)	1.5
- Translation exchange differences recycled from reserves	1	-	(2.0)
Operating profit before exceptional items		57.3	62.1
Exceptional gains		-	5.2
Exceptional losses		(21.0)	(13.6)
Net exceptional items	2	(21.0)	(8.4)
Operating profit	1	36.3	53.7
Finance costs		(10.5)	(10.4)
Exceptional finance income	2	4.8	1.4
Finance income		1.6	0.3
Net finance costs	5	(4.1)	(8.7)
Profit before taxation		32.2	45.0
Taxation before exceptional items	6	(11.5)	(12.5)
Taxation on exceptional items and exceptional finance income	2	4.2	2.8
Exceptional tax credit (charge)	2	9.4	(10.8)
Taxation	6	2.1	(20.5)
Profit after taxation from continuing operations		34.3	24.5
Discontinued operation			
Profit after taxation and before exceptional items		7.8	43.2
Exceptional items after taxation	2	606.9	(6.3)
Profit after taxation from discontinued operation	3	614.7	36.9
Profit for the year		649.0	61.4
Profit for the year - attributable to equity holders of Misys plc		649.0	44.3
Profit for the year - attributable to non controlling interest		-	17.1
		Pence	Pence
Basic earnings per share	7	146.3	8.4
Diluted earnings per share	7	143.2	8.2

Consolidated statement of comprehensive income for the year ended 31 May 2011

all figures in £ millions	2011	2010
Profit for the year	649.0	61.4
Other comprehensive income:		
- Exchange difference on the translation of foreign operations	(7.3)	62.4
- Actuarial losses recognised	(0.9)	(1.3)
- Tax (charge) credit on items taken directly to equity	(4.3)	0.3
Other comprehensive income for the period (net of tax)	(12.5)	61.4
Total comprehensive income for the year	636.5	122.8
Total comprehensive income attributable to:		
- Equity holders of Misys plc	645.9	82.1
- Non controlling interest	(9.4)	40.7
Total income recognised in the year	636.5	122.8

Consolidated statement of cash flows for the year ended 31 May 2011

all figures in £ millions	Note	2011	2010
Operating activities			
Net cash flow generated from operations		79.1	168.7
Net interest paid		(3.9)	(10.6)
Net taxation paid		(7.3)	(6.3)
Net cash flow from operating activities		67.9	151.8
Investing activities			
Acquisitions and disposals of businesses		464.5	(2.9)
Expenditure on developed software		(28.0)	(31.8)
Other capital expenditure and financial investment	8	215.1	(10.9)
Net cash flow from (used in) investing activities		651.6	(45.6)
Net cash flow used in financing activities	9	(771.5)	(66.2)
(Decrease) increase in cash and cash equivalents in the year		(52.0)	40.0
Net cash and cash equivalents at the start of the year		114.9	63.1
Differences on exchange		(6.1)	11.8
Net cash and cash equivalents at the end of the year	10	56.8	114.9
Continuing operations			
Profit after taxation		34.3	24.6
Net finance costs		4.1	8.7
Taxation (credit) charge		(2.1)	20.5
Amortisation of other intangible assets		22.3	11.8
Depreciation and impairment charge of property, plant and equipment		6.5	4.5
Share-based payment charges		7.4	6.3
Differences between pension charge and cash contributions		1.4	1.2
Increase in trade and other receivables		(6.0)	(12.8)
Decrease in trade and other payables and provisions		(3.0)	(5.9)
Increase in deferred income		9.1	10.6
Movement in derivative receivables and payables		4.1	(1.6)
Other non-cash movements		1.4	(0.8)
Net cash flow generated from continuing operations		79.5	67.1
Discontinued operation			
Profit after taxation		614.7	36.8
Net finance costs		0.1	1.0
Taxation charge		3.9	22.8
Amortisation of other intangible assets		5.0	19.6
Depreciation and impairment charge of property, plant and equipment		1.1	4.8
Share-based payment charges		2.3	12.0
Net profit on disposal of businesses		(603.8)	-
Loss on disposal of available for sale asset		1.3	-
Profit on disposal of available for sale asset		(11.6)	-
Increase (decrease) in inventories		0.1	(0.3)
Decrease (increase) in trade and other receivables		2.7	(25.9)
(Decrease) increase in trade and other payables and provisions		(4.5)	18.9
(Decrease) increase in deferred income		(11.7)	11.3
Other non-cash movements		-	0.6
Net cash flow (used in) generated from discontinued operation		(0.4)	101.6
Net cash flow generated from operations		79.1	168.7

Consolidated balance sheet as at 31 May 2011

all figures in £ millions	Note	2011	2010
Non current assets			
Goodwill	11	231.1	315.5
Other intangible assets	12	275.9	224.4
Property, plant and equipment		14.5	30.8
Investments		5.5	7.1
Trade and other receivables	13	8.7	1.6
Derivative financial instruments		2.0	4.9
Deferred tax assets	16	35.6	19.5
		573.3	603.8
Current assets			
Inventories		-	2.1
Trade and other receivables	13	134.4	285.7
Derivative financial instruments		1.0	1.1
Current tax asset		-	5.0
Cash and cash equivalents	10	56.8	120.3
		192.2	414.2
Current liabilities			
Trade and other payables	14	(88.8)	(142.9)
Loans and overdrafts	15	(17.9)	(46.3)
Derivative financial instruments		(1.6)	(0.7)
Current tax liabilities		(24.3)	(31.2)
Provisions		(8.0)	(7.7)
Deferred income		(105.3)	(166.5)
		(245.9)	(395.3)
Net current (liabilities) assets		(53.7)	18.9
Total assets less current liabilities		519.6	622.7
Non current liabilities			
Trade and other payables	14	(3.9)	(5.9)
Loans and overdrafts	15	(133.1)	(73.1)
Derivative financial instruments		(2.3)	(2.0)
Deferred tax liabilities	16	(27.6)	(11.1)
Provisions		(11.3)	(18.0)
Deferred income		(5.2)	(6.6)
Retirement benefit obligations		(6.2)	(4.3)
		(189.6)	(121.0)
Net assets		330.0	501.7
Equity			
Share capital		4.3	5.9
Share premium account		12.7	151.9
Capital redemption reserve		147.7	0.3
Other reserves		165.3	193.8
Shareholders' funds		330.0	351.9
Non controlling interest		-	149.8
Total equity		330.0	501.7

Consolidated statement of changes in equity for the year ended 31 May 2011

	Share capital	Share premium	Capital redemption reserve	Other reserves	Attributable to the owners of the parent	Non controlling interest	Total equity
<i>all figures in £ millions</i>							
At 1 June 2010	5.9	151.9	0.3	193.8	351.9	149.8	501.7
Total comprehensive income for the year	-	-	-	645.9	645.9	(9.4)	636.5
Shares issued in the year to purchase Sophis	0.1	5.5	-	-	5.6	-	5.6
<i>Transactions with owners</i>							
Share options settled from own shares	-	1.0	-	6.1	7.1	-	7.1
Business disposed	-	-	-	(39.9)	(39.9)	(140.4)	(180.3)
Convertible debt - equity component	-	-	-	16.1	16.1	-	16.1
Shares repurchased for cancellation	(1.7)	-	1.7	(525.0)	(525.0)	-	(525.0)
B share scheme - shares issued	145.7	(145.7)	-	-	-	-	-
B share scheme - redemption of B shares	(111.8)	-	111.8	(105.6)	(105.6)	-	(105.6)
B share scheme - dividends paid	(33.9)	-	33.9	(33.9)	(33.9)	-	(33.9)
Expenses incurred on transactions with owners	-	-	-	(5.5)	(5.5)	-	(5.5)
Share-based payments	-	-	-	9.7	9.7	-	9.7
Deferred tax on share-based payments	-	-	-	3.6	3.6	-	3.6
At 31 May 2011	4.3	12.7	147.7	165.3	330.0	-	330.0

No ordinary shares were purchased by the Misys Employee Share Trust during the current or preceding year.

for the year ended 31 May 2010

	Share capital	Share premium	Capital redemption reserve	Other reserves	Attributable to the owners of the parent	Non controlling interest	Total equity
<i>all figures in £ millions</i>							
At 1 June 2009	5.9	151.9	0.3	85.2	243.3	92.5	335.8
Total comprehensive income for the year	-	-	-	82.1	82.1	40.7	122.8
<i>Transactions with owners</i>							
Shares options settled from own shares	-	-	-	2.9	2.9	-	2.9
Exercise of Allscripts share options	-	-	-	-	-	0.8	0.8
Conversion of Allscripts 3.5% senior convertible debentures	-	-	-	3.5	3.5	5.7	9.2
Share-based payments	-	-	-	12.9	12.9	5.4	18.3
Deferred tax on share-based payments	-	-	-	7.2	7.2	4.7	11.9
At 31 May 2010	5.9	151.9	0.3	193.8	351.9	149.8	501.7

Accounting policies

Basis of preparation

The financial information which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated balance sheet, consolidated statement of changes in equity and related notes do not constitute full accounts within the meaning of s435(1) and (2) of the Companies Act 2006. The auditors have reported on the Group's statutory accounts for each of the years 2010/11 and 2009/10, which do not contain statements under s498 (2) or (3) of the Companies Act 2006 and which are unqualified. The statutory accounts for 2009/10 have been delivered to the Registrar of Companies and the statutory accounts for 2010/11 will be filed with the Registrar in due course.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group's statutory financial statements are presented in Sterling and they are rounded to the nearest hundred thousand. The consolidated financial statements have been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and retirement benefits. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 May 2010, as described in those annual financial statements, except for the more significant changes noted below:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised standard was applied to the acquisition of the controlling interest in Sophis Management GP (Luxembourg) Sarl and Sophis Holding GP (Luxembourg) Sarl (together 'Sophis') on 28 February 2011. Acquisition-related costs of £7.7m have been expensed in the consolidated income statement, which previously would have been included in the consideration for the business combination. See note 16 for further details of the business combination that occurred in 2011.

- IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

Other than those disclosed in this preliminary announcement, no significant events impacting the Group have occurred between 31 May 2011 and 28 July 2011 when the financial information was approved for issue.

Notes to the financial statements

1. 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 consist of Banking, Treasury & Capital Markets (TCM), Sophis and Open Source. 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. Global Services is considered as a horizontal function with performance assessed by the CODM in each of the defined operating segments.

Allscripts was previously reported as an operating segment but was disposed in the year and hence is now reported under discontinued operation. Similarly, Sophis has been reported as a new segment after its acquisition from 1 March 2011.

Certain costs within the Corporate and others segment are allocated to the other reportable segments based on revenue.

Revenue, operating profit (loss) by business

all figures in £ millions	Banking	TCM	Sophis	Corporate and others	2011 Total
Revenue	167.4	184.9	16.8	0.9	370.0
Adjusted operating profit	35.6	42.6	5.6	(11.9)	71.9
Amortisation of acquired intangibles	(0.8)	(0.5)	(9.3)	-	(10.6)
Losses on embedded derivatives	(3.8)	(0.2)	-	-	(4.0)
Operating profit (loss) before exceptional items	31.0	41.9	(3.7)	(11.9)	57.3
Exceptional items	(1.1)	(4.5)	(4.6)	(10.8)	(21.0)
Operating profit (loss)	29.9	37.4	(8.3)	(22.7)	36.3
Exceptional finance income					4.8
Net finance costs					(8.9)
Profit before taxation					32.2
Taxation before exceptional items					(11.5)
Taxation on exceptional items and exceptional finance income					4.2
Exceptional tax credit					9.4
Taxation					2.1
Profit for the period from continuing operations					34.3
Profit for the period from discontinued operation					614.7
Profit for the year					649.0

all figures in £ millions	Banking	TCM	Sophis	Corporate and others	2010 Total
Revenue	161.7	179.5	-	0.7	341.9
Adjusted operating profit	32.3	42.0	-	(10.7)	63.6
Amortisation of acquired intangibles	(1.0)	-	-	-	(1.0)
Gains on embedded derivatives	1.4	0.1	-	-	1.5
Translation exchange differences recycled from reserves	-	-	-	(2.0)	(2.0)
Operating profit (loss) before exceptional items	32.7	42.1	-	(12.7)	62.1
Exceptional items	(1.4)	-	-	(7.0)	(8.4)
Operating profit (loss)	31.3	42.1	-	(19.7)	53.7
Exceptional finance income					1.4
Net finance costs					(10.1)
Profit before taxation					45.0
Taxation before exceptional items					(12.5)
Taxation on exceptional items and exceptional finance cost					2.8
Exceptional tax charge					(10.8)
Taxation					(20.5)
Profit for the year from continuing operations					24.5
Profit for the year from discontinued operation					36.9
Profit for the year					61.4

Excluded from the above are the following items relating to discontinued operation (Allscripts): revenue £101.7m (2010: £440.4m); operating profit before exceptional items £12.5m (2010: £68.7m) and profit before tax £618.6m (2010: £59.7m).

All revenue is derived from external customers. No individual customer contributed more than 10% of total Group revenue in the current or prior year.

Revenue

The table below gives a list of the revenue streams by segment.

all figures in £ millions	Banking	TCM	Sophis	Corporate and others	2011 Total	Banking	TCM	Corporate and others	2010 Total
Initial licence fees	48.0	48.1	6.0	-	102.1	40.3	51.3	-	91.6
ASP subscriptions revenue	0.1	3.0	2.2	0.1	5.4	0.2	3.5	-	3.7
Maintenance	83.8	76.3	5.7	0.2	166.0	84.7	76.3	-	161.0
Transaction processing	-	10.8	-	-	10.8	-	10.2	-	10.2
Global services	35.5	46.7	2.9	0.6	85.7	36.5	38.2	0.7	75.4
	167.4	184.9	16.8	0.9	370.0	161.7	179.5	0.7	341.9

Sophis was acquired on 28 February 2011 and so contributed no revenue in the preceding year.

Other segmental information

all figures in £ millions	Banking	TCM	Sophis	Corporate and others	Continuing operations	Discontinued operation	2011 Total
Net assets (liabilities)							
Assets	129.0	121.0	415.2	100.3	765.5	-	765.5
Liabilities	(100.1)	(98.6)	(24.1)	(212.7)	(435.5)	-	(435.5)
	28.9	22.4	391.1	(112.4)	330.0	-	330.0
Capital investment							
Goodwill and acquired intangibles	0.5	2.0	389.7	(0.9)	391.3	-	391.3
Developed software	13.4	7.2	1.1	(0.3)	21.4	6.6	28.0
Other	2.2	3.0	0.2	0.4	5.8	1.9	7.7
	16.1	12.2	391.0	(0.8)	418.5	8.5	427.0
Depreciation, amortisation, impairment and de-recognition							
Acquired intangibles	0.8	0.5	9.3	-	10.6	3.5	14.1
Developed software	5.5	3.6	0.5	0.1	9.7	1.1	10.8
Other	3.4	2.7	0.5	1.9	8.5	1.5	10.0
	9.7	6.8	10.3	2.0	28.8	6.1	34.9
Share based payment charge	3.2	1.9	0.1	4.6	9.8	2.3	12.1
Employees (average number)	2,075	1,285	100	307	3,767	640	4,407

all figures in £ millions	Banking	TCM	Sophis	Corporate and others	Continuing operations	Discontinued operation	2010 Total
Net assets (liabilities)							
Assets	118.1	137.3	-	51.3	306.7	711.3	1,018.0
Liabilities	(103.0)	(87.3)	-	(169.1)	(359.4)	(156.9)	(516.3)
	15.1	50.0	-	(117.8)	(52.7)	554.4	501.7
Capital investment							
Developed software	11.6	6.5	-	0.3	18.4	13.4	31.8
Other	1.7	1.1	-	1.6	4.4	10.5	14.9
	13.3	7.6	-	1.9	22.8	23.9	46.7
Depreciation, amortisation, impairment and de-recognition							
Acquired intangibles	1.0	-	-	-	1.0	14.8	15.8
Developed software	5.0	3.9	-	-	8.9	3.0	11.9
Other	3.2	2.6	-	0.8	6.6	7.0	13.6
	9.2	6.5	-	0.8	16.5	24.8	41.3
Share based payment charge	1.0	1.0	-	4.0	6.0	13.7	19.7
Employees (average number)	1,525	1,029	-	1,164	3,718	2,412	6,130

Capital investment comprises expenditure on investments, goodwill, other intangible assets and property, plant and equipment.

Banking and TCM assets consist primarily of goodwill, other intangible assets, property, plant and equipment and trade and other receivables and exclude cash balances, corporation tax recoverable and deferred tax assets which are included within Corporate as these are managed centrally. Sophis assets include all of the above items, including cash and taxation assets.

Banking and TCM liabilities consist primarily of trade and other payables and provisions and exclude bank overdrafts, loans, corporation tax payable, deferred tax liabilities and retirement benefit obligations, which are included within Corporate as these are managed centrally. Sophis liabilities include all of the above items including taxation liabilities.

Misys plc is domiciled in the UK. The total revenue from external customers in the UK and United States of America is included in the table below. The total revenue from external customers from other countries is shown under the regional headings below.

all figures in £ millions	United Kingdom	Rest of Europe	Asia Pacific	United States of America	Middle East and Africa	Other	2011 Total
Revenue by destination	40.6	141.8	62.9	67.7	47.5	9.5	370.0
Assets by location of operations	112.6	497.4	26.2	94.5	26.3	8.5	765.5
Non-current assets by location of operations	32.0	443.3	-	54.9	3.5	2.0	535.7
Capital investment by location of operations	4.6	397.3	-	13.4	2.3	0.9	418.5
Employees by location of operations (average number)	535	537	2,130	1,094	111	-	4,407

all figures in £ millions	United Kingdom	Rest of Europe	Asia Pacific	United States of America	Middle East and Africa	Other	2010 Total
Revenue by destination	47.7	131.8	50.1	59.6	46.5	6.2	341.9
Assets by location of operations	90.5	63.2	28.1	92.8	24.3	7.8	306.7
Non-current assets by location of operations	36.5	39.2	1.7	57.6	0.4	2.2	137.6
Capital investment by location of operations	7.2	6.5	0.6	7.5	-	1.0	22.8
Employees by location of operations (average number)	402	543	2,077	490	111	95	3,718

Excluded from the above are the following items relating to discontinued operation (Allscripts) in 2010, all of which relate to the United States of America: revenue £440.4m; assets £711.3m; non-current assets £441.8m; capital investment £23.9m; and average number of employees 2,412.

2. Exceptional items

all figures in £ millions	2011	2010
Restructuring activities and turnaround programme (A)	(4.4)	(8.7)
Advisory and professional fees related to corporate activities (B)	(8.9)	(4.9)
Integration costs (C)	(7.7)	-
Receipt from sale of legal claim (D)	-	3.9
Exceptional refund of VAT (E)	-	1.3
Exceptional items within continuing operations	(21.0)	(8.4)
Exceptional finance income within continuing operations (F)	4.8	1.4
Taxation credit on exceptional items within continuing operations	4.2	2.8
Exceptional tax credit (charge) (G)	9.4	(10.8)
Exceptional items after taxation within continuing operations	(2.6)	(15.0)
Loss on disposal of Medication Services Group	-	(0.3)
Profit on disposal of businesses (H)	603.8	-
Advisory and professional fees	(7.9)	(7.8)
Net profit on disposal of available for sale asset (I)	10.3	-
Exceptional items within discontinued operation	606.2	(8.1)
Taxation credit on exceptional items within discontinued operation	0.7	1.8
Exceptional items after taxation within discontinued operation	606.9	(6.3)
Exceptional items after taxation	604.3	(21.3)

(A) Restructuring activities and turnaround programme

A total charge of £4.4m (2010: £8.7m) has been recognised as an exceptional item in relation to costs incurred in the Group-wide restructuring and turnaround programme. In the current year, these costs primarily relate to:

- severance costs £5.9m (2010: £3.4m) in relation to the relocation of development activities for the USA and Western Europe and other restructuring programmes; and
- net property credit of £1.5m (2010: cost of £5.3m) being a provision release in respect of vacant properties which have been sublet of £3.8m (2010: cost of £7.6m) offset by a charge of £2.3m (2010: credit of £2.3m) on the surrender of a property lease.

These costs are analysed by business as follows:

all figures in £ millions	2011	2010
Banking	1.2	1.4
TCM	4.4	-
Corporate and others	(1.2)	7.3
	4.4	8.7

There was a related cash outflow of £6.0m in the current year (2010: £4.6m).

(B) Advisory and professional fees relating to corporate activities

Included within the current year costs are £7.7m (2010: £nil) regarding the acquisition of Sophis, comprised of consultancy, legal and tax fees regarding the acquisition. Costs incurred for other corporate activities are £1.2m (2010: £4.9m).

(C) Integration costs

The current year costs comprise £3.1m relating to a write-off of software held by Misys which is no longer required following the merger with Sophis, £3.0m being provision for onerous lease costs created on the exit of Sophis properties, £0.4m being write-off of fixtures and fittings in these properties and £1.2m (2010: £nil) provision for management retention bonuses agreed as part of the acquisition.

(D) Receipt from sale of legal claim

On 27 May 2010, an offer of \$6m from a third party was accepted to sell an outstanding claim against Lehman Brothers arising from its administration in 2009. The original claim by Misys arose as a result of the failure to complete funding for the Allscripts acquisition. This cash was received before 31 May 2010.

(E) Exceptional refund of VAT

Agreement was reached with HMRC relating to the repayment of VAT incurred between years 1988 to 1995 relating to acquisition costs. A total of £2.7m including interest (see F) was credited in 2010.

(F) Exceptional finance income

A net credit of £4.8m has arisen as a result of exceptional items in relation to the disposal of Allscripts and acquisition of Sophis (see note 5). Last year, a credit of £1.4m had arisen as a result of supplemental interest on the refund of VAT (see E above).

(G) Taxation

The exceptional current tax credit of £9.4m (2010: £nil) included within UK prior year items relates to the successful settlement of historical UK tax issues arising in 2002 to 2006 resulting in the release of the related provisions. In 2010, the exceptional tax charge of £10.8m relates to the loss of future tax benefits in continuing operations following the restructuring of the US group due to the disposal of Allscripts recognised as a £2.7m charge within current taxation and a £8.1m charge within deferred taxation.

(H) Profit on disposal of business

A profit of £603.8m has been realised as a result of the sale of the Group's majority stake in Allscripts in August 2010. The profit on disposal is exempt from tax in the relevant taxing jurisdiction. In addition, Allscripts incurred £7.9m of exceptional costs in the period to the date of disposal relating to the separation from Misys and merger with Eclipsys.

(I) Net profit on available for sale assets

Following the disposal of Allscripts (note H above) in August 2010, there was a further disposal of 12.5m shares of the residual shareholding in November 2010. Misys received proceeds of £139.4m which gave rise to a loss of £1.3m compared to the carrying value calculated as at August 2010. In February 2011, there was a further disposal of 6.5m shares of the residual shareholding. Misys received proceeds of £84.9m which gave rise to a profit of £11.6m compared to the carrying value calculated as at November 2010. This profit from disposal is also exempt from tax.

3. Discontinued operation

The results of the Group's discontinued operation (Allscripts), which have been included in the consolidated income statement, were as follows:

all figures in £ millions	2011	2010
Revenue	101.7	440.4
Operating costs	(89.2)	(371.7)
Operating profit for the period	12.5	68.7
Exceptional items (note 2)	606.2	(8.1)
Net finance costs	(0.1)	(1.0)
Profit before tax from discontinued operation	618.6	59.6
Taxation (note 6)	(3.9)	(22.7)
Profit after tax from discontinued operation	614.7	36.9

all figures in £ millions	2011	2010
Net cash flows from operating activities	(1.4)	93.9
Net cash flows from investing activities	(8.5)	(20.8)
Net cash flows from financing activities	-	(26.9)
	(9.9)	46.2

A profit of £603.8m arose on disposal of Allscripts, being the proceeds of disposal less the carrying amount of the Allscripts net assets and attributable goodwill.

all figures in £ millions	
Proceeds on disposal, net of underwriting expenses	764.2
Fair value of investment retained	214.1
Net assets at disposal less non-controlling interest	(137.3)
Goodwill disposed (note 11)	(240.0)
Disposal costs	(9.4)
Foreign exchange recycling from reserves	12.2
Profit on disposal	603.8

After the disposal in August 2010, Misys retained a 10.3% interest in Allscripts. This holding was reduced to 3.5% as a result of a further disposal in November 2010 with the final disposal of Allscripts stock taking place in February 2011. In addition, Allscripts incurred £7.9m of exceptional costs in the period from 1 June 2010 to disposal in August 2010.

all figures in £ millions	2011	2010
Advisory and professional fees	(7.9)	(7.8)
Loss on disposal of Medication Services Group	-	(0.3)
Net profit on disposal of available for sale asset	10.3	-
	2.4	(8.1)

4. Operating costs

	2011	2010
All figures in £ millions		
Cost of sales	194.2	178.9
Sales and marketing costs	41.2	37.8
Administrative and other operating charges	77.3	63.1
Exceptional items (note 2)	21.0	8.4
	333.7	288.2

Included within operating costs are the following items:

	2011	2010
All figures in £ millions		
Research and development expenditure	69.3	64.4
Capitalisation of developed software	(21.4)	(18.4)
	47.9	46.0
Amortisation of developed software	9.7	8.9
Amortisation of other intangible assets	12.6	2.8
Impairment and depreciation of property, plant and equipment	6.5	4.5
Foreign exchange differences	0.8	1.9
Operating lease costs		
- land and buildings	13.8	15.3
- plant and equipment	0.2	0.3

Amortisation of other intangible assets includes £9.8m (2010: £nil) in respect of intangible assets acquired with Sophis.

During the year, the Group obtained the following services from the Company's auditor and its associates:

	2011	2010
All figures in £ millions		
Fees payable to PricewaterhouseCoopers LLP for the audit of the consolidated financial statements	0.6	0.6
Statutory audit fees payable to associate members of PricewaterhouseCoopers LLP	0.4	0.9
Other fees in respect of assurance services required by legislation and regulation	0.8	1.6
	1.8	3.1
Tax services	0.7	2.4
Other services	0.2	0.6
	2.7	6.1

Tax fees in 2010 include £1.7m relating to the disposal of Allscripts.

5. Net finance costs

	2011	2010
All figures in £ millions		
Bank loans and overdraft interest payable	(4.2)	(6.7)
Interest payable on convertible bond	(2.9)	-
Amortisation of financing facility costs	(1.3)	(2.0)
Expected return on pension scheme assets	2.4	2.4
Interest cost on pension scheme liabilities	(2.6)	(2.4)
Realised loss on forward currency exchange contracts	(0.9)	(0.4)
Unwinding of discount on provisions	(1.0)	(1.3)
Finance costs	(10.5)	(10.4)
Exceptional finance income	4.8	1.4
Interest receivable	1.6	0.3
Net finance costs	(4.1)	(8.7)

Details of exceptional finance income are given below:

	2011
all figures in £ millions	
Foreign exchange gains and net profits on options and forward contracts taken out to hedge the proceeds received from the sale of the Allscripts stake	11.3
Fair value loss on currency forward contracts and options taken out to hedge the costs of the proposed Sophis acquisition	(2.5)
Arrangement fees written off relating to term loans repaid in the period (note 15)	(2.7)
Unconditional arrangement fees for new credit facilities to fund Sophis acquisition incurred prior to shareholder approval (note 15)	(1.3)
Total exceptional finance income	4.8

In the prior year, a credit of £1.4m arose as a result of supplemental interest on the refund of a VAT claim (see note 2) which was treated as exceptional.

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

Taxation on ordinary activities

	2011	2010
all figures in £ millions		
Current taxation		
UK corporation tax	(4.9)	(0.2)
UK prior year items (note 2G)	10.7	(0.3)
Overseas taxation	(13.3)	(10.4)
Overseas prior year items	1.1	3.6
Irrecoverable withholding taxes	(2.2)	(2.1)
Current taxation (including tax relating to continuing operations' exceptional items)	(8.6)	(9.4)
Deferred taxation (note 16)	10.7	(11.1)
Tax credit (charge) - continuing operations	2.1	(20.5)

The taxation charge before exceptional items was £11.5m (2010: £12.5m).

Included within current taxation are credits of £5.7m (2010: £2.8m) in respect of tax on exceptional items, a charge of £1.5m (2010: £0.4m) in respect of tax on exceptional interest and a credit of £9.4m (2010: charge of £10.8m) in respect of exceptional tax items (see note 2).

The taxation charge for the current year based on profit before taxation is lower (2010: higher) than the standard rate of UK corporation tax for the following reasons:

	2011	2010
All figures in £ millions		
Profit on ordinary activities before taxation	32.2	45.0
Tax on profit on ordinary activities at the standard rate of UK tax of 27.8% (2010: 28%)	(8.9)	(12.6)
Effects of:		
Permanent differences	(5.6)	(11.7)
Profits arising overseas which are subject to rates of tax other than the UK standard rate	(4.4)	3.5
Impact of changes in tax rates	(1.5)	0.6
Adjustments to UK taxation charge in respect of prior periods (note 2G)	10.7	(0.3)
Adjustments to overseas taxation charge in respect of prior periods	1.1	3.6
Effects of deferred tax recognition in respect of temporary differences	15.4	(2.1)
Deferred tax effect of prior periods	(2.5)	0.5
Irrecoverable withholding tax	(2.2)	(2.0)
Total tax credit (charge)	2.1	(20.5)

	2011	2010
All figures in £ millions		
Total tax credit (charge)		
Continuing operations	2.1	(20.5)
Discontinued operation	(3.9)	(22.7)
	(1.8)	(43.2)

The total tax charge for the year includes UK prior year adjustments of £10.7m credit (2010: £0.3m charge) which comprises an exceptional tax credit for £9.4m (2010: £10.8m charge) (see note 2G) and a non exceptional credit of £1.3m (2010: £0.3m). The charge also includes a credit for the first time recognition of deferred tax assets of £15.4m (2010: £2.1m charge). This covers a numbers of countries where deferred tax assets are now considered likely to be utilised against future profits arising in the corresponding tax jurisdiction.

A number of changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and are not therefore included in these financial statements.

The effect of the changes expected to be enacted in the Finance Act 2011 would be to reduce the deferred tax asset provided at the balance sheet date by £1.0m. This £1.0m decrease in the deferred tax asset would decrease profit by £0.9m and decrease other comprehensive income by £0.1m. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 26 per cent to 25 per cent with effect from 1 April 2012.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £1.9m (being £0.9m decrease in profit and £0.1m decrease in other comprehensive income in 2013 and a further £0.9m decrease in profit in 2014).

7. Earnings per share

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. Accordingly, the adjusted basic and adjusted diluted EPS figures exclude exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles and translation exchange differences recycled from reserves.

all figures in £ millions	Continuing	Discontinued	2011	Continuing	Discontinued	2010
	operations	operations		operations	operations	
Profit for the period after tax	34.3	614.7	649.0	24.5	36.9	61.4
Non controlling interest	-	-	-	-	(17.1)	(17.1)
Profit attributable to shareholders	34.3	614.7	649.0	24.5	19.8	44.3
Add back:						
Exceptional items after taxation (note 2)	2.6	(606.9)	(604.3)	15.0	6.3	21.3
(Losses) gains on embedded derivatives (after tax)	3.0	-	3.0	(1.0)	-	(1.0)
Amortisation of acquired intangibles (after tax)	9.0	3.5	12.5	1.0	9.7	10.7
Translation exchange differences recycled from reserves (after tax)	-	-	-	0.7	-	0.7
Adjusted profit items attributable to non controlling interest	-	(5.1)	(5.1)	-	(6.8)	(6.8)
Adjusted profit attributable to shareholders	48.9	6.2	55.1	40.2	29.0	69.2
	pence	pence	pence	pence	pence	pence
Basic earnings per share	7.7	138.6	146.3	4.6	3.8	8.4
Diluted earnings per share	7.6	135.7	143.2	4.6	3.6	8.2
Adjusted basic earnings per share	11.0	1.4	12.4	7.6	5.5	13.1
Adjusted diluted earnings per share	10.8	1.4	12.2	7.5	5.3	12.8

The weighted average numbers of basic and diluted shares in issue during the year were 443.5m and 453.1m respectively (2010: 529.4m and 537.4m).

8. Other capital expenditure and financial investment

All figures in £ millions	2011	2010
Purchase of third party software	(2.7)	(3.8)
Purchase of acquired intangibles	(0.5)	-
Purchase of property, plant and equipment	(5.0)	(8.2)
Purchase of investments	(1.4)	(1.3)
Sale of property, plant and equipment	0.4	0.4
Proceeds on sale of investments	224.3	2.0
Net cash flow from other capital expenditure and financial investment	215.1	(10.9)

Other capital expenditure and financial investment recognised within discontinued operation during the period included in the above was an outflow of £1.9m (2010: £7.4m).

Sale of investment relates to the disposal of the remaining stakes in Allscripts in November 2010 and February 2011.

9. Financing activities

All figures in £ millions	2011	2010
(Decrease) increase in bank borrowings	(212.2)	(68.9)
Capital element of finance leases	(0.2)	(0.9)
Share options exercised	7.1	3.6
Convertible debt (net of costs)	81.8	-
Convertible debt - equity component	16.1	-
Premium paid for foreign exchange options regarding Sophis acquisition	(6.5)	-
Sale of hedge option	11.7	-
Foreign exchange gains on settled transactions	2.0	-
Arrangement fees for new facility	(1.3)	-
B share scheme - redemption of B shares	(105.6)	-
B share scheme - dividends paid	(33.9)	-
Return of cash to shareholders	(525.0)	-
Advisory costs and stamp duty on tender offer and B share scheme	(5.5)	-
Net cash flow from financing activities	(771.5)	(66.2)

10. Analysis of net funds (debt)

All figures in £ millions	At 1 June 2010	Cash flow	Acquisition	Disposals	Non cash movements	Differences on exchange	At 31 May 2011
Cash	120.3	3.0	18.0	(78.4)	-	(6.1)	56.8
Bank overdraft	(5.4)	5.4	-	-	-	-	-
	114.9	8.4	18.0	(78.4)	-	(6.1)	56.8
Bank loans (note 15)	(112.3)	212.2	(163.4)	-	(4.1)	-	(67.6)
Convertible bond (note 15)	-	(97.9)	-	-	14.5	-	(83.4)
Finance leases	(1.7)	0.2	-	1.4	-	0.1	-
Net funds (debt)	0.9	122.9	(145.4)	(77.0)	10.4	(6.0)	(94.2)

Included in the above amounts are cash balances of £33.9m (2010: £4.3m) not available for the general use of the Group which include £27.4m (US\$ 45.0m) cash collateral for a guarantee relating to potential tax liabilities. This guarantee was put in place as part of the Allscripts disposal. Prior year balances also include £98.7m related to discontinued operation which were not available for general use of the Group due to the sizeable non-controlling interest in Allscripts.

11. Goodwill

all figures in £ millions	2011	2010
Opening cost and net book value	315.5	289.8
Differences on exchange	(16.0)	29.1
Acquisition of Sophis	171.6	-
Disposal of Allscripts (note 3)	(240.0)	-
Adjustment to goodwill	-	(3.4)
Cost and net book value at 31 May	231.1	315.5

Included within the cost and net book value at 31 May 2010 is £256.6m related to discontinued operation.

Cash generating units

Goodwill relating to the Banking £20.3m (2010: £19.9m), TCM £35.2m (2010: £39.0m) and Sophis £175.6m (2010: £nil) groups of cash generating units (CGUs) are considered significant in comparison to the total carrying amount of goodwill assets at 31 May 2011. The recoverable amounts of the Banking, TCM and Sophis CGUs were determined based on value-in-use calculations and no impairment was identified during the year. Sophis was acquired on 28 February 2011. Management has reviewed post acquisition trading which was in line with expectation.

Where the recoverable amount of a CGU is determined based on value-in-use calculations, these calculations use pre-tax cash flows for each CGU based on approved budgets and management forecasts which are consistent with the recent financial performance of the relevant CGU. For Banking and TCM value-in-use calculations, it was not necessary to look at cash flows beyond five years as cash flows within this time horizon were significantly in excess of the carrying amounts of the CGUs and hence no terminal value was assigned. The value-in-use calculation for Sophis includes long term cash flow growth of 2%.

Direct and indirect costs and corporate overheads have been calculated using the same percentage of revenue as for the recent budget and incorporates planned margin improvement. Management determined budgeted operating margin based on past performance and its expectations of market development as outlined in the business review section.

Sensitivity analyses have been performed around the base case assumptions with the conclusion that no reasonably possible changes in key assumptions would cause the recoverable amount to be less than the carrying amount.

For the value-in-use calculations, the first three years' cash flows were based on budget and management forecasts and thereafter growth rates based on current and expected future performance as reflected in the table below.

The following assumptions have been used in order to determine recoverable amounts based on value-in-use calculations:

CGU	Growth rates for cash flows years 1 - 3	Growth rates for cash flows years 4 - 5	Pre-tax discount rate 2011	Pre-tax discount rate 2010
Banking	8%	3%	10%	10%
TCM	10%	9%	12%	12%
Sophis	15%	13%	13%	-

Acquisition of Sophis

On 28 February 2011, the Group acquired 100% of the issued share capital of Sophis for consideration of £235.5m. As a result of this acquisition, the Group has established its position as the number one application software and services provider in capital markets as Sophis' buy side solutions are complementary to the Group's sell side strengths.

An analysis of the net assets acquired is shown below:

all figures in £ millions	Book value	Provisional fair value adjustments	Provisional fair value at 28 Feb 2011
Intangible assets	-	212.2	212.2
Property, plant and equipment	1.2	-	1.2
Deferred tax assets (liabilities)	8.0	(26.5)	(18.5)
Cash	18.0	-	18.0
Other assets	29.5	(1.0)	28.5
External debt	(161.8)	(1.6)	(163.4)
Other liabilities	(10.7)	(3.4)	(14.1)
Net assets acquired	(115.8)	179.7	63.9
Goodwill			171.6
Total consideration			235.5

An analysis of the enterprise value of Sophis is shown below:

all figures in £ millions	2011
Consideration paid in Cash	208.6
Consideration held in escrow	21.3
External debt net of cash acquired	145.4
Net cash outflow on acquisition of subsidiaries	375.3
Equity consideration - shares issued	5.6
Enterprise value of Sophis	380.9

The goodwill arising on the acquisition of Sophis 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, customer relationships and brand name) and related deferred tax and other taxation.

Acquisition costs of £7.7m have been recognised as an exceptional expense in the current year.

Included in the profit for the year is a £8.6m loss attributable to the additional business generated by the Sophis Group. Had this business combination been effected at 1 June 2010, the results of the combined Group from continuing operations would have been revenue of £417.3m, operating profit of £22.2m, adjusted operating profit of £84.4m and profit after tax of £11.0m. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had Sophis been acquired at the beginning of the current reporting period, the directors have:

- calculated depreciation of plant and equipment and intangibles acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;
- calculated borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination; and
- calculated the effect of alignment of accounting policies from 1 June 2010.

12. Other intangible assets

All figures in £ millions	Complete technology	Customer relationships	Trade names and brands	Total acquired intangibles	Developed software	Third party software	Total
Cost							
At 1 June 2010	79.1	73.7	36.2	189.0	95.9	32.6	317.5
Differences on exchange	0.1	(3.8)	(1.9)	(5.6)	(4.2)	(1.5)	(11.3)
On disposal of Allscripts	(58.1)	(67.6)	(33.9)	(159.6)	(29.0)	(16.8)	(205.4)
On acquisition of Sophis	157.0	35.7	19.5	212.2	5.7	0.1	218.0
Transfers	2.6	-	-	2.6	-	(2.6)	-
Disposals	-	-	-	-	(3.0)	(0.4)	(3.4)
Additions	0.5	-	-	0.5	28.0	2.7	31.2
At 31 May 2011	181.2	38.0	19.9	239.1	93.4	14.1	346.6
Accumulated amortisation and impairment							
At 1 June 2010	(31.1)	(13.3)	(3.3)	(47.7)	(28.4)	(17.0)	(93.1)
Differences on exchange	0.6	0.9	0.2	1.7	1.6	0.8	4.1
Charge for the year	(10.5)	(2.9)	(0.7)	(14.1)	(10.8)	(2.4)	(27.3)
Transfers	(1.2)	-	-	(1.2)	-	1.2	-
On disposal of Allscripts	16.1	13.0	3.5	32.6	4.5	8.2	45.3
Disposals	-	-	-	-	0.1	0.2	0.3
At 31 May 2011	(26.1)	(2.3)	(0.3)	(28.7)	(33.0)	(9.0)	(70.7)
Net book value							
At 31 May 2011	155.1	35.7	19.6	210.4	60.4	5.1	275.9

All figures in £ millions	Complete technology	Customer relationships	Trade names and brands	Total acquired intangibles	Developed software	Third party software	Total
Cost							
At 1 June 2009	73.3	66.4	32.5	172.2	76.1	27.6	275.9
Differences on exchange	5.8	7.3	3.7	16.8	5.5	2.0	24.3
De-recognised	-	-	-	-	(17.5)	-	(17.5)
Disposals	-	-	-	-	-	(0.8)	(0.8)
Additions	-	-	-	-	31.8	3.8	35.6
At 31 May 2010	79.1	73.7	36.2	189.0	95.9	32.6	317.5
Accumulated amortisation and impairment							
At 1 June 2009	(22.3)	(5.8)	(1.3)	(29.4)	(31.4)	(13.0)	(73.8)
Differences on exchange	(1.0)	(1.2)	(0.3)	(2.5)	(2.6)	(1.0)	(6.1)
Charge for the year	(7.8)	(6.3)	(1.7)	(15.8)	(11.9)	(3.7)	(31.4)
De-recognised	-	-	-	-	17.5	-	17.5
Disposals	-	-	-	-	-	0.7	0.7
At 31 May 2010	(31.1)	(13.3)	(3.3)	(47.7)	(28.4)	(17.0)	(93.1)
Net book value							
At 31 May 2010	48.0	60.4	32.9	141.3	67.5	15.6	224.4

The following prior year balances relate to discontinued operation:

All figures in £ millions	Complete technology	Customer relationships	Trade names and brands	Total acquired intangibles	Developed software	Third party software	Total
At 31 May 2010							
Cost	62.1	72.2	36.2	170.5	24.2	17.9	212.6
Accumulated amortisation	(15.5)	(12.4)	(3.4)	(31.3)	(3.6)	(8.5)	(43.4)
Net book value	46.6	59.8	32.8	139.2	20.6	9.4	169.2

De-recognition of £17.5m developed software in the prior year relates to software which has been assessed as having no further commercial value.

Trade names and brands relate principally to the Sophis brand which is being amortised over 15 years from the date of acquisition on 28 February 2011. Complete Technology relates principally to the core technology underlying the Sophis portfolio of products and is being amortised over a period of 8 years from the date of acquisition. The fair value of the intangible assets acquired during the year is based on an independent valuation at the time of acquisition.

13. Trade and other receivables

all figures in £ millions	2011	2010
Trade receivables	69.4	177.5
Less: provision for impairment of receivables	(4.6)	(8.0)
	64.8	169.5
Other receivables	10.7	20.4
Prepayments	8.7	27.6
Accrued income	50.2	68.2
Current trade and other receivables	134.4	285.7
Other receivables	5.1	0.8
Prepayments	-	0.6
Accrued income	3.6	0.2
Non current trade and other receivables	8.7	1.6
Total trade and other receivables	143.1	287.3

The following prior year balances relate to discontinued operation:

all figures in £ millions	2010
Trade receivables	111.8
Less: provision for impairment of receivables	(5.9)
	105.9
Other receivables	7.9
Prepayments	19.6
Accrued income	31.8
	165.2

The quality of trade receivables can be assessed by reference to the historical default rate of £1.3m (2010: £5.0m) for the preceding 365 days at 0.8% of the opening net trade receivables balance (2010: 3.7%).

The carrying value of trade receivables that would otherwise be past due or impaired but whose terms were renegotiated were £0.2m (2010: £nil).

The amount of provision against receivables as at 31 May 2011 was £4.6m (2010: £8.0m). The individually impaired receivables relate to receivables over 365 days, customers in financial difficulty, customer acceptance issues and cancelled contracts.

As at 31 May 2011, trade receivables of £31.2m (2010: £91.0m) were past due but not impaired. In the table below, these are the receivables over 30 days. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of net trade receivables is as follows:

All figures in £ millions	2011	2010
0-30 days	33.6	78.5
30-60 days	8.0	26.7
60-90 days	8.3	16.2
90-120 days	3.6	16.2
Over 120 days	11.3	31.9
	64.8	169.5

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Movements in the Group's provision for impairment of trade receivables are as follows:

All figures in £ millions	2011	2010
At 1 June	(8.0)	(7.4)
Provision for impairment of receivables	(2.7)	(7.2)
Receivables written off during the year as uncollectible	1.3	5.0
Unused amounts reversed	1.8	2.2
On acquisition of business	(2.2)	-
On disposal of business	5.2	-
Foreign exchange and other	-	(0.6)
At 31 May	(4.6)	(8.0)

14. Trade and other payables

All figures in £ millions	2011	2010
Trade payables	13.4	28.5
Other taxation and social security	8.6	12.7
Other payables	5.4	5.4
Accruals	61.4	96.3
Current trade and other payables	88.8	142.9
Other payables	0.1	1.2
Accruals	3.8	4.7
Non current trade and other payables	3.9	5.9
Total trade and other payables	92.7	148.8

Accruals comprise:

All figures in £ millions	2011	2010
Cost of sales (excluding staff related costs)	15.4	48.8
Staff related costs (including sales commissions and bonuses)	35.9	48.4
Other	13.9	3.8
Total accruals	65.2	101.0

Other accruals include £10.1m (2010: £nil) payable to Allscripts for historical tax matters relating to US Banking and TCM tax liabilities.

The following prior year balances relate to discontinued operation:

All figures in £ millions	2010
Trade payables	21.1
Other taxation and social security	4.5
Other payables	1.0
Accruals	45.8
	72.4

15. Loans and overdrafts

all figures in £ millions	2011	2010
Bank overdrafts	-	5.4
Bank loans	17.9	40.0
Finance leases	-	0.9
Current loans and overdrafts	17.9	46.3
Bank loans	49.7	72.3
Convertible bond	83.4	-
Finance leases	-	0.8
Non current loans and overdrafts	133.1	73.1
Total loans and overdrafts	151.0	119.4

Included within total loans and overdrafts at 31 May 2010 is £1.6m related to discontinued operation.

Bank overdrafts

This relates to GBP and Euro overdraft facilities.

Bank loans

In November 2010, a new credit facility was agreed comprising a £90m term loan and a £190m multicurrency credit facility. The term loan is repayable in installments between May 2011 and August 2014. The revolving facility expires in August 2014. Initial arrangement fees relating to this facility of £1.3m have been expensed as an exceptional item being unconditional arrangement fees for new credit facilities to fund Sophis acquisition. The remaining arrangement fees of £2.8m paid on drawdown are carried on the balance sheet. These costs are being amortised over the expected term of the facility. At 31 May 2011, £20m of the term loan had been repaid and none of the revolving credit facility was being used.

At 31 May 2010, the Group had a £210m credit facility comprised of an £80m term loan and £130m revolving credit facility. Both of these were fully repaid by November 2010. Fees of £2.7m relating to the expired credit facility have been expensed as an exceptional item as the facility no longer exists (note 5).

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 year nor are they forecast to be breached in the foreseeable future.

Convertible bonds

The Company issued 1,000 2.5% convertible bonds at a par value of £100m on 22 November 2010. The bonds mature five years from the issue date at their nominal value of £100m or can be converted into shares at the holder's option from 4 January 2011 until 15 November 2015 at the prevailing conversion price.

If not previously converted or redeemed, the bonds will be redeemed at par five years from the settlement date. The Company will have the option to call all outstanding bonds at any time on or after 7 December 2013 if the parity value on each of at least 20 dealing days in any period of 30 consecutive dealing days on the London Stock Exchange exceeds 127% of the principal amount.

The values of the liability component and the equity conversion component were determined at issuance of the bond. The fair value of the liability component, included in non-current borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves.

The amounts charged in the accounts relating to the convertible bonds can be reconciled as follows:

all figures in £ millions	2011
Cash received from issue of bonds	100.0
Less: Costs of issue	(2.1)
Proceeds received (note 9)	97.9
Interest accrued on convertible bonds	2.9
Coupon payment made in May 2011	(1.3)
	99.5
Disclosed as:	
Debt	83.4
Equity	16.1
	99.5

16. Deferred taxation

All figures in £ millions	Losses	Other deductible temporary differences	Total
At 1 June 2010	36.3	(27.9)	8.4
Credited to the income statement – continuing operations (note 6)	10.2	2.0	12.2
Impact of change in tax rates taken to the income statement (note 6)	(1.3)	(0.2)	(1.5)
On disposal of business	(23.1)	33.4	10.3
Charged to equity in respect of share-based payments	0.7	2.9	3.6
Credit to equity in respect of IAS 21 movement	-	(4.7)	(4.7)
Deferred tax arising on pension	-	0.4	0.4
Arising on acquisition of business	4.6	(23.1)	(18.5)
Currency translation differences	0.2	(2.4)	(2.2)
At 31 May 2011	27.6	(19.6)	8.0

All figures in £ millions	Losses	Other deductible temporary differences	Total
At 1 June 2009	49.1	(25.5)	23.6
Charged to the income statement	(17.0)	(11.9)	(28.9)
Impact of change in tax rates taken to the income statement	(0.3)	0.9	0.6
Charged to equity in respect of share-based payments	-	11.9	11.9
Credit to equity in respect of IAS 21 movement	-	(0.1)	(0.1)
Currency translation differences	4.5	(3.2)	1.3
At 31 May 2010	36.3	(27.9)	8.4

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

All figures in £ millions	2011			2010		
	Losses	Other deductible temporary differences	Total	Losses	Other deductible temporary differences	Total
Deferred tax assets	26.2	9.4	35.6	15.7	3.8	19.5
Deferred tax liabilities	1.4	(29.0)	(27.6)	20.6	(31.7)	(11.1)
As shown above	27.6	(19.6)	8.0	36.3	(27.9)	8.4

Included within deferred tax liabilities at 31 May 2010 is £10.3m related to discontinued operation.

Deferred tax assets of £27.6m (2010: £36.3m) have been recognised in respect of carried forward tax losses where latest forecasts show that these are expected to be recovered against future profit streams. Deferred tax liabilities of £29.0m (2010: £31.7m) offset by deferred tax assets of £9.4m (2010: £3.8m) have been recognised in respect of other taxable temporary differences, including £0.1m (2010: £nil) in respect of unremitted earnings of subsidiaries of the UK and £26.5m (2010: £0.6m) relating to intangibles arising on acquisition of Sophis.

Deferred tax assets recoverable within one year are £7.4m (2010: £1.0m).

Deferred tax assets of £86.8m (2010: £43.2m) relating to tax losses and £0.2m (2010: £6.6m) relating to other deductible temporary differences have not been recognised on the basis that they are unlikely to be recovered against future profit streams. In addition, £250.0m (2010: £494.0m) of UK capital losses have been agreed with the UK tax authorities but have not been recognised as these can only be utilised against specific types of future gains.

17. Events after the reporting period

On 21 June 2011, the Board announced that it had received a preliminary approach that may or may not lead to an offer being made for the Company.

On 23 June 2011, Fidelity National Information Services, Inc. confirmed that it had made a preliminary approach regarding a possible cash offer for Misys plc.