

Solid performance in a challenging market as customers continued to adopt the new software solutions that Misys has developed



Misys plc (FTSE: MSY.L), the global application software and services company serving the financial services industry, announces results for the six months ended 30 November 2011.

Group Highlights (continuing operations)

Although market conditions have been challenging in financial services, customers have continued to adopt the new solutions that Misys has been investing in, enabling the Group to deliver solid financial results.

- **Order intake** up 34%, as reported, to £109m - up 3% on a pro-forma, constant currency basis
 - 61% of ILF orders from new solutions as customer adoption progressed
 - Slower purchase decisions by financial institutions in Western Europe
 - 68% of new customers were from the growth regions of Asia, Middle East, Africa & Eastern Europe
- **Revenue** up 22%, as reported, to £197m including the Misys Sophis acquisition and up 1% on a pro-forma, constant currency basis
 - New solutions sales from the period were at early stages in flowing through to revenue
 - Services revenues up 11% (pro-forma, constant currency) as we implemented new solutions for recent new adopters
- **Adjusted operating profit** up 33%, as reported, to £30m – down 9% on a pro-forma, constant currency basis
 - Higher proportion of revenues from services
 - Increased investment in developing new solutions – product development spend was 20% of revenue
- **Adjusted basic earnings per share** up 114% to 6.0p, as reported, including the first half-year contribution from Misys Sophis since acquisition. Weighted average shares in issue reduced by 39% on the prior year

Chief Executive Mike Lawrie comments

'Customers have continued to adopt the new solutions that we have been investing in, despite challenging market conditions in financial services. Sales of these new solutions brought ILF order intake growth of 33% in the second quarter, and we added 41 new customers in the first half across Banking and Capital Markets. Our investment in new solutions increased in the half and today we announce the summer launch of BankFusion 2.0.

During the period, our customers took longer over their purchase decisions as financial market conditions deteriorated. However, with many customers there are new opportunities as they seek to consolidate their systems with fewer vendors and to upgrade their systems to meet regulatory requirements.

Our recently acquired Misys Sophis business improved its order intake growth in the second quarter and for the first half achieved a 4 percentage point operating margin increase on last year as we executed cost synergies.

I am pleased with the overall results from the growth regions of Asia, Eastern Europe, the Middle East and Africa, which contributed almost 70% of our new customer wins.

Our medium-term financial targets, for the two years to 31 May 2013, are unchanged: annual revenue growth of 5-8% and adjusted operating margins of 20-23% for the Misys Group including Sophis. However, given the continuing uncertainty among our customers, we have put in place contingency plans to eliminate £6-8m of operating costs to support our financial results over the rest of this financial year without impacting our product development investments or sales capacity.'

Divisional Highlights (pro-forma, constant currency)

- **Capital Markets** revenue up 4% and orders up 4% with 22 new customers

TCM orders up 10% with 16 new customers

Revenue up 7% to £89m

Adjusted operating profit 29% lower as investment in new solutions increased

Misys Sophis orders down 6% but improved to 34% growth in the 2nd quarter

Revenue down 2% due to the delayed impact of slow licence orders decisions

Increased services revenue as customers seek to improve risk management and analytics

Adjusted operating profit up 13%, with adjusted operating margin up 4 percentage points, as post-acquisition synergies were achieved

- **Banking** orders up 3% including ILF orders up 53%
 - 19 new solutions customers and 61% of ILF orders from new solutions
 - Revenue down 3% as new orders from the period are at early stages of revenue roll-out
 - Adjusted operating profit up 11% due to tight cost control

Financial Results Summary

Continuing operations	2011/12	2010/11 As reported		2010/11 Pro-forma, constant currency	
	£m	£m	% growth	£m	% growth
Order Intake	109	81	33.8%	105	3.0%
Revenue	197	161	22.3%	194	1.4%
Adjusted Operating Profit Before exceptionals, acquired intangible asset amortisation, embedded derivatives gains/(losses)	30	23	33.3%	33	(9.4%)
Adjusted Operating Margin	15.3%	14.0%	+1.3pp	17.1%	-1.8pp
Operating Profit	5.2	17.7		-	-
(Loss) profit after taxation	(2.7)	14.9		-	-
Basic (Loss) Earnings Per Share	(0.8p)	2.8p		-	-
Adjusted Basic Earnings Per Share	6.0p	2.8p	114.3%	-	-

Operating profit includes a charge for amortisation of acquired intangibles in Misys Sophis of £17.3m.

Loss after taxation includes an after-tax charge for amortisation of acquired intangibles in Misys Sophis of £15.2m and a net finance charge of £8.8m (2010/11: net income £1.1 m). An explanation of the net finance charge is on page 9.

A reconciliation between operating profit and adjusted operating profit is on page 3. An explanation of adjusted operating profit and other non-GAAP measures is on page 11.

Enquiries

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

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 0722 or USA 1 718 705 7514. 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 treasury & capital markets, Misys is a market leader, with over 1,200 customers, including all of the world's top 50 banks. Misys employs over 3,500 people who serve customers in more than 120 countries. Misys aspires to be the world's best financial services application software and services company.

Group Operating Results

Information in this section is presented on an 'adjusted' basis, excluding exceptionals and other items. Comparisons to prior year are on a pro-forma constant currency basis (see notes on page 11). These measures provide more comparable and representative information on the trading activities of the Group than 'as reported' measures.

Operating results from continuing operations for the 6 months ended 30 November 2011 (unaudited)

£m	2011/12	2010/11		2010/11	
		as reported	% growth	Pro-forma constant currency	% growth
Revenue					
Treasury & Capital Markets	89	83	7%	83	7%
Misys Sophis	32	-	-	33	(2%)
Banking	76	77	(2%)	78	(3%)
Open Source	0	1	(61%)	1	(60%)
Revenue	197	161	22%	194	1%
Operating Profit					
Treasury & Capital Markets	11	16	(28%)	16	(29%)
Misys Sophis	11	-	-	9	13%
Banking	14	11	21%	12	11%
Corporate & Open Source	(5)	(4)		(4)	
Adjusted Operating Profit	30	23	33%	33	(9%)
before: Acquired intangible asset amortisation, embedded derivatives (losses)	(19)	(2)			
Exceptional items	(6)	(3)			
Operating Profit	5	18	(73%)		

Order intake was £108.6m, up 3% on the prior year period. Licence orders were up 15%, driven by adoption of our new solutions. Services orders were uneven, with new Banking solutions at early stages in their implementations and the prior year period including some large multi-year premium support sales. Services orders grew strongly in TCM and Misys Sophis as a result of new customer and upgrade activity.

Revenue of £196.9m was 1% above the prior year with 7% growth in TCM, a 3% decline in Banking and a 2% decline in Misys Sophis. Services revenues increased strongly from the implementation of new solutions and from upgrading customers' existing systems, particularly in TCM and Misys Sophis. Lower licence revenues reflected the increased proportion of orders coming from new solutions, which convert more gradually into revenue. Recurring revenues from maintenance, ASP subscriptions and transaction processing constituted 52% of revenues.

Adjusted operating profit was £30.1m (2010/11: £33.2m), impacted by a higher proportion of revenues from services in the period and by increased investment in product development, particularly on the performance, functional coverage and componentisation of our capital markets solutions.

Strong demand for our new solutions remains clearly evident. We secured key new licence sales during the period as 41 customers adopted our new solutions for Capital Markets and Banking.

The growth regions of Asia, Africa Latin America and Eastern Europe provided 68% of our new customers and 40% of our order intake.

Group Revenue Profile

<i>Pro-forma constant currency</i>	2011/12			2010/11	
	£m	% of total	% growth	£m	% of total
Initial Licence Fees (ILF)	42	21	(6.5%)	45	23
Application Service Provision (ASP) & Software Leasing	5	3	(3.6%)	5	3
Global Services	52	26	10.9%	47	24
Maintenance	93	47	0.2%	92	47
Transaction Processing	6	3	10.4%	5	3
	197	100	1.4%	194	100

Initial Licence Fees were 7% below the prior year due to the higher proportion of orders from new solutions and to slow purchase decisions amongst some of our existing and potential new customers.

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

Global Services revenues grew 11% as recently sold solutions went into implementation and as adoption of our expanded support services increased.

Maintenance was at the same level as the prior year, reflecting an increase in TCM, with new customers going live, and a decrease in Banking as recent new customers have not yet begun their maintenance contracts.

Transaction Processing fees were 10% above last year, benefitting from new customers adopting our confirmation matching service.

Divisional Review

The information in this section is presented on an adjusted basis, with comparisons to prior year on a constant currency basis unless stated otherwise (see notes on page 11).

Treasury & Capital Markets (TCM)

In **TCM**, order intake grew 10% to £42.9m, including strong growth in ILF orders, a reduction in ASP orders after some large new customer deals in the prior year, and particularly strong growth in services orders resulting from implementation of new solutions sold in recent periods. Revenues grew 7% to £89.0m, including strong growth in services.

Adjusted operating profit was below last year's level at £11.0m (2010/11: £15.6m), due to a higher proportion of revenues from services and to increased product development spending on interfaces for Loan IQ, and on componentising Summit.

<i>£m</i>	2011/12	2010/11	% change
Order intake			
ILF/ASP	19	20	(7%)
Global Services	24	19	29%
Total order intake	43	39	10%
Revenue			
ILF/ASP	17	17	(5%)
Maintenance	40	38	5%
Transaction processing	6	5	10%
Global Services	27	23	18%
Total revenue	89	83	7%
Total costs	(78)	(67)	
Adjusted Operating Profit	11	16	(29%)
Adjusted Operating Margin	12%	19%	

There were 16 new customer sales in the period across all of our key product lines, including 11 sales in the growth regions of Asia and the Middle East.

Opics Plus, our mid-market and treasury solution, added nine new customers, all from the growth regions of Asia and the Middle East. Treasury customers such as Muslim Commercial Bank in Pakistan and Bukopin Bank in Indonesia have been seeking to move off manual systems in order to handle increasing transaction volumes and comply with regulations. Derivatives and fixed income traders such as ADS Securities in Abu Dhabi and Harbin Bank in China were seeking fast implementation of systems that could handle their new trading operations in compliance with local trading regulations.

In the lending market, Loan IQ added three large new customers in the US for both syndicated and bilateral lending, including US Bank and Farm Credit. All are replacing manual and disjointed systems. Another, PNC Capital, is the first adopter of the new Loan Trader Desktop.

Summit's three new customers included China Bond Insurance, purchasing a front-to-back office system for market making in credit derivatives. Some key existing customers also upgraded and consolidated their systems.

In a market characterised by increasing requirements to analyse and control risk, realise trading efficiencies and comply with regulations, TCM is well-positioned for leadership, having been placed in Gartner's 'leadership quadrant' of treasury and trading system vendors.

Divisional Review (continued)

Misys Sophis

In **Misys Sophis**, order intake was £22.8m (2010/11 first half: £24.3m), having strengthened markedly in the second quarter with 34% growth on the prior year period. Revenues were £32.1m (2010/11 first half: £32.7m).

Services revenues increased as services offerings were enriched and projects were initiated with large existing customers to develop their systems further, to incorporate greater risk control and analytics. ILF revenues declined as some potential new customers delayed purchase decisions.

Adjusted operating profit increased 13.2% on the prior year period, largely as a result of administrative efficiencies as part of the integration into Misys. The operating margin increased to 33% (2010/11 first half: 29%).

<i>£m</i>	2011/12	2010/11	% change
Order intake			
ILF/ASP	13	16	(18%)
Global Services	9	8	18%
Total order intake	23	24	(6%)
Revenue			
ILF/ASP	13	15	(17%)
Maintenance	12	12	2%
Global Services	7	6	32%
Total revenue	32	33	(2%)
Total costs	(21)	(24)	
Adjusted Operating Profit	11	9	13%
Adjusted Operating Margin	33%	29%	

The 6 new name sales in the period included 4 new buy-side customers, among them some new and expanding hedge funds. Société Générale was another new customer in its new derivatives trading operation in Korea as it established a system compliant with Korean regulations. A cross-selling success came with Bank of Beirut in Lebanon, a Misys banking customer, adopting Misys Sophis for both its sell-side and buy-side trading.

New deals included some leased software contracts which will yield recurring revenues in future periods.

Misys Sophis remains at the forefront of trading, portfolio and risk management systems, having during the period brought to market new solutions for front-office portfolio analysis, exchange-traded funds and market risk management.

Divisional Review (continued)

Banking

In **Banking**, order intake increased 3% to £42.8m (2010/11 first half: £41.5m), including strong growth in ILF orders, mostly from customers adopting our new solutions. Services orders were lower than last year because new customers are at early stages in their implementations and because the prior year included some large multi-year premium support sales.

Revenues were £75.6m (2010/11 first half: £77.6m). The strong increase in ILF orders from new solutions has not yet flowed through to licence, services and maintenance revenues.

Adjusted operating profit rose 11% to £13.5m as a result of licence revenue growth and tight control of costs. Investment in our new BankFusion and Transaction Banking solutions continued at high levels.

<i>£m</i>	2011/12	2010/11	% change
Order intake			
ILF/ASP	26	17	53%
Global Services	17	25	(32%)
Total order intake	43	42	3%
Revenue			
ILF/ASP	17	17	3%
Maintenance	41	43	(5%)
Global Services	18	18	(2%)
Total revenue	76	78	(3%)
Total costs	(63)	(66)	
Adjusted Operating Profit	14	12	11%
Adjusted Operating Margin	18%	16%	

New solutions, principally comprising BankFusion and Transaction Banking, were 61% of total ILF orders. The BankFusion strategy progressed with eight new sales and upgrades for existing BankFusion customers. 11 customers are now live on BankFusion, which represents a significant step forward in the referenceability of our installations. Two new BankFusion customers were added in Eastern Europe. Raiffeisen in Hungary converted to BankFusion Equation, including lending and branch teller modules and with our Trade Innovations component also added in. Belvenesheconombank in Belarus became our first BankFusion deal involving renovation of third-party software.

In Transaction Banking there were 10 new sales in the period, a pick-up in momentum from the seven sales in the prior year period. Six of the new customers were in the growth regions of the Middle East, Eastern Europe and Asia, where regional banks are becoming increasingly involved in funding the trade finance requirements of their corporate customers. New transaction banking customers included Commercial Bank of Qatar, the Bank of East Asia in Singapore and East West Bank in Hong Kong.

The componentised approach of the Banking division, incorporating core banking and transaction banking components delivered through unified portal technology, is increasing its competitive win rates. The leadership credentials of our banking solutions have been recognised in Gartner's 'leadership quadrant' of international retail core banking vendors.

Divisional Review (continued)

Corporate & Other

The net charge for the period was £5.1m compared with £3.9m in the prior year period, which benefitted from higher Open Source revenue and from recharges to Allscripts, prior to its disposal, for shared corporate services.

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') has continued to develop interoperability solutions for the free exchange of data, based on a services, subscription and maintenance model. We are seeing particular interest in our healthcare information exchange solutions. Revenues in the period were £0.2m (2010/11 first half: £0.6m).

Global Services

A Group summary of the services revenues which 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 revenues grew 11%, reflecting the implementation and go-live of some large systems sold over recent periods by TCM. These have included both new customers and large scale system extensions enabling existing customers to expand trading operations and make trading systems more efficient. In Banking, services orders were below last year's levels, with an impact on revenues, because implementations for our recent new customers are at early stages and because the prior year included some large premium support contracts.

Misys Sophis achieved significant growth in services revenues as it enriched its services offerings and started projects with large existing customers to incorporate greater risk control and portfolio analytics into their systems.

Financial Review

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

Operating results

<i>Continuing Operations, £m</i>	2011/12	2010/11	% growth
Revenue	197	161	22%
Operating Profit before exceptional items	12	20	(40%)
Exceptional items	(6)	(3)	
Operating Profit	5	18	(72%)
Net Finance (costs) income	(9)	1	
(Loss) profit before taxation	(4)	19	
Taxation	1	(4)	
(Loss) profit after taxation	(3)	15	
Earnings Per Share			
Number of shares in Issue (millions)	325.2	532.9	
Basic (Loss) Earnings Per Share	(0.8p)	2.8p	
Adjusted Basic Earnings Per Share	6.0p	2.8p	114%

Revenue rose by 22% due to growth in TCM and to the first half-year contribution from Misys Sophis since its acquisition. Operating profit before exceptional items reduced to £11.6m from £20.3m in the prior period because the higher adjusted operating profit, as a result of the first Misys Sophis contribution, was offset by a £17.3m charge for amortisation of acquired intangibles in Misys Sophis.

The increase in exceptional charges before interest and tax to £6.4m (2010/11: £2.6m) arose from merger and acquisitions projects, and from non-recurring integration costs and management retention payments in respect of the Sophis acquisition.

Divisional operating results

<i>As reported, £m</i>	Revenue		Operating Profit		Adjusted Operating Profit	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Treasury & Capital Markets	89	83	9	12	11	15
Misys Sophis	32	-	(8)	-	11	-
Banking	76	77	11	9	14	11
Corporate & Open Source	-	1	(7)	(3)	(5)	(4)
Group	197	161	5	18	30	22

Finance Charge

The finance charge of £8.8m (2010/11: net finance income of £1.1m) included a £2.4m charge (2010/11: £0.4m credit) in respect of unrealised remeasurement losses on the hedging of future operating cash flow currency exposures, for which hedge accounting is not considered practical. This item is excluded from adjusted earnings per share since it relates to future periods. Last year, the Allscripts disposal generated high cash balances which earned interest before the return of capital and Sophis acquisition took place.

Profit (Loss) and Taxation

There was a loss before taxation of £3.6m (2010/11: profit before taxation of £18.8m), as a result of lower operating profit and the increased net finance charge.

The net tax credit of £0.9m included a deferred tax credit. The underlying effective tax rate on adjusted operating profit was 22%, which reduced from last year's 26% rate as a result of the first full half year impact of the lower tax rate of Misys Sophis.

Earnings Per Share (EPS)

Adjusted basic EPS excludes exceptional items, embedded derivatives gains (losses), amortisation of acquired intangible assets and unrealised gains (losses) from hedging the future cash flow currency exposures of future periods. In the opinion of the Directors, this measure provides the most comparable and representative information on the trading activities of the Group. The increase of adjusted basic EPS to 6.0p (2010/11: 2.8p) reflects the first full half year contribution from Misys Sophis since its acquisition and also a reduction in the weighted average number of shares in issue to 325.2m (2010/11: 532.9m) after last year's share buyback and share consolidation and this year's share repurchase programme.

Balance Sheet and Cash Flow (continuing operations)

Capital expenditure, research & development

Expenditure on research and development including capitalised expenditure was £38.7m (2010/11: £32.1m). Capitalised software development expenditure on key new solutions addressing new market opportunities was £13.3m (2010/11: £9.2m), the increase attributable to the expanded scope of BankFusion development and expenditure by Misys Sophis since its acquisition.

Research & development expenditure £m	2011/12				2010/11		
	Banking	Sophis	TCM	Total	Banking	TCM	Total
Total (including capitalised expenditure)	18	4	17	39	17	15	32
Capitalisation of developed software	8	2	3	13	5	4	9
Amortisation of developed software	(3)	(1)	(2)	(6)	(2)	(2)	(4)
Net Capitalisation	5	1	1	7	3	2	5

In Banking, the functional coverage of BankFusion Universal Banking has been accelerated to enable the targeting of a much wider range of new banking opportunities. In addition, the BankFusion technology platform is being extended to enable a wider range of banking software systems to be renovated.

In TCM and Misys Sophis, the Summit and Risque sell-side platforms are being componentised so that trading functionality can be progressively added to and integrated by customers seeking to take a new approach to consolidating their systems. Loan IQ is being developed for new customers and for consolidation by existing customers, with the addition of a trader desktop, enterprise workflow and interfaces to other systems.

Total capital expenditure and investment was £20.0m (2010/11: £10.5m), the balance after software development being £6.7m (2010/11: £1.3m), spent principally on improving our computer and systems infrastructure and on expanding product development facilities in India and China.

Cash Flow and Net Debt

Trade receivables were reduced from £64.8m at the start of the financial year to £61.8m at the end of the first half, a result of focused collection efforts. Accrued income reduced from £53.8m to £50.9m. Days' sales outstanding (based on trade receivables and accrued income compared with trailing quarter revenues) was 95 days, compared with 86 days at the start of the period as a result of seasonally lower revenues in the second quarter compared with the final quarter of the previous financial year.

The first half is seasonally one of net cash outflow, because annual maintenance fees are not billed until the end of the calendar year. The net cash outflow from operations of £5.3m represented an improvement on last year's £22.7m outflow. This resulted from the first full contribution from the Misys Sophis acquisition, a greater number of customers making early maintenance payments than in the prior year, and lower payables outflows.

A share buyback programme was commenced by the company during the period. By 30 November, 6.1m shares had been purchased in the market, resulting in a cash outflow of £15.8m. Between 1 December and 25 January a further 1.4m shares were purchased for £3.3m in aggregate under an authorisation given to our advisors.

Net debt increased from £94m at the start of the period to £149m at the end of the period, principally due to capital expenditure and financing outflows including share buyback expenditure.

Notes on non-GAAP measures

Order intake

Orders exclude maintenance and transaction processing. For the provision of software and services, order intake is based on signed contracts or letters of intent where contracts are substantially finalised.

Adjusted operating results

Adjusted results are stated before exceptional items, losses on embedded derivatives and amortisation of acquired intangible assets.

The non-exceptional items excluded from adjusted results are losses on embedded derivatives in Banking of £0.5m (2010/11: £1.4m) and in TCM of £0.2m (2010/11: £0.2m), and amortisation of acquired intangible assets in Banking of £0.3m (2010/11: £0.4m), in TCM of £0.2m (2010/11: £0.3m) and in Sophis of £17.3m (2010/11: no charge).

Adjusted Earnings Per Share

Adjusted earnings per share is subject to the adjustments outlined above for operating results and in addition is stated before unrealised remeasurement gains or losses on hedging future operating cash flow currency exposures. Accordingly, the impact upon earnings per share of these unrealised gains and losses is adjusted to match with the period of the cash flows to which the currency exposures relate.

Pro-forma constant currency results

For comparative purposes, prior year results are adjusted by the retranslation of results at current year exchange rates and by the addition of results from Sophis before its acquisition, at current year exchange rates,

The addition of Sophis increases prior year revenue by £32.7m and prior year adjusted operating profit by £9.4m.

Retranslation increases prior year revenue by £0.6m (Banking: £0.7m increase, TCM: £0.2m decrease) and prior year adjusted operating profit by £1.2m (Banking £0.9m, TCM: £0.2m). These retranslations remove material currency impacts from movements in the US dollar, the Euro and the Indian Rupee against Sterling. Average exchange rates in the first half of 2011/12 were US\$1.60, €1.14 and INR75.4 compared to US\$1.55, €1.19 and INR71.2 in 2010/11.

Consolidated income statement for the six months to 30 November 2011

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2011/12	2010/11	2010/11
Continuing operations			
Revenue (note 2)	196.9	160.9	370.0
Adjusted operating profit before:	30.1	22.6	71.9
- Amortisation of acquired intangibles	(17.8)	(0.7)	(10.6)
- Losses on embedded derivatives	(0.7)	(1.6)	(4.0)
Operating profit before exceptional items	11.6	20.3	57.3
Exceptional items (note 3)	(6.4)	(2.6)	(21.0)
Operating profit (note 2)	5.2	17.7	36.3
Finance costs	(6.8)	(4.0)	(10.5)
Unrealised (losses) gains on hedging future structural currency cash flows	(2.4)	0.4	-
Exceptional finance income	-	3.7	4.8
Finance income	0.4	1.0	1.6
Net finance (costs) income (note 4)	(8.8)	1.1	(4.1)
(Loss) profit before taxation	(3.6)	18.8	32.2
Taxation (note 5)	0.9	(3.9)	2.1
(Loss) profit after taxation from continuing operations	(2.7)	14.9	34.3
Discontinued operation			
Profit after taxation and before exceptional items	-	7.8	7.8
Exceptional items after taxation (note 3)	-	611.2	606.9
Profit after taxation from discontinued operation	-	619.0	614.7
(Loss) profit for the period - attributable to equity holders of Misys plc	(2.7)	633.9	649.0
	Pence	Pence	Pence
Basic (loss) earnings per share (note 6)	(0.8)	118.9	146.3
Diluted (loss) earnings per share (note 6)	(0.8)	117.1	143.2

Consolidated statement of comprehensive income for the six months to 30 November 2011

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2011/12	2010/11	2010/11
(Loss) profit for the period	(2.7)	633.9	649.0
Other comprehensive (expense) income:			
- Exchange difference on the translation of foreign operations	(8.8)	(17.0)	(7.3)
- Actuarial gains (losses) recognised	-	0.3	(0.9)
- Tax credit (charge) on items taken directly to equity	5.3	1.7	(4.3)
Other comprehensive expense for the period (net of tax)	(3.5)	(15.0)	(12.5)
Total comprehensive (expense) income for the period	(6.2)	618.9	636.5
Total comprehensive (expense) income attributable to:			
- Equity holders of Misys plc	(6.2)	628.3	645.9
- Non controlling interest	-	(9.4)	(9.4)
Total (expense) income recognised in the period	(6.2)	618.9	636.5

Consolidated statement of cash flows for the six months to 30 November 2011

	Unaudited	Unaudited	Audited
	First half	First half	Year
all figures in £ millions	2011/12	2010/11	2010/11
Operating activities			
Net cash flow (used in) generated from operations	(5.3)	(23.1)	79.1
Net interest paid	(4.0)	(1.7)	(3.9)
Net taxation paid	(6.0)	(0.9)	(7.3)
Net cash flow from operating activities	(15.3)	(25.7)	67.9
Investing activities			
Acquisitions and disposals of businesses	-	673.8	464.5
Expenditure on developed software (note 11)	(13.3)	(15.8)	(28.0)
Other capital expenditure and financial investment (note 7)	(5.9)	136.1	215.1
Net cash flow from investing activities	(19.2)	794.1	651.6
Net cash flow from financing activities (note 8)	42.4	(6.5)	(771.5)
Net cash flow from operating, investing and financing activities	7.9	761.9	(52.0)
Differences on exchange	(3.5)	(7.1)	(6.1)
Increase (decrease) in cash and cash equivalents in the period	4.4	754.8	(58.1)
Net cash and cash equivalents at the start of the period	56.8	114.9	114.9
Net cash and cash equivalents at the end of the period (note 9)	61.2	869.7	56.8
	First half	First half	Year
all figures in £ millions	2011/12	2010/11	2010/11
Continuing operations			
(Loss) profit after taxation	(2.7)	14.9	34.3
Net finance costs (income)	8.8	(1.1)	4.1
Taxation (credit) charge	(0.9)	3.9	(2.1)
Amortisation of other intangible assets	24.8	6.1	22.3
Depreciation and loss on disposal of property, plant and equipment	4.3	2.4	6.5
Share-based payment charge	3.9	3.0	7.4
Differences between pension charge and cash contributions	0.2	0.1	1.4
Decrease (increase) in trade and other receivables	9.6	13.8	(6.0)
Decrease in payables and provisions	(16.9)	(23.4)	(3.0)
(Decrease) increase in deferred income	(39.5)	(46.1)	9.1
Movement in derivative receivables and payables	3.3	-	4.1
Other non-cash movements	(0.2)	3.7	1.4
Net cash flow (used in) generated from continuing operations	(5.3)	(22.7)	79.5
Discontinued operation			
Profit after taxation	-	619.0	614.7
Net finance costs	-	0.1	0.1
Taxation charge	-	3.8	3.9
Amortisation of other intangible assets	-	5.0	5.0
Depreciation and impairment charge of property, plant and equipment	-	1.1	1.1
Share-based payment charge	-	2.4	2.3
Differences between pension charge and cash contributions	-	(0.2)	-
Net profit on disposal of businesses	-	(619.6)	(603.8)
Net profit on disposal of available for sale asset	-	-	(10.3)
Decrease in inventories	-	0.1	0.1
Decrease in trade and other receivables	-	2.7	2.7
Decrease in payables and provisions	-	(4.5)	(4.5)
Decrease in deferred income	-	(11.7)	(11.7)
Other non-cash movements	-	1.4	-
Net cash flow used in discontinued operation	-	(0.4)	(0.4)
Net cash flow (used in) generated from operations	(5.3)	(23.1)	79.1

Consolidated balance sheet as at 30 November 2011

	Unaudited November 2011	Unaudited November 2010	Audited May 2011
all figures in £ millions			
Non current assets			
Goodwill (note 10)	227.7	56.3	231.1
Other intangible assets (note 11)	260.3	57.6	275.9
Property, plant and equipment (note 12)	16.2	12.8	14.5
Investments	6.0	4.9	5.5
Trade and other receivables (note 13)	12.0	3.2	8.7
Derivative financial instruments	1.7	3.8	2.0
Deferred tax assets	38.8	18.4	35.6
	562.7	157.0	573.3
Current assets			
Trade and other receivables (note 13)	122.4	101.4	134.4
Available for sale asset (Allscripts Investment)	-	73.3	-
Derivative financial instruments	3.5	9.8	1.0
Current tax assets	1.7	-	-
Cash and cash equivalents (note 9)	62.3	871.9	56.8
	189.9	1,056.4	192.2
Current liabilities			
Trade and other payables (note 14)	(85.0)	(59.0)	(88.8)
Loans and overdrafts (note 15)	(20.1)	(2.2)	(17.9)
Derivative financial instruments	(6.5)	(13.9)	(1.6)
Current tax liabilities	(23.1)	(22.9)	(24.3)
Provisions (note 16)	(8.3)	(6.8)	(8.0)
Deferred income	(64.5)	(47.6)	(105.3)
	(207.5)	(152.4)	(245.9)
Net current (liabilities) assets	(17.6)	904.0	(53.7)
Total assets less current liabilities	545.1	1,061.0	519.6
Non current liabilities			
Trade and other payables (note 14)	(6.4)	(4.3)	(3.9)
Loans (note 15)	(191.3)	(81.9)	(133.1)
Derivative financial instruments	(2.8)	(2.0)	(2.3)
Deferred tax liabilities	(25.0)	(1.0)	(27.6)
Provisions (note 16)	(6.2)	(12.1)	(11.3)
Deferred income	(6.9)	(5.9)	(5.2)
Retirement benefit obligations	(6.9)	(3.9)	(6.2)
	(245.5)	(111.1)	(189.6)
Net assets	299.6	949.9	330.0
Equity			
Share capital	4.2	5.9	4.3
Share premium account	12.7	151.9	12.7
Capital redemption reserve	147.8	0.3	147.7
Other reserves	134.9	791.8	165.3
Total equity	299.6	949.9	330.0

Consolidated statement of changes in equity

for the six months to 30 November 2011 (Unaudited)

all figures in £ millions	Share capital	Share premium	Capital redemption reserve	Other reserves	Total equity
At 1 June 2011	4.3	12.7	147.7	165.3	330.0
Total comprehensive expense for the period	-	-	-	(6.2)	(6.2)
<i>Transactions with owners</i>					
Share options settled from own shares	-	-	-	1.4	1.4
Expenses incurred on transactions with owners	-	-	-	(0.4)	(0.4)
Repurchase of own shares	(0.1)	-	0.1	(26.5)	(26.5)
Share-based payments	-	-	-	3.9	3.9
Deferred tax on share-based payments	-	-	-	(2.6)	(2.6)
At 30 November 2011	4.2	12.7	147.8	134.9	299.6

On 17 October 2011, the Company entered into a programme to repurchase its own shares. As at the balance sheet date 6,087,944 shares had been repurchased for a total consideration of £16.5m (first half 2010/11: £nil, year 2010/11: £nil) of which 5,789,944 shares had been cancelled. At the balance sheet date the Company entered into an agreement, with a nominated advisor, whereby it continued the share buy back programme on behalf of the Company during the close period. Under this agreement, it had authority to purchase shares on behalf of the Company in the market up to a maximum of 5,000,000 shares for a maximum consideration of £10m.

for the six months to 30 November 2010 (Unaudited)

all figures in £ millions	Share capital	Share premium	Capital redemption reserve	Other reserves	Attributable to the owners of the parent	Non controlling interest	Total equity
At 1 June 2010	5.9	151.9	0.3	193.8	351.9	149.8	501.7
Total comprehensive income for the period	-	-	-	628.3	628.3	(9.4)	618.9
<i>Transactions with owners</i>							
Share options settled from own shares	-	-	-	4.0	4.0	-	4.0
Convertible bond - equity portion	-	-	-	16.1	16.1	-	16.1
Business disposed	-	-	-	(56.0)	(56.0)	(140.4)	(196.4)
Share-based payments	-	-	-	5.4	5.4	-	5.4
Deferred tax on share-based payments	-	-	-	0.2	0.2	-	0.2
At 30 November 2010	5.9	151.9	0.3	791.8	949.9	-	949.9

for the year ended 31 May 2011 (Audited)

all figures in £ millions	Share capital	Share premium	Capital redemption reserve	Other reserves	Attributable to the owners of the parent	Non controlling interest	Total equity
At 1 June 2010	5.9	151.9	0.3	193.8	351.9	149.8	501.7
Total comprehensive income for the period	-	-	-	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 - dividend 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

NOTES TO THE ACCOUNTS

1. Basis of preparation

The condensed consolidated financial statements for the half year ended 30 November 2011 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 May 2011, as described in those annual financial statements, except for taxes on income in the interim period which, in line with previous half year reporting periods, are accrued using the tax rate that would be applicable to expected total earnings for the full financial year. The IFRIC interpretations, amendments to existing standards and new standards which became mandatory for accounting periods beginning on or after 1 June 2011 have been adopted in the current financial year, but since this interim report only contains a condensed set of financial statements, full disclosure will be given in the annual financial statements for the year ending 31 May 2012 where the impact is considered material. This half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 31 May 2011 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information contained in this interim report does not comprise statutory accounts within the meaning of sections 434 - 436 of the UK Companies Act 2006. Statutory accounts for the year ended 31 May 2011 were approved by the Board of Directors on 28 July 2011 and delivered to the Registrar of Companies. The auditors' report on those statutory accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources and committed borrowing facilities to continue in operations for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated financial statements for the half year ended 30 November 2011.

This interim report was approved by the Board of Directors on 25 January 2012. It is unaudited but has been reviewed by the auditors and their report is attached to this document.

The following IFRIC interpretations and amendments have been adopted in the unaudited condensed half-yearly financial statements but neither had any material impact on the Group results or financial position:

- IFRIC 14 'Prepayments of a minimum funding requirement'
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'

2. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been identified as the Misys Operations Team, comprising the Group Chief Executive, Chief Financial Officer and all Executive Vice Presidents. The Misys Operations Team is responsible for resources allocation and assessing the performance of the operating segments. The operating segments are defined by distinctly separate product offerings or markets. The operating segments consist of Banking, Treasury & Capital Markets (TCM), Misys Sophis (new segment after its acquisition from 1 March 2011) 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.

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

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

all figures in £ millions	Banking	TCM	Misys Sophis	Corporate & others	First half 2011/12
Revenue	75.6	89.0	32.1	0.2	196.9
Adjusted operating profit (loss)	13.5	11.0	10.7	(5.1)	30.1
Amortisation of acquired intangibles	(0.3)	(0.2)	(17.3)	-	(17.8)
Losses on embedded derivatives	(0.5)	(0.2)	-	-	(0.7)
Operating profit (loss) before exceptional items	12.7	10.6	(6.6)	(5.1)	11.6
Exceptional items	(1.4)	(1.5)	(1.4)	(2.1)	(6.4)
Operating profit (loss)	11.3	9.1	(8.0)	(7.2)	5.2
Net finance costs					(8.8)
Loss before taxation					(3.6)
Taxation					0.9
Loss for the period from continuing operations					(2.7)
Profit for the period from discontinued operation					-
Loss for the period					(2.7)

all figures in £ millions	Banking	TCM	Misys Sophis	Corporate & others	First half 2010/11
Revenue	76.9	83.4	-	0.6	160.9
Adjusted operating profit (loss)	11.2	15.3	-	(3.9)	22.6
Amortisation of acquired intangibles	(0.4)	(0.3)	-	-	(0.7)
Losses on embedded derivatives	(1.4)	(0.2)	-	-	(1.6)
Operating profit (loss) before exceptional items	9.4	14.8	-	(3.9)	20.3
Exceptional items	(0.6)	(2.5)	-	0.5	(2.6)
Operating profit (loss)	8.8	12.3	-	(3.4)	17.7
Net finance income					1.1
Profit before taxation					18.8
Taxation					(3.9)
Profit for the period from continuing operations					14.9
Profit for the period from discontinued operation					619.0
Profit for the period					633.9

Excluded from the above are the following items relating to discontinued operation (Allscripts): revenue £nil (first half 2010/11: £101.7m); operating profit before exceptional items £nil (first half 2010/11: £12.5m); and operating profit £nil (first half 2010/11: £622.9m).

Revenue from continuing operations (unaudited)

all figures in £ millions	Banking	TCM	Misys Sophis	Corporate & others	First half 2011/12
Initial licence fees	17.0	15.1	9.6	-	41.7
ASP subscriptions and leasing revenue	0.1	1.7	3.2	-	5.0
Maintenance	40.7	39.8	12.0	0.1	92.6
Transaction processing	-	5.7	-	-	5.7
Global services	17.8	26.7	7.3	0.1	51.9
	75.6	89.0	32.1	0.2	196.9

all figures in £ millions	Banking	TCM	Misys Sophis	Corporate & others	First half 2010/11
Initial licence fees	16.4	16.2	-	-	32.6
ASP subscriptions and leasing revenue	0.1	1.5	-	-	1.6
Maintenance	42.2	37.8	-	0.1	80.1
Transaction processing	-	5.3	-	-	5.3
Global services	18.2	22.6	-	0.5	41.3
	76.9	83.4	-	0.6	160.9

3. Exceptional items (unaudited)

all figures in £ millions	First half 2011/12	First half 2010/11
Restructuring activities and turnaround programme (A)	(2.9)	(2.1)
Advisory and professional fees related to corporate activities (B)	(1.3)	-
Costs relating to the Misys Sophis acquisition (C)	(2.2)	(0.5)
Exceptional items within continuing operations	(6.4)	(2.6)
Exceptional finance income within continuing operations (note 4)	-	3.7
Taxation credit on exceptional items within continuing operations	2.1	0.3
Exceptional items after taxation within continuing operations	(4.3)	1.4
Profit on disposal of businesses (D)	-	619.6
Allscripts pre-disposal exceptional expenses	-	(7.9)
Loss on disposal of available for sale asset (E)	-	(1.3)
Exceptional items within discontinued operation	-	610.4
Taxation credit on exceptional items within discontinued operation	-	0.8
Exceptional items after taxation within discontinued operation	-	611.2
Exceptional items after taxation	(4.3)	612.6

(A) Restructuring activities and turnaround programme

A charge of £3.1m (first half 2010/11: £3.2m) has been recognised as an exceptional item in relation to costs incurred in the ongoing Group-wide restructuring and turnaround programme. The costs comprise severance payments, retention bonuses and relocation expenses in relation to development and back office activities. A net credit of £0.2m (first half 2010/11: credit £1.1m) arose on provisions for onerous property leases.

(B) Advisory and professional fees related to corporate activities

These principally relate to legal and consulting fees in respect of significant corporate mergers and acquisitions projects (first half 2010/11: £nil).

(C) Costs related to the Misys Sophis acquisition

These include post acquisition integration costs of £0.6m and management retention bonuses of £1.6m agreed as part of the acquisition. Costs in the first half 2010/11 are related to initial advisory fees in respect of the acquisition.

(D) Profit on disposal of business

A profit of £619.6m was realised in the comparative period as a result of the sale of majority stake in Allscripts on 20 August 2010. The profit on disposal was 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.

(E) Loss on available for sale assets

Following the disposal of Allscripts 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.

An analysis of the above costs by business unit is shown in note 2.

4. Finance costs (unaudited)

all figures in £ millions	First half 2011/12	First half 2010/11
Bank loans and overdraft interest payable	(2.0)	(2.6)
Interest payable on convertible bond	(3.1)	(0.1)
Amortisation of financing facility costs	(0.5)	(0.7)
Expected return on pension scheme assets	1.2	1.1
Interest on pension scheme liabilities	(1.2)	(1.2)
Realised losses on hedging structural currency cash flows	(0.7)	-
Unwinding of discount on provisions	(0.5)	(0.5)
Finance costs	(6.8)	(4.0)
Unrealised (losses) gains on hedging future structural currency cash flows	(2.4)	0.4
Interest receivable	0.4	1.0
Net finance costs before exceptional items	(8.8)	(2.6)
Exceptional finance income	-	3.7
Net finance (costs) income	(8.8)	1.1

The Group is subject to structural currency cash flow imbalances due to the difference in location of its customers compared with its cost base. Accordingly, the Group has instigated a policy of managing the resulting exposures by forward currency contracts matching the most significant functional currency cash flows on a rolling 12 months basis.

It is not considered practical to apply hedge accounting for these forward contracts and so the unrealised remeasurement gains / losses in respect of future periods are taken to the income statement as shown above. A loss of £2.4m (first half 2010/11: gain of £0.4m; year 2010/11: £nil) has arisen principally due to a weakening of the Indian Rupee against Sterling during the period.

As these forward contracts mature, the realised loss or gain is moved to finance costs.

An adjustment is made in respect of the unrealised loss or gain on hedging of structural currency cash flows in arriving at adjusted earnings per share (see note 6).

5. Taxation (unaudited)

all figures in £ millions	First half 2011/12	First half 2010/11
Current taxation		
UK corporation tax at 25.8% (2010: 27.8%)	-	-
UK prior year items	(0.2)	-
Overseas taxation	2.2	2.2
Overseas prior year items	(0.3)	(0.5)
Irrecoverable withholding taxes	-	0.6
Current taxation (including tax relating to continuing operations' exceptional items)	1.7	2.3
Deferred taxation	(2.6)	1.6
Tax (credit) charge - continuing operations	(0.9)	3.9

Included within current taxation is a credit of £nil (first half 2010/11: £0.1m) and within deferred tax a credit of £2.1m (first half 2010/11: £0.2m) relating to taxation on exceptional items.

all figures in £ millions	First half 2011/12	First half 2010/11
Total tax (credit) charge		
Continuing operations	(0.9)	3.9
Discontinued operation	-	3.8
	(0.9)	7.7

The tax credit for the half year has been calculated using the tax rates expected to apply for the full year ending 31 May 2012 and includes a £2.1m (first half 2010/2011: £0.3m) credit on exceptional items. The effective tax rate for the half year on adjusted operating profit of £30.1m is 22% (first half 2010/2011: 26%) which approximates to the forecast full year expected tax rate. The fall of 4% in the effective tax rate reflects the full year inclusion of the Sophis business. After adjusting for prior year adjustments and net financing costs, the effective tax rate reduces to 18.6% (first half 2010/2011: 23.0%).

The reduction in the UK tax rate from 26% to 25% enacted in Finance Act 2011 has reduced the UK deferred tax asset by £1m of which £0.9m is charged to the income statement and £0.1m is included in equity. Further proposed reductions in the UK rate of 1% per annum to 23% by 1 April 2014 are expected to be enacted which will reduce the net deferred tax assets by £1.8m with a decrease in profit of £0.9m in 2013 and 2014.

6. (Loss) earnings per share (unaudited)

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

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

As disclosed in note 4, unrealised remeasurement gains / losses on forward contracts taken out to manage structural functional currency exposures of future periods are separately identified within finance costs. Given that hedge accounting is not applied to these contracts, their remeasurement introduces volatility to the income statement. Accordingly, the adjusted EPS reflects that these unrealised gains/losses are credited/charged to adjusted EPS to match the cash flow to which the underlying exposure relates. The comparative figures have been presented on a consistent basis.

all figures in £ millions	Continuing operations 2011/12			Discontinued operation 2011/12			First half 2011/12
	Gross	Tax	Net of tax	Gross	Tax	Net of tax	Net of tax
Loss for the period	(3.6)	0.9	(2.7)	-	-	-	(2.7)
Add back:							
Exceptional items (note 3)	6.4	(2.1)	4.3	-	-	-	4.3
Losses on embedded derivatives	0.7	(0.3)	0.4	-	-	-	0.4
Amortisation of acquired intangibles	17.8	(2.3)	15.5	-	-	-	15.5
Unrealised losses on hedging future structural currency cash flows	2.4	(0.6)	1.8	-	-	-	1.8
Adjusted profit attributable to shareholders	23.7	(4.4)	19.3	-	-	-	19.3

	pence		pence	pence
Basic loss per share		(0.8)	-	(0.8)
Diluted loss per share		(0.8)	-	(0.8)
Adjusted basic earnings per share		6.0	-	6.0
Adjusted diluted earnings per share		5.8	-	5.8

all figures in £ millions	Continuing operations 2010/11			Discontinued operation 2010/11			First half 2010/11
	Gross	Tax	Net of tax	Gross	Tax	Net of tax	Net of tax
Profit for the period	18.8	(3.9)	14.9	622.8	(3.8)	619.0	633.9
Add back:							
Exceptional items (note 3)	(1.1)	(0.3)	(1.4)	(610.4)	(0.8)	(611.2)	(612.6)
Losses on embedded derivatives	1.6	(0.4)	1.2	-	-	-	1.2
Amortisation of acquired intangibles	0.7	-	0.7	3.4	-	3.4	4.1
Unrealised gains on hedging future structural currency cash flows	(0.4)	0.1	(0.3)	-	-	-	(0.3)
Adjusted profit items attributable to non controlling interest	-	-	-	(5.1)	-	(5.1)	(5.1)
Adjusted profit attributable to shareholders	19.6	(4.5)	15.1	10.7	(4.6)	6.1	21.2

	pence		pence	pence
Basic earnings per share		2.8	116.1	118.9
Diluted earnings per share		2.8	114.3	117.1
Adjusted basic earnings per share		2.8	1.2	4.0
Adjusted diluted earnings per share		2.8	1.1	3.9

The weighted average number of basic shares in issue and diluted shares during the period were 325.2m and 336.6m respectively (first half 2010/11: 532.9m and 541.4m). The weighted average number of shares has decreased from the prior year due to the Tender Offer which occurred in December 2010, the 7 for 8 share consolidation which occurred in February 2011, and the share repurchase programme which commenced in October 2011.

7. Other capital expenditure and financial investment (unaudited)

	First half 2011/12	First half 2010/11
all figures in £ millions		
Purchase of third party software	(0.5)	(1.1)
Purchase of property, plant and equipment	(5.4)	(2.2)
Sale of investments (note 3(E))	-	139.4
Net cash flow from other capital expenditure and financial investment	(5.9)	136.1

8. Financing activities (unaudited)

	First half 2011/12	First half 2010/11
all figures in £ millions		
Increase (decrease) in borrowings	57.0	(116.0)
Convertible bonds (net of costs)	-	97.9
Share options exercised	1.5	3.8
Premium paid for foreign exchange options regarding Sophis acquisition	-	(2.6)
Repurchase of own shares	(15.8)	-
Sale of hedge options	-	11.7
Arrangement fees for new facility	-	(1.3)
Expenses incurred on transactions with owners	(0.3)	-
Net cash flow from financing activities	42.4	(6.5)

No dividend is proposed for the period (2010/11: £nil).

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

	At 1 June 2011		Non cash movements	Differences on exchange	At 30 Nov 2011	At 30 Nov 2010
all figures in £ millions						
Cash	56.8	9.0	-	(3.5)	62.3	871.9
Bank overdraft	-	(1.1)	-	-	(1.1)	(2.2)
	56.8	7.9	-	(3.5)	61.2	869.7
Bank loans	(67.6)	(57.0)	(0.4)	-	(125.0)	-
Convertible bonds	(83.4)	-	(1.9)	-	(85.3)	(81.9)
Net (debt) funds	(94.2)	(49.1)	(2.3)	(3.5)	(149.1)	787.8

10. Goodwill (unaudited)

	Total Goodwill
all figures in £ millions	
Cost and net book value at 1 June 2011	231.1
Differences on exchange	(3.4)
Cost and net book value at 30 November 2011	227.7
Cost and net book value at 30 November 2010	56.3

Significant cash generating units

Goodwill relating to the Banking £20.0m (first half 2010/11: £19.7m), TCM £36.2m (first half 2010/11: £36.6m) and Misys Sophis £171.5m (first half 2010/11: £nil) cash generating units (CGUs) are considered significant in comparison to the total carrying amount of goodwill assets at 30 November 2011. The carrying value of each CGU (including Misys Sophis after its acquisition in February 2011) has been reviewed on the basis of management's forecasts and no impairment has been identified.

11. Other intangible assets (unaudited)

all figures in £ millions	Complete technology	Customer relationships	Trade names and brands	Total acquired intangibles	Developed software	Third party software	Total intangibles
Cost							
At 1 June 2011	181.2	38.0	19.9	239.1	93.4	14.1	346.6
Differences on exchange	(4.0)	(0.9)	(0.4)	(5.3)	0.3	0.2	(4.8)
Disposals	(3.6)	(0.1)	-	(3.7)	(0.5)	-	(4.2)
Additions	-	-	-	-	13.3	0.5	13.8
At 30 November 2011	173.6	37.0	19.5	230.1	106.5	14.8	351.4
At 30 November 2010	18.0	1.4	-	19.4	79.0	14.0	112.4
Amortisation and impairment							
At 1 June 2011	(26.1)	(2.3)	(0.3)	(28.7)	(33.0)	(9.0)	(70.7)
Differences on exchange	0.7	0.1	-	0.8	(0.5)	-	0.3
Charge for the period	(14.1)	(3.0)	(0.7)	(17.8)	(5.6)	(1.4)	(24.8)
Disposals	3.6	0.1	-	3.7	0.4	-	4.1
At 30 November 2011	(35.9)	(5.1)	(1.0)	(42.0)	(38.7)	(10.4)	(91.1)
At 30 November 2010	(16.0)	(0.9)	-	(16.9)	(28.6)	(9.3)	(54.8)
Net book value							
At 30 November 2011	137.7	31.9	18.5	188.1	67.8	4.4	260.3
At 31 May 2011	155.1	35.7	19.6	210.4	60.4	5.1	275.9
At 30 November 2010	2.0	0.5	-	2.5	50.4	4.7	57.6

12. Property, plant and equipment (unaudited)

all figures in £ millions	Leasehold properties	Computer and other equipment	Total
Cost			
At 1 June 2011	13.8	30.2	44.0
Differences on exchange	0.2	-	0.2
Additions	3.2	2.9	6.1
Disposals	(3.1)	(1.0)	(4.1)
At 30 November 2011	14.1	32.1	46.2
At 30 November 2010	11.0	29.4	40.4
Depreciation			
At 1 June 2011	(6.5)	(23.0)	(29.5)
Differences on exchange	(0.2)	(0.1)	(0.3)
Charge for the period	(0.6)	(1.7)	(2.3)
Disposals	1.4	0.7	2.1
At 30 November 2011	(5.9)	(24.1)	(30.0)
At 30 November 2010	(4.6)	(23.0)	(27.6)
Net book value			
At 30 November 2011	8.2	8.0	16.2
At 31 May 2011	7.3	7.2	14.5
At 30 November 2010	6.4	6.4	12.8

13. Trade and other receivables (unaudited)

	30 Nov	30 Nov	31 May
all figures in £ millions	2011	2010	2011
Trade receivables	64.8	52.5	69.4
Less: Provision for receivables	(3.0)	(2.7)	(4.6)
	61.8	49.8	64.8
Other receivables	9.5	12.5	10.7
Prepayments	6.4	5.1	8.7
Accrued income	44.7	34.0	50.2
Current trade and other receivables	122.4	101.4	134.4
Other receivables	5.7	2.0	5.1
Prepayments	0.1	0.1	-
Accrued income	6.2	1.1	3.6
Non current trade and other receivables	12.0	3.2	8.7
Total trade and other receivables	134.4	104.6	143.1

14. Trade and other payables (unaudited)

	30 Nov	30 Nov	31 May
All figures in £ millions	2011	2010	2011
Trade payables	(10.1)	(4.8)	(13.4)
Other taxation and social security	(8.7)	(5.1)	(8.6)
Other payables	(2.9)	(5.6)	(5.4)
Accruals	(63.3)	(43.5)	(61.4)
Current trade and other payables	(85.0)	(59.0)	(88.8)
Other payables	(0.1)	-	(0.1)
Accruals	(6.3)	(4.3)	(3.8)
Non current trade and other payables	(6.4)	(4.3)	(3.9)
Total trade and other payables	(91.4)	(63.3)	(92.7)

Current accruals include £10m (first half 2010/11: £nil, year 2010/11: £nil) in respect of authorisation given to the Company's advisors to repurchase the Company's own shares during the close period.

15. Loans and overdrafts (unaudited)

	30 Nov 2011	30 Nov 2010	31 May 2011
all figures in £ millions			
Bank overdrafts	(1.1)	(2.2)	-
Bank loans	(18.9)	-	(17.9)
Coupon liability on convertible bond	(0.1)	-	-
Current loans and overdrafts	(20.1)	(2.2)	(17.9)
Bank loans	(106.1)	-	(49.7)
Convertible bond	(85.2)	(81.9)	(83.4)
Non current loans and overdrafts	(191.3)	(81.9)	(133.1)
Total loans and overdrafts	(211.4)	(84.1)	(151.0)

Bank overdrafts

This relates to GBP and Euro overdraft facilities.

Bank loans

The credit facility is comprised of 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. Arrangement fees of £2.0m paid on drawdown are carried on the balance sheet. These costs are being amortised over the expected term of the facility. Interest on these borrowings is payable at LIBOR plus a variable margin (based on a covenant ratio), currently 2.0% (first half 2010/11: nil; year 2010/11: 2.0%).

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

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 the 41st day after the settlement date until seven days prior to maturity date at 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 from approximately three years after the settlement date until maturity in the event that the value of the shares on the London Stock Exchange exceeds 127% of the principal amount over a certain period.

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.

16. Provisions for liabilities and charges (unaudited)

	30 Nov 2011	30 Nov 2010	31 May 2011
all figures in £ millions			
Property	(12.7)	(15.3)	(16.8)
Contingent consideration	-	(0.2)	-
Other	(1.8)	(3.4)	(2.5)
	(14.5)	(18.9)	(19.3)
Included in current liabilities	(8.3)	(6.8)	(8.0)
Included in non current liabilities	(6.2)	(12.1)	(11.3)
	(14.5)	(18.9)	(19.3)

The property provisions comprise the net present value of the estimated future costs of vacant and sublet properties of subsidiaries acquired in previous years. The property provisions have been reduced in the period ended 30 November 2011 primarily as a result of subleasing of vacant property space.

Included in other provisions are amounts primarily in respect of onerous service contracts.

17. Contingent liabilities (unaudited)

Contingent liabilities that are quantifiable arise from property rental guarantees that have been issued in the normal course of business, from letters of credit and from bonds that have been issued in support of tenders submitted to prospective customers. These amount to £4.1m (first half 2010/11: £3.3m, year 2010/11: £3.2m).

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

As at 30 November 2011, there was a \$45m guarantee in place relating to potential tax liabilities arising as a result of the demerger of Allscripts, which Misys would be responsible for covering if it were to become payable. Since 31 May 2011 there has been no significant change to the underlying potential tax exposures.

18. Related party transactions (unaudited)

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

The key management personnel of the Group comprise the Company Directors and other senior management. Their remuneration will be disclosed in the year-end Group financial statements.

ValueAct Capital has a holding of approximately 21.15 per cent as at 30 November 2011 (31 May 2011: 20.21 per cent) in the Company on an aggregated basis. Mr. Ubben, who is a non-executive Director of the Company, is Chief Executive Officer and Chief Investment Officer of ValueAct Capital.

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

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

The principal risks and uncertainties facing the Group were last updated in October 2011. In summary, these risks involve: economic and market risks (e.g. related to Eurozone sovereign indebtedness and regulatory reviews of the Banking sector); product development and implementation delivery risks; risks related to capturing planned synergies associated with the recent acquisition of Misys Sophis; talent management risks; risks related to protecting our own intellectual property and not infringing that of others; IT and business continuity risks; and legal and regulatory compliance risks.

20. Seasonality

The Group's business cycle is such that sales and profits are typically stronger in the second half of the financial year. Misys invoices many of its customers for recurring licence fees at the beginning of the second half of its financial year resulting in higher cash collection compared to the fiscal first half.

21. Registered Office

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

INDEPENDENT REVIEW REPORT TO MISYS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2011, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 November 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
25 January 2012

Notes:

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors of Misys plc are listed in the Misys plc Annual Report and Accounts for 31 May 2011 and no changes took place during the six months ended 30 November 2011.

By order of the Board

Mike Lawrie
Chief Executive Officer
25 January 2012

Stephen Wilson
Chief Financial Officer
25 January 2012