

23 July 2009

Misys plc

MISYS ANNOUNCES UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009

KEY HIGHLIGHTS

Misys plc (FTSE: MSY.L) the global application software and services company, today 23 July 2009 announces strong results and continued growth for the year ended 31 May 2009. Despite the difficult economic environment, Misys is growing revenues and profit and building a platform for growth.

Reported Group revenue from continuing operations has increased by 41% compared with the prior year, to £692m. Total reported order intake has increased by £200m to £434m. On a pro-forma like-for-like basis¹, which adjusts for the effects of the Allscripts transaction on 10 October 2008 and the favourable movement in foreign exchange rates, Group revenues were £748m a 3% increase on the prior year and total order intake rose by 2%. Reported adjusted operating profit from continuing operations² was £117m compared with £81m in the prior year, an increase of 43%. Reported adjusted operating margin was 17% compared with 16% in the prior year. On a pro-forma like-for-like basis, adjusted operating profit increased by 14.4%.

FINANCIAL PERFORMANCE

- Statutory revenue: £692m an increase of 41% (2008: £492m)
- Like for like revenue: £748m an increase of 3% (2008: £726m)
- Statutory operating profit: £115m an increase of 121% (2008: £52m)
- Like for like adjusted operating profit: £135m an increase of 14.4% (2008: £118m)
- Earnings per share: basic 16.0p (2008: 23.5p); adjusted basic earnings per share from continuing operations 9.8p (2008: 12.6p)

- Allscripts-Misys Healthcare Solutions, Inc (Allscripts)
 - Revenue as reported £348m, up 83%; on a like for like basis were £404m, up 5%;
 - Total order intake as reported £266m, up 132%; on a like for like basis were £303m, up 7%;
 - Misys plc owns a 56.7% stake of Allscripts which is listed on NASDAQ
 - The merger was completed on 10 October 2008 and the integration is substantially complete
 - Allscripts is the market leader in provision of healthcare information technology to the physician market in the US and is investing to benefit from the US federal stimulus package

- Banking
 - Revenue as reported £183m, up 15%; on a like for like basis were £183m, up 5%;
 - Total order intake as reported £90m, up 9%; on a like for like basis were £90m, down 1%;
 - Successful first customer go live for Misys BankFusion Universal Banking
 - Launched new versions of Trade Innovation, and new offerings in wealth management and risk

- Treasury & Capital Markets (TCM)
 - Revenue as reported £161m, up 14%; on a like for like basis were £161m, down 2%;
 - Total order intake as reported £78m, up 6%; on a like for like basis were £78m, down 9%;
 - TCM launched SOA Opics Plus version 3.0 and extended hosted version of Opics Plus and Loan IQ
 - Despite challenges in the market TCM gained over 25 new name customers

- Global Service (Revenue and total order intake included within above business units)
 - Revenue as reported £112m, up 30%; on a like for like basis were £124m, up 3%;
 - Total order intake as reported £115m, up 39%; on a like for like basis were £122m, down 18%;
 - Invested in high-quality and low-cost customer contact and support centre's in Bangalore, Beijing, Bucharest and Manila.
 - Expanded off-shore resources in delivering funded development to our customers

- Open Source Solutions
 - Division launched in July 2007 to drive innovation
 - Focussed strategy on Healthcare and Carbon trading markets
 - Two early customer wins one in Healthcare and the other with a major energy company to help develop infrastructure to manage carbon trading market

MIKE LAWRIE, CHIEF EXECUTIVE, COMMENTED:

"Misys continues to deliver growth in revenues and operating profit despite continuing difficult markets. Commitment to our customers has remained our priority, delivering new solutions, products and services and responding to their needs in a tough economic environment."

"Our robust business model, diverse geographic footprint and large installed base have helped us deliver strong financial performance in demanding conditions. We have transformed our business, to a united operating company model with excellent people using disciplined processes to deliver value to our customers."

"We are focused on cash generation and have reduced net debt by one-third and completed refinancing. As a result of these actions we have de-risked the business and we continue to see the benefits of our agile business model."

"Misys has launched over 40 new solutions, product upgrades and services since the beginning of the turnaround. We are building platforms for growth by continuing to invest in new products, in people and markets so when the global economy begins to improve we are prepared to capitalize on the opportunity."

FINANCIAL MODEL TARGETS

Misys is maintaining its previously published (23rd October 2008) Group financial model targets for the period through FY2010. In summary these called for group revenue to grow on a pro-forma like-for-like basis 5-8% and to achieve adjusted operated margins of 18-20%.

WEBCAST AND DIAL IN FACILITY

A live webcast of the presentation to analysts will be available on the Company's website at www.misys.com and also at www.cantos.com from 09.00 today and will be available on demand from approximately 14.00.

A listen only audio facility will be available by calling +44 (0)20 7906 8509. A replay facility will be available from 14.00 by calling +44 (0)20 7075 6589. Pass code: 243430#.

A results interview with Mike Lawrie, Chief Executive will be available from 07.00 on www.misys.com and on www.cantos.com.

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ABOUT MISYS PLC

Misys plc (FTSE: MSY.L), provides integrated, comprehensive solutions that deliver significant results to organisations in the financial services and healthcare industries. We maximise value for our customers by combining our deep knowledge of their business with our commitment to their success.

In Banking and Treasury & Capital Markets, Misys is a market leader, with over 1,200 customers, including all of the world's top 50 banks. In healthcare, Misys plc owns a controlling stake in NASDAQ listed Allscripts-Misys Healthcare Solutions, Inc, a clear leader in the provision of healthcare information technology, serving more than 150,000 physicians, 700 hospitals and nearly 7,000 post-acute and homecare organisations. Misys employs 6,000 people who serve customers in more than 120 countries.

We aspire to be the world's best application software and services company, delivering results for the most important industries in the world.

Misys: Experience, Solutions, Results

CHIEF EXECUTIVE'S STATEMENT FROM THE ANNUAL REPORT

This was a year of rapid change in the global business environment and one of strong progress for Misys. The Company was presented with tough challenges and terrific opportunities, and met both head on. We helped customers in financial services respond to unprecedented conditions. We completed the first go-live of our innovative Misys BankFusion solution. We rang the NASDAQ bell announcing the completion of the Allscripts-Misys merger. And we responded quickly to the introduction of the biggest ever US healthcare stimulus package, which potentially doubled our addressable market overnight.

Turnaround strategy

We have completed phase one of our transformation – 'Get fit' and we are now firmly into phase two, focused on 'Winning More'. In last year's Annual Report I estimated that this phase will take around two years to complete, and this timescale remains appropriate despite the downturn.

We remain mindful that we are operating in unpredictable conditions. This is probably the most difficult business environment for a generation. We are guarding against the downside while competing hard for growth. We continue to take a long-term view of our markets and aim to create a high-performance Company capable of securing a long-term leadership position.

Clear strengths delivering strong results

Throughout the year we saw the benefits of the Company's core strengths and resilient business model. Our exceptional installed base, global coverage and mission-critical solutions combined to generate strong recurring revenue streams. We launched new platforms, solutions and upgrades on plan, adding value for our customers at every opportunity. And our services and support teams did more than ever before to help customers maximise their investments in our technologies.

As a result, the Company has improved profitability and customer satisfaction. Group revenue is up. Operating profit is up. Total order intake is up. Our employees are motivated and committed.

Building a platform for growth

Misys used to be viewed as a collection of parts – of different units and products. We are now one united Company, with excellent people using consistent processes to deliver integrated solutions. The enhanced quality and consistency we are introducing throughout the Company is having a positive impact on performance.

In practice, our improved processes work across everything from the way we support customers to the way we manage product development. We have streamlined our sales processes and forged strong relationships with key partners, such as HCL. We have built a new set of development capabilities around common processes, and removed duplication, unnecessary cost and inefficiency. We have built greater flexibility, scalability and interoperability into our solutions, and have been quick to partner with best-in-class providers if we think their technologies and know-how can add value for our customers.

As part of this work we have introduced a common system across Human Resources and a consistent training and development programme. We have also created a Company based on values rather than rules.

These enhancements are important if we are to transform Misys into a strong platform for growth. But our ambitions don't rest there. Phase three of our turnaround strategy is to lead, and our objective is to turn Misys into a high-performance organisation – a leader that generates superior value for customers and investors.

Looking ahead

The principles we set out at the start of our turnaround hold true today. We continue to put customers first and ensure we respond rapidly to their evolving needs. We will exert tight control on our operations, driving costs down, improving efficiency and continuing to invest for the future. Finding new ways to add value for customers remains our number one priority, and the most effective way to create value for our shareholders.

Mike Lawrie
Chief Executive Misys plc

Financial review

Operating results for continuing operations for the year ended 31 May 2009

	Revenue		Operating Profit		Margin	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 %	2008 %
Allscripts	404	386	83	65	20	17
Banking	183	175	35	23	19	13
TCM	161	165	36	39	22	24
Central Services	-	-	(19)	(9)		
Pro-forma like-for-like results	748	726	135	118	18	16
Changes in exchange rates/pro-forma adjustments	(56)	(234)	(18)	(37)		
Adjusted results	692	492	117	81		
Exceptional items	-	-	8	(25)		
Other	-	-	(10)	(4)		
Reported operating results from continuing operations	692	492	115	52		

To assist the reader the above table shows adjusted and pro-forma like-for-like results in addition to reported results from continuing operations. No businesses disposed of in the current year were classified as discontinued operations. During the year, a business owned by the merged Allscripts operation, Medications Services Group, was disposed of. The operation was not considered material enough to disclose as a discontinued operation but has been excluded from the pro-forma like-for-like results in the table above. Percentages shown are based on movements calculated in £000's.

Reported operating results

The reported revenue of £692.4m (2008 : £492.3m) is analysed by business into Banking £183.0m (2008 : £159.8m), Treasury & Capital Markets ("TCM") £161.1m (2008 : £141.7m) and Allscripts £348.3m (2008 : £190.8m). The reported operating profit from continuing operations of £115.4m (2008 : £52.4m) is analysed by business into Banking £36.9m (2008: £10.4m), TCM £33.2m (2008: £31.5m), Allscripts £94.5m (2008: £30.5m) and Central Services £49.2m loss (2008: £20.0m loss).

Adjusted results

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

Exceptional items in the current year consist of: turnaround programme and restructuring activities £27.5m (Banking: £1.6m; TCM: £3.3m, Allscripts: £0.2m and Central Services £22.4m); £26.9m of costs relating to the merger of Misys Healthcare Systems and Allscripts Healthcare Solutions, £69.3m of profit (Allscripts : £69.8m profit, Central Services : £0.5m loss) arising on the sale of Misys Healthcare Systems, £4.7m from the loss on a currency swap, a loss of £1.1m on the disposal of Medications Services Group within Allscripts and a £1.2m loss on impairment of an investment held by Allscripts.

Other items include gains on embedded derivatives in Banking £4.2m (2008: £0.6m loss) and TCM £0.6m (2008: £0.1m loss), and Central Services £0.9m (2008 : £nil), amortisation of acquired intangibles and investments in Banking £1.1m (2008: £1.4m) and Allscripts £11.3m (2008: £1.2m) and translation exchange differences recycled from reserves in Central Services, £3.3m loss (2008: £0.1m loss).

Pro-forma like-for-like results

Pro-forma like-for-like financial information is translated at constant exchange rates based on adjusted results and is for continuing businesses. Pro-forma adjustments assume Allscripts healthcare operations were combined on 1 June 2007. The financial information in respect of the former Allscripts Healthcare Solutions business is derived from previously reported US GAAP information, restated under IFRS and adjusted to exclude the results from significant operations disposed of during the period. Given that the Allscripts financial year differed from the Misys financial year, the comparative information for 2008 includes the Allscripts results for the 12 months to 30 June 2008, being the closest reporting period to the Misys fourth quarter, and pro-forma results from 1 June 2008 to 10 October 2008 based on the Allscripts results for the quarter from July to September 2008. The financial information in respect of the former Misys healthcare business is derived from previously reported US GAAP information included in the "carve-out" financial statements of that business, restated under IFRS and adjusted to exclude the results of significant businesses disposed of during the period.

The pro-forma revenue adjustment of £56m in the table above for 2009 relates to Allscripts Healthcare Solutions revenue for the period to 10 October 2008. The revenue adjustment of £234m for 2008 includes £121.4m of pro-forma adjustments to Allscripts Healthcare Solutions as if it had been merged with Misys Healthcare on 1 June 2007.

Restating the revenue for 2008 using the average exchange rates for 2009 has increased 2008 revenues by £111.9m (Allscripts : £73.7m increase, Banking : £14.8m increase, TCM : £23.4m increase). The most significant impact is from the movement in the US dollar and the Euro, where the average exchange rates in 2009 were US\$ 1.65 : £1 and €1.18 : £1 compared to US\$ 2.00 : £1 and €1.38 : £1 in 2008.

The operating profit pro-forma adjustment of £18m in the table above for 2009 relates to Allscripts Healthcare Solutions operating profit for the period to 10 October 2008. The operating profit adjustment of £37m for 2008 includes £15m of pro-forma adjustments to include Allscripts Healthcare Solutions as if it had been merged with Misys Healthcare on 1 June 2007.

Restating the operating profit using the average exchange rates for 2009 has increased 2008 operating profit by £21.6m (Allscripts: £10.8m increase, Banking : £4.1m increase, TCM : £6.8m increase, Central Services: £0.1m increase).

Group and divisional performance

The information in this section is presented on a pro-forma like-for-like basis. All figures are quoted in sterling using average exchange rates for the year ended 31 May 2009.

Group

Revenue for the year at £748m was 3% above that of the previous year, a good result in the difficult market conditions that prevailed during the year. Banking revenue increased by 5%, TCM decreased by 2% and Allscripts increased by 5%. Operating profit at £135m was 14% ahead of last year, as costs were tightly controlled and operating synergies were realised. The operating margin was up six percentage points in Banking, down two percentage points in TCM, up three percentage points in Allscripts and by two percentage points overall. Total order intake, calculated on a gross basis, includes Initial Licence Fees (ILF), Application Service Provider (ASP) orders, transaction processing, Global Services and hardware contracts signed during the fiscal year. In 2009, total order intake was £471m, up 2% compared with £460m for 2008.

Revenue profile

	2009 Reported		2009 Pro-forma like-for-like		2008 Pro-forma like-for-like	
	£m	% of total	£m	% of total	£m	% of total
ILF	143	21	160	21	167	23
ASP	22	3	31	4	18	2
Maintenance	276	40	292	39	279	38
Transaction processing	100	14	104	14	100	14
Global Services	112	16	124	17	121	17
Hardware	20	3	27	4	29	4
Other	19	3	10	1	12	2
	692	100	748	100	726	100

We analyse revenue under six headings:

ILF

ILF is the revenue generated when Misys sells the right to use a software product (including significant upgrades) to a customer. ILF decreased by 4%, principally as a result of the performance within TCM.

ASP

Application Service Provider fees arise from the provision of computer-based services over a network using software referred to as on demand software or software as a service (SaaS). This increased 65% compared to last year principally as a result of a 72% increase registered at Allscripts.

Maintenance

When a customer buys software they also enter into either a maintenance or recurring licence fees contract. These contracts provide technical support or trouble-shooting assistance, such as helpdesk support. A maintenance contract will also provide routine upgrades and enhancements, and maintenance also includes fees for support contracts for hardware. On a pro-forma like-for-like basis, Banking, TCM and Allscripts all recorded good growth rates in the year.

Transaction processing

Misys provides transaction processing services based on Electronic Data Interchange (EDI) services, which is an electronic link between parties that wish to exchange data. Transaction processing revenue has grown by 3% principally driven by Allscripts.

Global Services

Global Services revenues include professional services (consulting) revenues as well as revenues derived from education and training.

Global Services grew by 3% on prior year with strong growth in TCM and Allscripts partially offset by a reduction in Banking.

Hardware

Sales of hardware, principally within Allscripts, were down by 8% on prior year.

Allscripts

<i>All figures in £ millions</i>	2009	2008	Change
Order intake			
ILF/ASP	137	90	52%
Global Services	47	73	(36%)
Transaction processing	93	88	6%
Hardware	26	32	(21%)
Total order intake	303	283	7%
Revenue			
ILF/ASP	90	84	7%
Maintenance	140	133	5%
Transaction processing	92	88	4%
Global Services	45	40	12%
Hardware	27	29	(8%)
Other	10	12	(12%)
Total revenue	404	386	5%
Total costs	(321)	(321)	-
Adjusted operating profit	83	65	28%
Margin	20%	17%	

The merger to form Allscripts was completed on 10 October 2008 and the integration is substantially complete. The new company is the market leader in the US physician office IT market and has made rapid progress in integrating the product portfolio, delivering cost synergies and cross-selling between the former Misys and Allscripts installed customer base. Allscripts continues to invest to be well prepared to benefit from the U.S. federal stimulus package which encourages physicians to adopt healthcare information technology.

ILF Order intake was down 7%. ASP order intake increased from £12m to £64m during the year with particular strength in the fourth quarter as Allscripts built a distribution network focused on the lower to mid-sized physicians market. Order intake for transaction processing was up 6% from £88m in 2008 to £93m in 2009, but Global Services order intake declined 36% during this period, principally due to a very large order received in the prior year.

Revenue at £404m was 5% above prior year driven by growth in ASP revenue (72%) Global Services (12%) and maintenance (5%) partially offset by hardware (down 8%) and ILF revenue (down 8%). We have continued to see the benefits of the Payerpath acquisition with transaction processing revenue growing by 4% to £92m.

Operating profit at £83m was 28% ahead of last year, reflecting the benefits of synergies from the merger. Operating margin increased from 17% to 20%.

Banking

<i>All figures in £ millions</i>	2009	2008	Change
Order intake			
ILF	50	51	(3%)
Global Services	40	40	1%
Total order intake	90	91	(1%)
Revenue			
ILF	58	47	24%
Maintenance	81	80	2%
Global Services	44	48	(8%)
Total revenue	183	175	5%
Total costs	(148)	(152)	(3%)
Adjusted operating profit	35	23	52%
Margin	19%	13%	

The Banking business has responded to the changing market with new solutions, systems upgrades and services, helping it to grow revenues in a declining market. ILF order intake at £50m was 3% down on the prior year. Global Services order intake was flat at £40m.

Banking total revenue at £183m was up 5% on the prior year with particular strength in ILF revenue which grew 24%, supported by the successful delivery of customer projects contracted in earlier periods. Maintenance revenue at £81m grew by 2% demonstrating strong customer loyalty. Global Services revenue decreased by 8% to £44m as customers cut back on consulting and project spending in response to tough economic conditions.

Operating profit at £35m was 52% ahead of last year, reflecting the benefit of tight cost management coupled with revenue growth. Operating margin was 19% for the full year (2008: 13%).

TCM

<i>All figures in £ millions</i>	2009	2008	Change
Order intake			
ILF/ASP	43	50	(14%)
Global Services	35	36	(2%)
Total order intake	78	86	(9%)
Revenue			
ILF/ASP	44	55	(21%)
Maintenance	71	65	9%
Transaction processing	11	12	(5%)
Global Services	35	33	8%
Total revenue	161	165	(2%)
Total costs	(125)	(126)	(1%)
Adjusted operating profit	36	39	(8%)
Margin	22%	24%	

TCM faced challenging trading conditions in the latter part of the year with customer decision cycles becoming elongated and less predictable. ILF order intake was down 21% compared to last year at £39m. Global Services order intake was £35m, down 2% from £36m in 2008.

TCM revenue at £161m was a 2% decrease on prior year. ILF revenue decreased by 23% to £40m. TCM has developed ASP versions of its products and ASP revenue grew by 23% to £3m. Maintenance revenue at £71m showed continuing strength and grew by 9%. Global Services revenue also showed strong growth of 8% to £35m as TCM supported its customers with new services solutions. This was offset by a 5% decrease in transaction processing revenues to £11m.

Operating profit at £36m was 8% below that of last year, reflecting the impact of lower ILF revenues. Operating margin for the year was 22% (2008: 24%).

Global Services

<i>All figures in £ millions</i>	2009	2008	Change
Order intake			
Allscripts	47	73	(36%)
Banking	40	40	1%
TCM	35	36	(2%)
Total order intake	122	149	(18%)
Revenue			
Allscripts	45	40	12%
Banking	44	48	(8%)
TCM	35	33	8%
Total revenue	124	121	3%

Global Services' revenues are included within the results of the business divisions. Order intake of £122m was down 18% due principally to a very large order received in the prior year in Allscripts. Total revenue of £124m was up 3% although within Banking there was a revenue decline as customers cut back on consultancy and project spending.

Central Services

The net charge for the year was £19m against £9m in the prior year principally due to lower central charges being recovered from Allscripts and costs in relation to the development of Open Source Solutions technology.

OTHER FINANCIAL INFORMATION

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

<i>All figures in £ millions</i>	2009	2008
Reported operating results from continuing operations	115	52
Net finance costs	(21)	(3)
Profit before taxation	94	49
Taxation	(4)	(14)
Profit after taxation	90	35
Discontinued operations	-	78
	90	113
Minority interest	(8)	-
Profit attributable to Misys Plc Shareholders	82	113

Finance costs

The net finance costs charge for continuing operations at £21.2m was £17.7m higher than last year. This was due mainly to the loans taken during the year to finance the Allscripts acquisition. Included in finance costs are exceptional costs of £2.1m relating to the write off of the unamortised balance of transaction fees on the loan facilities repaid in May 2009.

Profit before taxation and taxation

Statutory profit before taxation at £94.2m, was £45.3m higher than last year reflecting the merger of Allscripts and Misys Healthcare and underlying operating margin improvements. The tax charge on continuing ordinary activities is a charge of £4.6m, compared with a charge in the prior year of £13.8m. The tax charge in the current year reflects exceptional tax items of £7.3m and a tax credit on exceptional items of £17.1m. The underlying effective tax rate, based on the adjusted profit before taxation of continuing and discontinued operations, at 34% was above last year, largely due to the impact of Allscripts' higher tax rate on the overall group.

Discontinued operations

During the prior year we completed the sale of Sesame and also disposed of the CPR and Diagnostic businesses. The results for all of these are reported under discontinued operations and generated profit after tax of £78m comprising profit on disposal before tax of £74m which was included within Exceptional items, an operating profit of £9m and a tax charge of £5m.

Earnings per share (EPS) and proposed dividend

Basic EPS at 16.0p is 7.5p less than the prior year principally due to the profit on discontinued operations last year. Adjusted basic EPS from continuing operations (adjusted to exclude exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles and translation exchange differences recycled from reserves) at 9.8p was 22% below last year (12.6p), due to the acquisition of Allscripts which we expect to be earnings accretive in 2011. In the opinion of the Directors the adjusted basic EPS provides more comparable and representative information on continuing and established trading activities of the Group. The Board is not recommending a dividend this year compared to a total dividend payable of 7.91p last year. We will reinvest the funds in our businesses to increase our rate of growth to generate strong sustainable returns for shareholders for the long term.

Key Balance Sheet and Cash Flow Information

Working capital

Current assets have increased by £108.1m in the year principally as a result of the Allscripts and Misys merger. There have been increases in trade and other receivables (£74.7m), cash and cash equivalents (£31.1m) and other (£2.3m). The increase in trade and other receivables includes an increase in net trade receivables (£53.3m), other receivables (£2.2m), and accrued income (£19.1m). Underlying these headline increases in the balance sheet, the group has tightened its focus on working capital management and achieved substantial improvements in operational metrics in the second half of the year.

Capital expenditure, research and development

Additions to property, plant and equipment in the year were £11.7m, split between leasehold improvements to our principal office locations and investments in our computer and systems infrastructure.

Expenditure on research and development in continuing operations at £99.5m increased by £27.4m in the year due principally to the Allscripts acquisition. As our development operation has improved its efficiency, we are able to devote a higher proportion of this expenditure to developing new products compared with maintaining existing products. £28.3m of research and development expenditure met the criteria to be capitalised as developed software (2008: £14.2m) reflecting the Allscripts acquisition and carefully prioritized investments in new product development in Banking and TCM. Amortisation of developed software in the year was £5.9m (2008: £3.4m).

Financing

In September 2008 the Group entered into a \$150m revolving credit facility with a syndicate of banks. In addition, the Group entered into a bridge facility agreement with ValueAct Capital Master Fund LP for \$190m. In May 2009 these facilities were refinanced with a syndicate of banks comprising an £80m term loan and a £130m multicurrency revolving credit facility. £40m of the term loan matures in May 2011 and the remaining £40m matures in May 2012. The revolving credit facility matures in May 2012.

Cash flow and net debt

Net cash flow generated from operating activities was £80.6m (2008: £5.9m). The increase was principally due to the increase in operating profit in the year following the merger with Allscripts and tighter credit control over trade and other receivables. Cash payments in respect of interest of £9.8m was higher than the previous year due to new loans taken out during the year to fund the Allscripts acquisition. The cash payments in respect of taxation at £10.0m were £14.3m lower than the prior year.

As a result of these various cash flows net debt at 31 May 2009 was a net debt position of £128.9m, compared to a net cash position last year of £25.5m.

Consolidated income statement

for the year ended 31 May 2009

all figures in £ millions	2009	2008
Continuing operations		
Revenue	692.4	492.3
Operating profit before exceptional items	107.5	77.8
Exceptional items	7.9	(25.4)
Operating profit	115.4	52.4
Finance costs	(22.7)	(5.0)
Finance income	1.5	1.5
Net finance costs	(21.2)	(3.5)
Profit before taxation	94.2	48.9
Taxation	(4.6)	(13.8)
Profit after taxation from continuing operations	89.6	35.1
Discontinued operations		
Profit after taxation and before exceptional items	-	6.9
Exceptional items	-	71.3
Profit after taxation from discontinued operations	-	78.2
Profit for the year	89.6	113.3
Attributable to:		
Shareholders of Misys plc	82.0	113.3
Minority interest	7.6	-
	89.6	113.3
	pence	pence
Basic earnings per share	16.0	23.5
Diluted earnings per share	15.8	23.3

The accompanying notes form part of the consolidated financial statements

Consolidated statement of recognised income and expense

for the year ended 31 May 2009

all figures in £ millions	2009	2008
Exchange differences on translation of foreign operations	6.8	1.4
Actuarial gains (losses) on defined benefit pension schemes	1.3	(0.6)
Tax credit on items taken directly to equity	12.3	-
Net income recognised directly in equity	20.4	0.8
Profit for the year	89.6	113.3
Total income recognised in the year	110.0	114.1
Attributable to:		
Shareholders of Misys plc	98.0	114.1
Minority interest	12.0	-
	110.0	114.1

Consolidated cash flow statement

for the year ended 31 May 2009

all figures in £ millions	2009	2008
Operating activities		
Net cash flow generated from operations	100.4	33.7
Net interest paid	(9.8)	(3.5)
Taxation paid	(10.0)	(24.3)
Net cash flow from operating activities	80.6	5.9
Investing activities		
Acquisitions and disposals of businesses	(150.5)	177.1
Capitalised expenditure on developed software	(28.4)	(14.2)
Other capital expenditure and financial investment	(22.2)	(20.4)
Net cash flow from investing activities	(201.1)	142.5
Net cash flow from financing activities	167.4	(210.1)
Net cash flow from operating, investing and financing activities	46.9	(61.7)
Differences on exchange	(10.9)	1.5
Increase (decrease) in cash and cash equivalents in the year	36.0	(60.2)
Net cash and cash equivalents at the start of the year	27.1	87.3
Net cash and cash equivalents at the end of the year	63.1	27.1

all figures in £ millions	2009	2008
Continuing operations		
Profit after taxation	89.6	35.1
Net finance costs	21.2	3.5
Taxation charge	4.6	13.8
Amortisation and impairment net of (profit) loss on disposal of intangible assets	34.2	9.0
Adjustment to goodwill recognised in prior years	-	1.3
Depreciation and impairment charge net of (profit) loss on disposal of property, plant and equipment	8.7	5.4
Share-based payment charge	11.9	5.1
Difference between pension charge and cash contributions	1.0	0.6
Net profit on disposal of businesses	(68.2)	-
Decrease (increase) in inventories	0.2	(0.4)
Decrease (increase) in trade and other receivables	(0.3)	(48.4)
(Decrease) increase in payables and provisions	(18.9)	1.7
Increase (decrease) in deferred income	15.2	(2.2)
Other non-cash movements	1.2	1.2
Net cash flow generated from continuing operations	100.4	25.7
Discontinued operations		
Profit after taxation	-	78.2
Net finance income	-	-
Taxation charge	-	4.6
Amortisation and impairment net of (profit) loss on disposal of intangible assets	-	0.1
Depreciation charge net of (profit) loss on disposal of property, plant and equipment	-	0.3
Share-based payment charge	-	0.2
Net profit on disposal of businesses	-	(73.6)
Decrease in trade and other receivables	-	3.0
Decrease in payables and provisions	-	(2.8)
Decrease in deferred income	-	(1.8)
Other non-cash movements	-	(0.2)
Net cash flow generated from discontinued operations	-	8.0
Net cash flow generated from operations	100.4	33.7

Consolidated balance sheet

as at 31 May 2009

all figures in £ millions	2009	2008
Non current assets		
Goodwill	298.3	64.9
Other intangible assets	202.1	42.6
Property, plant and equipment	29.0	17.6
Investments	6.1	7.1
Trade and other receivables	5.8	4.5
Derivative financial instruments	3.8	0.9
Deferred tax assets	33.2	21.4
	578.3	159.0
Current assets		
Inventories	1.6	1.0
Trade and other receivables	222.1	147.4
Derivative financial instruments	1.7	0.9
Current tax assets	4.3	3.4
Cash and cash equivalents	63.1	32.0
	292.8	184.7
Current liabilities		
Trade and other payables	(129.9)	(106.2)
Loans and overdrafts	(2.4)	(5.5)
Derivative financial instruments	(1.4)	(1.8)
Current tax liabilities	(23.6)	(32.3)
Provisions	(6.7)	(10.6)
Deferred income	(138.6)	(92.8)
	(302.6)	(249.2)
Net current liabilities	(9.8)	(64.5)
Total assets less current liabilities	568.5	94.5
Non current liabilities		
Trade and other payables	(3.7)	(3.0)
Loans and overdrafts	(189.3)	(0.5)
Derivative financial instruments	(2.1)	(3.2)
Deferred tax liabilities	(17.4)	(0.2)
Provisions	(19.1)	(7.7)
Deferred income	(2.4)	(0.1)
Retirement benefit obligations	(1.7)	(1.5)
	(235.7)	(16.2)
Net assets	332.8	78.3
Equity		
Share capital	5.9	5.5
Share premium account	151.9	67.3
Capital redemption reserve	0.3	0.3
Other reserves	87.6	5.2
Equity shareholders' funds	245.7	78.3
Minority interest	87.1	-
Total equity	332.8	78.3

Approved by the Board

Mike Lawrie
23 July 2009

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. The Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board.

The financial information in this statement is not audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial statements for the year to 31 May 2009 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them. Full accounts for Misys plc for the year ended 31 May 2008, prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

These unaudited preliminary results were approved by the Board on 23 July 2009.

Notes to the financial statements

1 Segmental analysis

The Group's primary segment reporting is by business sector with geographical reporting being the secondary format. The business sectors within continuing operations consist of Banking, Treasury & Capital Markets (TCM), Allscripts Healthcare (Allscripts) and Central Services. The Healthcare segment, as reported in 2008, is now part of the Allscripts segment which also includes the Allscripts business acquired on 10 October 2008. Discontinued operations consist of Hospital Systems which was sold in the prior year.

Revenue and operating profit (loss) by business

<i>All figures in £ millions</i> <i>Continuing operations</i>	Banking	TCM	Allscripts	Central Services	2009 Total
Revenue	183.0	161.1	348.3	-	692.4
Adjusted operating profit	35.4	35.9	65.4	(19.2)	117.5
Amortisation of acquired intangibles and investments	(1.1)	-	(11.3)	-	(12.4)
Gains on embedded derivatives	4.2	0.6	-	0.9	5.7
Translation exchange differences recycled from reserves	-	-	-	(3.3)	(3.3)
Operating profit before exceptional items	38.5	36.5	54.1	(21.6)	107.5
Exceptional items	(1.6)	(3.3)	40.4	(27.6)	7.9
Operating profit	36.9	33.2	94.5	(49.2)	115.4
Net finance costs					(21.2)
Profit before taxation					94.2
Taxation before exceptional items					(29.0)
Exceptional taxation items					24.4
Taxation					(4.6)
Profit for the year from continuing operations					89.6
Profit for the year from discontinued operations					-
Profit for the year					89.6

<i>All figures in £ millions</i> <i>Continuing operations</i>	Banking	TCM	Healthcare	Central Services	2008 Total
Revenue	159.8	141.7	190.8	-	492.3
Adjusted operating profit	19.2	32.2	38.8	(9.0)	81.2
Amortisation of acquired intangibles and investments	(1.4)	-	(1.2)	-	(2.6)
Losses on embedded derivatives	(0.6)	(0.1)	-	-	(0.7)
Translation exchange differences recycled from reserves	-	-	-	(0.1)	(0.1)
Operating profit before exceptional items	17.2	32.1	37.6	(9.1)	77.8
Exceptional items	(6.8)	(0.6)	(7.1)	(10.9)	(25.4)
Operating profit	10.4	31.5	30.5	(20.0)	52.4
Net finance costs					(3.5)
Profit before taxation					48.9
Taxation before exceptional items					(16.9)
Exceptional taxation items					3.1
Taxation					(13.8)
Profit for the year from continuing operations					35.1
Profit for the year from discontinued operations					78.2
Profit for the year					113.3

All revenue is derived from external customers.

Excluded from the above are the following items relating to discontinued operations: revenue £nil (2008: £30.7m); operating profit before exceptional items £nil (2008: £9.2m) and operating profit £nil (2008: £82.8m).

The Central Services charge has increased from £9.1m to £21.6m due to recharge of expenses to Allscripts being capped at \$3.0m after the merger resulting in an increase of £5.0m in Central Services. In addition costs in relation to development of Open Source technology and translation exchange differences recycled from reserves have increased by £2.5m and £3.3m, respectively.

<i>All figures in £ millions</i> <i>Continuing operations</i>	Banking	TCM	Allscripts	2009 Total	Banking	TCM	Healthcare	2008 Total
Initial Licence fees	57.4	40.2	45.5	143.1	42.8	45.1	23.9	111.8
ASP revenue	0.1	3.3	19.1	22.5	-	2.5	-	2.5
Maintenance	81.4	71.1	123.2	275.7	75.6	56.1	70.8	202.5
Transaction processing	-	11.3	88.3	99.6	-	9.7	62.4	72.1
Global services	44.1	35.2	32.6	111.9	41.4	28.3	13.8	83.5
Hardware	-	-	20.0	20.0	-	-	10.2	10.2
Other revenue	-	-	19.6	19.6	-	-	9.7	9.7
	183.0	161.1	348.3	692.4	159.8	141.7	190.8	492.3

Other segment information

<i>All figures in £ millions</i> <i>Continuing operations</i>	Banking	TCM	Allscripts	Central Services	Continuing Operations	Discontinued Operations	2009 Total
Net assets (liabilities)							
Assets	115.0	99.9	581.7	74.5	871.1	-	871.1
Liabilities	(88.7)	(74.7)	(157.4)	(217.5)	(538.3)	-	(538.3)
	26.3	25.2	424.3	(143.0)	332.8	-	332.8
Capital investment							
Goodwill & acquired intangibles	-	-	350.3	-	350.3	-	350.3
Developed software	10.9	6.7	10.8	-	28.4	-	28.4
Other	1.7	1.6	10.5	12.9	26.7	-	26.7
	12.6	8.3	371.6	12.9	405.4	-	405.4
Depreciation, amortisation and impairment							
Acquired intangibles and investments	1.1	-	11.3	-	12.4	-	12.4
Developed software	2.9	2.2	8.5	-	13.6	-	13.6
Other	1.9	1.3	5.3	3.2	11.7	-	11.7
	5.9	3.5	25.1	3.2	37.7	-	37.7
Share based payment charge	1.2	1.1	6.0	3.3	11.6	-	11.6
Employees (average number)	1,375	1,044	2,021	971	5,411	-	5,411

<i>All figures in £ millions</i> <i>Continuing operations</i>	Banking	TCM	Healthcare	Central Services	Continuing Operations	Discontinued Operations	2008 Total
Net assets (liabilities)							
Assets	101.5	97.1	67.6	77.5	343.7	-	343.7
Liabilities	(92.7)	(70.0)	(34.0)	(68.7)	(265.4)	-	(265.4)
	8.8	27.1	33.6	8.8	78.3	-	78.3
Capital investment							
Goodwill & acquired intangibles	-	-	-	-	-	-	-
Developed software	7.0	3.7	3.5	-	14.2	-	14.2
Other	4.8	3.7	0.9	7.1	16.5	0.2	16.7
	11.8	7.4	4.4	7.1	30.7	0.2	30.9
Depreciation, amortisation and impairment							
Acquired intangibles and investments	3.0	-	1.2	-	4.2	-	4.2
Developed software	2.0	1.3	0.1	-	3.4	-	3.4
Other	3.0	1.6	1.7	0.6	6.9	0.4	7.3
	8.0	2.9	3.0	0.6	14.5	0.4	14.9
Share based payment charge	-	0.8	1.1	3.2	5.1	0.2	5.3
Employees (average number)	1,788	1,066	1,601	81	4,536	439	4,975

Capital investment comprises expenditure on goodwill, other intangible assets and property, plant and equipment. Banking, TCM and in the prior year, Healthcare 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 Central Services. In the current year, Allscripts assets include all of the above items, including cash and taxation assets.

Banking, TCM and in the prior year, Healthcare, 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 Central Services. In the current year, Allscripts' liabilities include all of the above items including overdrafts, taxation liabilities and retirement benefit obligations..

<i>All figures in £ millions</i> <i>Continuing operations</i>	United Kingdom	Rest of Europe	Asia Pacific	Americas	Other	2009 Total
Revenue by destination	39.3	131.9	49.5	420.6	51.1	692.4
Assets by location of operations	95.0	69.1	26.8	653.0	27.2	871.1
Capital investment by location of operations	16.6	7.5	0.6	379.5	1.2	405.4
Employees by location of operations (average number)	485	532	1,718	2,578	98	5,411

<i>All figures in £ millions</i> <i>Continuing operations</i>	United Kingdom	Rest of Europe	Asia Pacific	Americas	Other	2008 Total
Revenue by destination	41.7	116.5	48.9	246.0	39.2	492.3
Assets by location of operations	89.2	73.4	28.4	136.6	16.1	343.7
Capital investment by location of operations	12.1	6.7	1.4	10.0	0.5	30.7
Employees by location of operations (average number)	700	470	712	2,038	616	4,536

Excluded from the above analysis are the following items relating to discontinued operations: revenue by destination United Kingdom £nil (2008: £1.3m), Americas £nil (2008: £29.4m); capital investment by location of operation Americas £nil (2008: £0.2m) and employees by location of operation United Kingdom nil (2008:5), Americas nil (2008: 274) and Other nil (2008: 160).

2 Exceptional items

<i>All figures in £ millions</i>	2009	2008
Restructuring activities and turnaround programme	(27.5)	(24.1)
Adjustment to goodwill	-	(1.3)
Merger of Misys Healthcare with Allscripts Healthcare Solutions	(26.9)	-
Currency Swap	(4.7)	-
Impairment of investment	(1.2)	-
Loss on disposal of Medication Services Group	(1.1)	-
Profit on disposal of business	69.3	-
Exceptional items within continuing operations	7.9	(25.4)
Exceptional finance costs within continuing operations	(2.1)	-
Taxation on exceptional items within continuing operations	17.1	3.1
Exceptional tax credit within continuing operations	7.3	-
Exceptional items after taxation within continuing operations	30.2	(22.3)
Profit on disposal of businesses	-	73.6
Exceptional taxation items within discontinued operations	-	(2.3)
Exceptional items within discontinued operations	-	71.3
Total exceptional items after taxation	30.2	49.0

Restructuring activities and turnaround programme

A total charge of £27.5m (2008: £24.1m) 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:

- property costs (£13.7m) being a provision for onerous leases where in the current economic climate it has proved difficult to sublet vacant office space; costs associated with the closure of offices and establishing a new headquarters in London;
- severance costs (£5.8m);
- the derecognition of intangible assets (£5.8m); and
- the creation of a customer support service centre (£1.9m).

In the prior year the costs charged as exceptional were primarily consultancy services, severance costs, UK office closures and consolidation and impairment of assets.

These costs are analysed by business as follows:

<i>All figures in £ millions</i>	2009	2008
Banking	1.6	7.4
TCM	3.3	0.6
Allscripts	0.2	5.2
Central Services	22.4	10.9
	27.5	24.1

There was a related cash outflow of £15.4m in the current year (2008: £16.3m).

Adjustment to goodwill

A total charge of £nil (2008: £1.3m) has been recognised in respect of goodwill. The charge arises principally as a result of the recognition of deferred tax assets on acquisitions in prior periods.

Merger of Misys Healthcare Systems with Allscripts Healthcare Solutions

A charge of £26.9m has been recognised in relation to costs incurred in the merger of the Misys Healthcare Systems business with Allscripts Healthcare Solutions to create Allscripts-Misys Healthcare Solutions, Inc. ("Allscripts").

These costs include a write down in Allscripts of investments and intangible assets relating to that part of the business addressing smaller physician practices (£16.0m), integration costs (£8.6m) and onerous property costs (£2.3m). There is a related cash outflow of £7.5m.

Currency Swap

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

Impairment of investment

At 31 May 2009, Allscripts carried out a review of its investment in third party corporations. As a result of that review the division has impaired the carrying value of the investment by £1.2m (2008: £nil).

Disposal of Medication Services Group business

In March 2009 Allscripts sold their pre-packaged medications business. A loss of £1.1m has been recognised on the disposal.

Profit on disposal

£69.3m has been recognised in relation to the profit on partial disposal of the Misys Healthcare business, as part of the merger transaction with Allscripts Healthcare

Finance costs

A charge of £2.1m has been charged to exceptional being the unamortised balance of the transaction costs of the original \$340m revolving credit and bridge facilities at the date of refinancing in May 2009.

Taxation

Included within current taxation is a credit of £17.1m (2008: £3.1m) in continuing operations in respect of taxation on exceptional items.

The exceptional tax credit of £7.3m reflects the benefit arising from an internal finance restructuring in an earlier period, recognised as a £2.6m credit within current taxation and a £4.7m credit within deferred tax.

3 Operating costs

<i>All figures in £ millions</i>	2009	2008
<i>Continuing Operations</i>		
Cost of sales	390.6	268.3
Occupancy costs	29.0	21.7
Sales and marketing costs	69.1	49.7
Administrative and other operating charges	96.2	74.8
Exceptional items	(7.9)	25.4
	577.0	439.9

Included within operating costs are the following items by nature:

<i>All figures in £ millions</i>	2009	2008
<i>Continuing Operations</i>		
Research and development expenditure	99.5	72.1
Capitalisation of developed software	(28.3)	(14.2)
	71.2	57.9
Amortisation of developed software	5.9	3.4
Amortisation of other intangible assets	13.9	4.0
Impairment and derecognition of intangible assets	14.4	1.6
Impairment and depreciation of property, plant and equipment	8.7	5.5
Gain on disposal of property, plant and equipment	(0.1)	(0.1)
Operating lease costs		
- land and buildings	20.4	13.3
- plant and equipment	0.4	1.5

4 Discontinued operations

<i>All figures in £ millions</i>	2009	2008
Revenue	-	30.7
Operating costs	-	(21.5)
Profit on disposal of businesses	-	73.6
Operating profit for the period	-	82.8
Net finance income	-	-
Profit before tax from discontinued operations	-	82.8
Tax	-	(4.6)
Profit after tax from discontinued operations	-	78.2

Cash flows from discontinued operations

<i>All figures in £ millions</i>	2009	2008
Net cash flows from operating activities	-	2.0
Net cash flows from investing activities	-	177.0
Net cash flows from financing activities	-	-
	-	179.0

On 23 July 2007, the Group announced its decision to exit from Hospital Systems, part of the Healthcare division, to be completed through two separate transactions during the year. The disposal of CPR was completed on 24 September 2007 for a total cash consideration of £16.3m, realising a profit on disposal of £11.7m. The disposal of the Diagnostic Information business was completed on 11 October 2007 for a total cash consideration of £182.4m, realising a profit on disposal of £61.2m. A tax charge of £2.3m has been recognised in respect of this item.

On 8 June 2007, the Group completed the sale of its Independent Financial Advisory business, Sesame, for a total cash consideration of £84.3m. A profit on disposal of £0.7m was recognised.

5 Net finance costs

<i>All figures in £ millions</i>	2009	2008
<i>Continuing operations</i>		
Bank loans and overdraft interest payable	(11.9)	(4.5)
Amortisation of financing facility costs	(8.4)	(0.5)
Other interest payable	(1.8)	(0.3)
Expected return on pension scheme assets (note 28)	2.7	3.0
Interest cost on pension scheme liabilities (note 28)	(2.6)	(2.1)
Unwinding of discount on provisions (note 25)	(0.7)	(0.6)
Finance costs	(22.7)	(5.0)
Interest receivable	1.5	1.5
Net finance costs	(21.2)	(3.5)

Bank loans and overdraft interest payable includes £7.4m payable on the loan from the majority shareholder, ValueAct. Though not a bank, the interest is reported in this category to maintain comparability year on year, since ValueAct provided interim financing for the merger with Allscripts Healthcare Solutions following the onset of Lehman Brothers administration shortly before the date of that transaction.

The amortisation of issue costs includes an amount of £2.1m being the write off of the balance of the transaction costs of the original \$340m revolving credit and bridge facilities at the date of re-financing in May 2009. This has been treated as an exceptional item.

6 Equity dividends

<i>All figures in £ millions</i>	2009	2008
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 May 2008 of 4.95p per share	23.9	-
Interim dividend for the year ended 31 May 2008 of 2.96p per share	-	14.3
Final dividend for the year ended 31 May 2007 of 4.71p per share	-	22.7
	23.9	37.0

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

7 Earnings per share

Basic 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 and established trading activities. 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. Adjusted basic and adjusted diluted EPS for continuing operations exclude the adjusted profit attributable to shareholders derived from discontinued operations.

<i>All figures in £ millions</i>	Continuing operations	Discontinued operations	2009 Total	Continuing operations	Discontinued operations	2008 Total
Profit for the year	89.6	-	89.6	35.1	78.2	113.3
Minority interest	(7.6)	-	(7.6)	-	-	-
Profit attributable to shareholders	82.0	-	82.0	35.1	78.2	113.3
Exceptional items after taxation	(30.2)	-	(30.2)	22.3	(71.3)	(49.0)
(Gains) Losses on embedded derivatives	(5.7)	-	(5.7)	0.7	-	0.7
Amortisation of acquired intangibles	7.7	-	7.7	2.6	-	2.6
Translation exchange differences recycled from reserves	3.3	-	3.3	0.1	-	0.1
Adjusted profit items attributable to minority interest	(7.0)	-	(7.0)	-	-	-
Adjusted profit attributable to shareholders	50.1	-	50.1	60.8	6.9	67.7
	pence	pence	pence	pence	pence	pence
Basic earnings per share	16.0	-	16.0	7.3	16.2	23.5
Diluted earnings per share	15.8	-	15.8	7.2	16.1	23.3
Adjusted basic earnings per share	9.8	-	9.8	12.6	1.4	14.0
Adjusted diluted earnings per share	9.7	-	9.7	12.6	1.4	14.0

The weighted average numbers of basic and diluted shares in issue during the period were 511.1m and 514.7m respectively (2008: 482.7m and 485.3m).

8 Net interest paid

<i>All figures in £ millions</i>	2009	2008
Interest received	1.4	1.5
Bank loans and overdraft interest paid	(11.2)	(5.0)
Net cash flow from interest paid	(9.8)	(3.5)

Net interest received and recognised within discontinued operations during the period included in the above was £nil (2008 £nil).

9 Analysis of net funds (debt)

<i>All figures in £ millions</i>	At 1 June 2008	Cash flow	Acquisition	Non cash movements	Differences on exchange	At 31 May 2009
Cash	32.0	(3.4)	45.4	-	(10.9)	63.1
Bank overdraft	(4.9)	4.9	-	-	-	-
	27.1	1.5	45.4	-	(10.9)	63.1
Bank loans	-	(140.5)	(1.6)	(2.3)	(6.9)	(151.3)
Other loans	-	16.7	(29.3)	(5.2)	(9.4)	(27.2)
Debentures	-	5.6	(16.4)	-	(1.4)	(12.2)
Interest bearing considerations	(0.5)	0.4	-	-	(0.2)	(0.3)
Finance leases	(1.1)	0.5	-	-	(0.4)	(1.0)
Net (debt) funds	25.5	(115.8)	(1.9)	(7.5)	(29.2)	(128.9)

Included in the above amounts are Allscripts cash balances of £44.0m and other cash balances of £0.3m (2008: £2.6m) not available for the general use of the Group. The Allscripts cash balances are restricted due to the sizeable minority interest.

During the year the Group obtained credit facilities of up to \$340m for the purpose of acquiring Allscripts Healthcare Solutions, Inc. These credit facilities were replaced by new facilities. Directly attributable transaction costs are deducted from the amount of the total credit facility, in line with the Group's accounting policy. Upon refinancing, the unamortised balance of the original transaction costs of £2.1m were written off to the income statement within finance costs.

10 Goodwill

<i>All figures in £ millions</i>	2009	2008
Cost and net book value at 1 June	64.9	198.2
Differences on exchange	22.0	(1.5)
Acquisitions	211.4	-
Disposals	-	(130.5)
Adjustment to goodwill (note 2)	-	(1.3)
Cost and net book value at 31 May	298.3	64.9

Significant cash generating units

Goodwill relating to Banking £22.6m (2008: £18.5m); TCM £33.3m (2008: £30.2m); and Allscripts £242.4m (2008: £16.2m) groups of cash generating units (CGUs) are considered significant in comparison to the total carrying amount of goodwill assets at 31 May 2009. The recoverable amount of the CGUs were determined based on value-in-use calculations and no impairment was identified during the year.

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 which are consistent with the recent financial performance of the relevant CGU. Cash flows from year two to five are extrapolated using estimated growth rates stated below which are in accordance with businesses in which the CGU operates. For Banking and TCM 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 the calculation is not sensitive to the discount rate used. For Allscripts a terminal value at year five is included in the value-in-use calculation assuming no real growth. A pre tax discount rate of between 13.5% and 16.0% was used which reflects specific risks relating to the Group in each CGU.

Sustainable growth rates ranging from 3% -12% were used to determine cash flows for year two to five taking into account market conditions for each of the relevant business segments. Direct and indirect costs and corporate

overheads have been calculated using the same percentage of revenue as for the recent budget which gives the same average operating margin over the testing period. Management determined budgeted gross margin based on past performance and its expectations of market development.

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.

Goodwill disposed of in the prior year of £130.5m relates entirely to Hospital Systems which was disposed of in 2007 (see note 4).

Acquisition of Allscripts Healthcare Solutions, Inc

On 10 October 2008 the Group acquired 56.8% of the issued share capital of Allscripts Healthcare Solutions, Inc for a cash consideration, including expenses, both paid and accrued, of £200.9m (\$330m plus related expenses). As part of the acquisition, 100% ownership of Misys Healthcare Systems was transferred to Allscripts.

Total consideration of £292.3m includes the cash consideration of £200.9m (including directly attributable expenses of £7.2m) and the fair value attributed to the 43.2% net disposal of Misys Healthcare of £91.4m. Misys Healthcare's net assets at point of sale and cost incurred totalled £22.1m leaving a reported profit of £69.3m. The fair value adjustments contain provisional amounts which will be finalised within 12 months of acquisition.

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

Allscripts contributed £127.7m revenue to the Group's revenue for the period between the date of acquisition and 31 May 2009.

If the acquisition of Allscripts had been completed on the first day of the period, the Group's pro-forma revenues for the year would be £747.8m and the Group's pro-forma operating profit would be £135.0m.

11 Other intangible assets

<i>All figures in £ millions</i>	Complete technology	Customer relationships	Trade names and brands	Total acquired intangibles	Developed software	Third party software	Total
Cost							
At 1 June 2008	20.1	4.0	0.3	24.4	49.1	16.0	89.5
Differences on exchange	5.3	3.9	1.7	10.9	6.3	1.8	19.0
On acquisition of subsidiary undertakings	49.9	58.5	30.5	138.9	-	0.6	139.5
De-recognised	-	-	-	-	-	(5.8)	(5.8)
Disposals	(2.0)	-	-	(2.0)	(7.7)	-	(9.7)
Additions	-	-	-	-	28.4	15.0	43.4
At 31 May 2009	73.3	66.4	32.5	172.2	76.1	27.6	275.9
Amortisation and impairment							
At 1 June 2008	(14.9)	(1.3)	(0.2)	(16.4)	(21.9)	(8.6)	(46.9)
Differences on exchange	(1.5)	-	0.1	(1.4)	(3.6)	(1.2)	(6.2)
Charge for the year	(6.1)	(4.5)	(1.2)	(11.8)	(5.9)	(2.1)	(19.8)
Disposals	0.2	-	-	0.2	7.7	(0.2)	7.7
Impairment	-	-	-	-	(7.7)	(0.9)	(8.6)
At 31 May 2009	(22.3)	(5.8)	(1.3)	(29.4)	(31.4)	(13.0)	(73.8)
Net book value							
At 31 May 2009	51.0	60.6	31.2	142.8	44.7	14.6	202.1

<i>All figures in £ millions</i>	Complete technology	Customer relationships	Trade names and brands	Total acquired intangibles	Developed software	Third party software	Total
Cost							
At 1 June 2007	18.2	3.8	0.4	22.4	37.8	12.6	72.8
Differences on exchange	1.9	0.2	(0.1)	2.0	1.0	0.1	3.1
Disposals	-	-	-	-	(3.9)	(2.9)	(6.8)
Additions	-	-	-	-	14.2	6.2	20.4
At 31 May 2008	20.1	4.0	0.3	24.4	49.1	16.0	89.5
Amortisation and impairment							
At 1 June 2007	(9.8)	(0.8)	(0.1)	(10.7)	(22.0)	(9.7)	(42.4)
Differences on exchange	(1.4)	(0.1)	-	(1.5)	(0.4)	(0.1)	(2.0)
Charge for the year	(2.1)	(0.4)	(0.1)	(2.6)	(3.4)	(1.5)	(7.5)
Disposals	-	-	-	-	3.9	2.7	6.6
Impairment	(1.6)	-	-	(1.6)	-	-	(1.6)
At 31 May 2008	(14.9)	(1.3)	(0.2)	(16.4)	(21.9)	(8.6)	(46.9)
Net book value							
At 31 May 2008	5.2	2.7	0.1	8.0	27.2	7.4	42.6

Included within third party software is amortisation of £nil (2008: £0.1m) in respect of discontinued operations.

Trade names and brands relate principally to the 'Allscripts' brand which is being amortised over 20 years from the date of acquisition on 10 October 2008. The fair value of the intangible assets acquired during the year is based on an independent valuation at the time of acquisition.

12 Trade and other receivables

<i>All figures in £ millions</i>	2009	2008
Trade receivables	142.9	90.5
Less: provision for impairment of receivables	(7.4)	(8.3)
	135.5	82.2
Other receivables	13.1	10.9
Prepayments	20.2	20.1
Accrued income	53.3	34.2
Current trade and other receivables	222.1	147.4
Other receivables	2.3	1.0
Accrued income	1.7	3.2
Prepayments	1.8	0.3
Non current trade and other receivables	5.8	4.5
Total trade and other receivables	227.9	151.9

13 Trade and other payables

<i>All figures in £ millions</i>	2009	2008
Trade payables	21.3	23.3
Other taxation and social security	10.8	7.5
Other payables	5.5	5.7
Accruals	92.3	69.7
Current trade and other payables	129.9	106.2
Other payables	1.1	-
Accruals	2.6	3.0
Non current trade and other payables	3.7	3.0
Total trade and other payables	133.6	109.2

Accruals comprise:

<i>All figures in £ millions</i>	2009	2008
Cost of sales (excluding staff related costs)	38.0	18.1
Staff related costs (including sales commissions and bonuses)	46.9	47.3
Other	10.0	7.3
	94.9	72.7

14 Loans and overdrafts

<i>All figures in £ millions</i>	2009	2008
Bank overdrafts	-	4.9
Bank loans	1.8	-
Finance leases	0.6	0.6
Current loans and overdrafts	2.4	5.5
Bank loans	149.5	-
Other loans	27.2	-
3.5% Senior convertible debentures	12.2	-
Interest bearing considerations	0.3	-
Finance leases	0.4	0.5
Non current loans and overdrafts	189.6	0.5
Total loans and overdrafts	192.0	6.0

Group Credit Facility

In September 2008 the Group entered into a \$150m revolving credit facility with a syndicate of banks. In May 2009 this facility was refinanced with a syndicate of banks comprising an £80m term loan and a £130m multicurrency revolving credit facility. £40m of the term loan matures in May 2011 and the remaining £40m matures in May 2012. The revolving credit facility matures in May 2012. At 31 May 2009 the term loan was fully drawn and £75m drawn against the multicurrency revolving credit facility. Interest on these borrowings is payable at LIBOR plus a variable margin (based on covenant ratio), currently 3.25%.

Arrangement fees in respect of this facility are included in the carrying value of the loan. These costs are amortised over the expected term of the facility. The amount of unamortised facility transaction fees at 31 May 2009 was £5.5m. The facility is guaranteed by certain companies within the Group.

Bridge Facility Agreement

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

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.

Other loans

On 31 December 2007, Allscripts and its subsidiaries entered into a credit agreement (the "Original Credit Facility") with JP Morgan Chase Bank, N.A., as a sole administrative agent, which provided for a total unsecured commitment of \$60m and matures on 1 January 2012. The Original Credit Facility was twice amended and restated.

On 10 February 2009 Allscripts entered into a Second Amended and Restated Credit Agreement (the "Credit Facility") with JP Morgan Chase Bank N.A., as the sole administrative agent, JP Morgan Securities Inc., as lead arranger, and Fifth Third Bank, as syndication agent and co-lead arranger. The Credit Facility provides for a total unsecured commitment of \$125m and matures on 15 August 2012. The Credit Facility may, subject to the terms and conditions set forth therein including the receipt of additional commitments from lenders, be increased up to a maximum amount not to exceed \$150m. The Credit Facility is available in the form of letters of credit in an aggregate amount up to \$10m and revolving loans. The Credit Facility will initially bear interest at LIBOR plus 2.0% and thereafter will be based upon the Allscripts leverage ratio as of the last day of the most recently ended fiscal quarter or fiscal year, commencing with the date of delivery of the Allscripts financial statements for the fiscal quarter ending after the Closing Date, pursuant to the terms of the Credit Facility.

The Credit Facility contains certain financial covenants, including but not limited to, leverage and coverage ratios to be calculated on a quarterly basis. There is no default under the Credit Facility as of 31 May 2009.

3.5% Senior Convertible Debentures

In July 2004, Allscripts completed a private placement of \$82.5m of 3.50% Senior Convertible Debentures due 2024 ("Notes"). Holders of \$54.6m principal amount of the Notes exercised their right to convert the Notes into an aggregate of 4.85m shares of Allscripts common stock. As a result of further actions taken by holders of the Notes in connection with the Transactions, there are \$19.7m of Notes outstanding as of the date of this report.

The Notes can be converted, in certain circumstances, into approximately 2.45m shares of Allscripts common stock based upon a conversion price of approximately \$8.04 per share, subject to adjustment for certain events. The Notes are only convertible under certain circumstances, including: (i) during any fiscal quarter if the closing price of Allscripts' common stock for at least 20 trading days in the 30 trading-day period ending on the last trading day of the preceding fiscal quarter exceeds \$10.45 per share; (ii) if Allscripts calls the Notes for redemption; or (iii) upon the occurrence of certain specified corporate transactions, as defined. Allscripts has the right to deliver common stock, cash or a combination of cash and shares of common stock.

Holders of the Notes may require Allscripts to repurchase some or all of the Notes on 15 July 2014 and 2019 or, subject to certain exceptions, upon a change of control of Allscripts. During July 2009 Allscripts exercised its call on the remaining \$19.7m of Notes for redemption in which payment will be made in August 2009. As a result of the call exercised by Allscripts, the Holders of the Notes have the right to convert the Notes into common stock prior to redemption.

15 Provisions for liabilities and charges

<i>All figures in £ millions</i>	Property	Contingent consideration	Other	Total
At 1 June 2008	14.9	0.6	2.8	18.3
Additional provisions charged to income statement ¹	15.4	-	1.5	16.9
Provision released	(1.4)	-	(0.4)	(1.8)
Unwinding of discount	0.7	-	-	0.7
Utilisation of provisions	(6.8)	(0.5)	(2.2)	(9.5)
Foreign exchange movements	0.7	0.4	0.1	1.2
At 31 May 2009	23.5	0.5	1.8	25.8
Analysis of total provision				
Current	4.4	0.5	1.8	6.7
Non current	19.1	-	-	19.1
	23.5	0.5	1.8	25.8

¹ Additional provisions charged to the income statement include £2.3m arising from business combination with Allscripts. The balance has been included as part of exceptional items (see note 2).

The property provisions comprise the net present value of the estimated future costs of vacant and sublet properties and the excess rent over market value for occupied properties of subsidiaries acquired in previous years after taking into account dilapidations. The provision relating to vacant and sublet properties is expected to be utilised on average over the next seven years, and the excess over market value provision over the next two years. During the year the discount rate applicable to the property provision was revised to 8% (2008: 3%) to reflect increasing yields. The closing provision using the previous discount rate of 3% would have been £26.9m.

Included in contingent consideration are amounts relating to various acquisitions. Included in other provisions are amounts principally in respect of professional fees, maintenance costs and restructuring costs for the current year and non property related onerous contracts.

16 Called up share capital

The Company has an authorised share capital of 750,000,000 1p ordinary shares (2008: 750,000,000). The table below reconciles the allotted and fully paid share capital to those shares not held by the Company.

<i>All figures in £ millions</i>	Allotted, fully paid share capital	Treasury	MEST	ESOP	Net
At 1 June 2008	551,727,036	(48,227,454)	(20,441,087)	(103,272)	482,955,223
Shares issued in the year	42,857,143	-	-	-	42,857,143
Purchase of own shares	-	-	(9,975)	-	(9,975)
Share options exercised	-	700,540	549,329	-	1,249,869
At 31 May 2009	594,584,179	(47,526,914)	(19,901,733)	(103,272)	527,052,260

On 18 March 2008, Misys launched a conditional placing of 42,857,143 new ordinary shares, with a nominal value of 1 pence per share (the 'Placing Shares') at a price of 175 pence per Placing Share. During the period, all of the Placing Shares were acquired by ValueAct Capital (acting through its general partner VA Partners 1, LLC), pursuant to the underwriting commitment provided by it at the time of the placing. Proceeds of the issue amounted to £85.0m and generated share premium of £84.6m net of issue expenses of £3.0m.

During the year nil (2008: 1,300,000) ordinary shares were purchased by the Company, representing nil% (2008: 0.24%) of the issued share capital of Misys plc, for a total cost, including expenses, of £nil (2008: £2.5m). These are held as Treasury shares within reserves and represent a deduction from shareholders' funds.

During the year 700,540 (2008: 1,979,186) Treasury shares, with a cost of £1.4m (2008: £4.0m), were utilised to satisfy share awards.

The Misys Employee Share Trust (MEST) purchases shares in the market using funds contributed by the respective Group employing companies. These shares are used to satisfy awards made under the Group's share incentive arrangements. At 31 May 2009 the MEST held 19,901,733 (2008: 20,441,087) shares purchased for a cost of £47.1m (2008: £48.4m) and with a market value of £33.1m (2008: £32.5m). During the year it utilised shares with a cost of £1.3m (2008: £2.5m) to satisfy share awards.

The Employee Share Ownership Plan (ESOP) purchases shares in the market using funds loaned by the Company. Share purchases are timed to ensure that the ESOP has sufficient shares to satisfy its requirements as and when its obligations fall due. The Trustees of the ESOP have waived its rights to dividends. At 31 May 2009, the ESOP held 103,272 (2008: 103,272) shares, purchased for a cost of £0.2m (2008: £0.2m) and with a market value of £0.2m (2008: £0.2m).

17 Share capital and reserves

<i>All figures in £ millions</i>	Share capital	Share premium	Capital redemption reserve	Other reserves	Minority interest	Total equity
At 1 June 2008	5.5	67.3	0.3	5.2	-	78.3
Total recognised income and expense for the period	-	-	-	98.0	12.0	110.0
Shares issued in the year (net of expenses)	0.4	84.6	-	-	-	85.0
Dividends paid	-	-	-	(23.9)	-	(23.9)
Exercise of Allscripts share options	-	-	-	-	3.8	3.8
Buyback of Allscripts shares	-	-	-	-	(15.2)	(15.2)
Acquisitions	-	-	-	-	84.1	84.1
Share-based payments	-	-	-	9.9	2.3	12.2
Deferred tax on share-based payments	-	-	-	(1.6)	0.1	(1.5)
At 31 May 2009	5.9	151.9	0.3	87.6	87.1	332.8

<i>All figures in £ millions</i>	Share capital	Share premium	Capital redemption reserve	Other reserves	Minority interest	Total equity
At 1 June 2007	5.5	67.3	0.3	(76.5)	-	(3.4)
Total recognised income and expense for the period	-	-	-	114.1	-	114.1
Shares issued in the year (net of expenses)	-	-	-	-	-	-
Dividends paid	-	-	-	(37.0)	-	(37.0)
Share options settled from own shares	-	-	-	2.9	-	2.9
Purchase of and other movements in own shares	-	-	-	(2.9)	-	(2.9)
Share-based payments	-	-	-	5.3	-	5.3
Deferred tax on share-based payments	-	-	-	(0.7)	-	(0.7)
At 31 May 2008	5.5	67.3	0.3	5.2	-	78.3

18 Other reserves

<i>All figures in £ millions</i>	Retained earnings	Treasury shares	Own shares	Translation reserve	Total
At 1 June 2008	149.6	(97.7)	(48.6)	1.9	5.2
Total recognised income and expense for the period	95.6	-	-	2.4	98.0
Dividends paid	(23.9)	-	-	-	(23.9)
Share options settled from own shares	(2.7)	1.4	1.3	-	-
Share-based payments	9.9	-	-	-	9.9
Deferred tax on share-based payments	(1.6)	-	-	-	(1.6)
At 31 May 2009	226.9	(96.3)	(47.3)	4.3	87.6

<i>All figures in £ millions</i>	Retained earnings	Treasury shares	Own shares	Translation reserve	Total
At 1 June 2007	73.0	(99.2)	(50.8)	0.5	(76.5)
Total recognised income and expense for the period	112.7	-	-	1.4	114.1
Dividends paid	(37.0)	-	-	-	(37.0)
Share options settled from own shares	(3.7)	4.0	2.6	-	2.9
Purchase of and other movements in own shares	-	(2.5)	(0.4)	-	(2.9)
Acquisitions	-	-	-	-	-
Share-based payments	5.3	-	-	-	5.3
Deferred tax on share-based payments	(0.7)	-	-	-	(0.7)
At 31 May 2008	149.6	(97.7)	(48.6)	1.9	5.2