

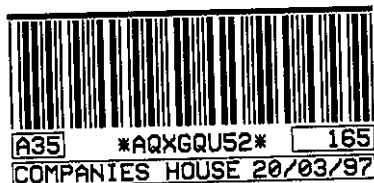
Company Registration Number 971479

MIDAS KAPITI INTERNATIONAL LIMITED

(Formerly ACT International Limited)

Report and Financial Statements

31 May 1996



MIDAS KAPITI INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 May 1996.

PRINCIPAL ACTIVITY

The principal activities of the company continue to be the supply of computer software and consultancy services, primarily for the international banking market, and the provision of management direction, marketing, and research and development for the company's fellow group undertakings.

REVIEW OF BUSINESS

For the year ended 31 May 1996, the Company recorded an operating profit of £7.56 million on turnover of £33.5 million. During the year the Company experienced good demand for its products generally and continued to build on previous successes in the Eastern European and UK markets.

The Company continued its investment in product development and the Directors are confident that the Company will continue its growth for the foreseeable future.

RESULTS

The results of the Company for the year are set out on page 5. The directors do not recommend the payment of a dividend (1995 - £1,300,000). Profits of £4,873,000 (1995 - £2,225,000) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and the interests of those serving at the end of the year in the shares of the ultimate parent company, Misys plc, were as follows:

| | | Misys plc | |
|-------------|---------------------------|----------------------------|--------------------------|
| | | Ordinary shares of 5p each | |
| | | 1996 | 1995 |
| | | | (or date of appointment) |
| F P Helsby | | - | - |
| J G Sussens | | * | * |
| D Taylor | | 12,219 | 15,288 |
| B W Moloney | (appointed 1 April 1996) | - | - |
| J G Johnson | (appointed 18 March 1996) | 163,757 | 163,757 |
| T V Gray | (resigned 6 August 1995) | n/a | - |
| J Graham | (appointed 18 March 1996) | 74,432 | 74,432 |
| S Creed | (appointed 1 April 1996) | 656 | 656 |

No Director had any interest in shares of the Company or any other group undertakings except than disclosed above.

* J G Sussens is a director of the ultimate parent company, Misys plc, and his interest in shares is shown in the financial statements of that company.

MIDAS KAPITI INTERNATIONAL LIMITED

DIRECTORS' REPORT

EMPLOYEES

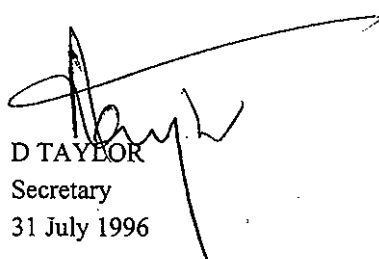
The company recognises the benefits of keeping employees informed of the progress of its business and providing them with information on matters concerning them as employees. Various methods of providing information are used within the company including consultative and discussion meetings between management and staff and the distribution of internal circulars, newsletters and Misys plc's annual report and financial statements.

It is the company's policy that disabled persons should have the same opportunities for employment, training, career development and promotion as other employees, based upon their abilities and aptitudes.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



D TAYLOR
Secretary
31 July 1996

MIDAS KAPITI INTERNATIONAL LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the year to that date. The requirements are specified in the Companies Act 1985 and in applicable accounting standards. It is also the Directors' responsibility to:

Maintain adequate accounting records;

Safeguard the assets of the Company;

Prevent and detect fraud and other irregularities;

Prepare financial statements on the going concern basis, unless it is inappropriate.

The Directors confirm that suitable accounting policies consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

**AUDITORS' REPORT TO THE MEMBERS OF
MIDAS KAPITI INTERNATIONAL LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

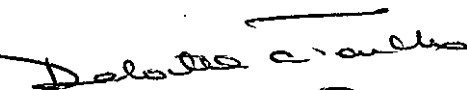
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

4 February 1997

MIDAS KAPITI INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31 May 1996

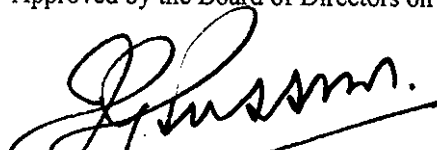
| | Note | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
|--|------|--------------------------------------|---|
| TURNOVER | | 36,614 | 35,349 |
| Cost of sales | | (13,201) | (13,853) |
| GROSS PROFIT | | 23,413 | 21,496 |
| Operating costs | | | |
| Administrative expenses | | (15,852) | (14,846) |
| OPERATING PROFIT | 2 | 7,561 | 6,650 |
| Interest | 5 | (382) | 218 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 7,179 | 6,868 |
| Tax on profit on ordinary activities | 6 | (2,306) | (3,343) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 4,873 | 3,525 |
| Dividend | 7 | - | (1,300) |
| PROFIT FOR THE PERIOD | 16 | 4,873 | 2,225 |

The results for the year are from continuing activities.

MIDAS KAPITI INTERNATIONAL LIMITED
BALANCE SHEET
31 May 1996

| | Note | 1996 £000 | 1995 £000 |
|--|------|---------------|---------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 1,448 | 1,562 |
| Investments | 9 | 1,010 | - |
| | | <u>2,458</u> | <u>1,562</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 6 | 67 |
| Debtors | 11 | 21,246 | 8,447 |
| Cash at bank and in hand | | 4,412 | 5,302 |
| | | <u>25,664</u> | <u>13,816</u> |
| CREDITORS: amounts falling due within one year | 12 | (13,245) | (9,282) |
| | | <u>12,419</u> | <u>4,534</u> |
| NET CURRENT ASSETS | | | |
| | | <u>14,877</u> | <u>6,096</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| CREDITORS: amounts falling due after more than one year | 12 | (284) | (221) |
| DEFERRED INCOME | 13 | (8,094) | (4,237) |
| | | <u>6,499</u> | <u>1,638</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 15 | 3,000 | 3,000 |
| Capital redemption reserve | | 6 | 6 |
| Profit and loss account | 16 | 4,333 | (423) |
| | | <u>7,339</u> | <u>2,583</u> |
| Goodwill reserve | 16 | (840) | (945) |
| EQUITY SHAREHOLDER'S FUNDS | 17 | <u>6,499</u> | <u>1,638</u> |

Approved by the Board of Directors on 31 July 1996 and signed on its behalf by


J.G. SUSSENS, Director

MIDAS KAPITI INTERNATIONAL LIMITED
STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES

Year ended 31 May 1996

| | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
|--|--------------------------------------|---|
| PROFIT FOR THE FINANCIAL PERIOD | 4,873 | 3,525 |
| Difference on exchange on retranslation of net assets of overseas undertaking | (12) | (28) |
| Total recognised gains and losses | <u>4,861</u> | <u>3,497</u> |

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight line basis over its expected useful life. The rates applied from the date of purchase are:

| | |
|---------------------------------|---------------------|
| Short leasehold property | Over lease term |
| Furniture, fittings & equipment | 10% - 50% per annum |

Stocks

Stocks are valued at the lower of cost and net realisable value. Where contract revenue is deferred, the related costs are treated as work in progress (net of any progress payments received) and released when revenue is recognised.

Deferred taxation

Deferred taxation is calculated using the liability method on all timing differences, at the rate at which it is anticipated the timing difference will reverse. Deferred taxation assets are only recognised if recovery beyond reasonable doubt is within the foreseeable future.

Pensions

The company operates a defined contribution pension scheme covering the majority of its employees. The costs of the pension scheme are charged to the profit and loss account as incurred.

Income recognition

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services. Revenue from sales of hardware and packaged software products is recognised when the product is despatched unless more onerous acceptance provisions have been agreed with the customer, in which case date of acceptance is the point where income is recognised. Bespoke contracts are taken to profit when the project has reached the point of practical completion. Contracted income invoiced in advance for fixed periods is taken to income in equal monthly instalments over the period of the contract.

Leasing

Fixed assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the lease obligations are charged to the profit and loss account over the period of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the lease term.

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1996

1. ACCOUNTING POLICIES (Continued)

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at rates specified in related forward contracts. Transactions in foreign currencies are translated at the rate ruling at the date of each transaction or at rates specified in related forward contracts. Exchange differences arising from settlement of trading indebtedness are included in operating profit.

The profit and loss accounts of overseas undertakings are translated at the average rates ruling throughout the periods or at rates at which forward cover exists. The balance sheets of overseas undertakings are translated into Sterling at the rates ruling at the balance sheet dates. Exchange differences arising on translation of the opening net assets and results of overseas undertakings and those resulting from borrowing and other transactions, executed solely for the purpose of exposure management, are dealt with through reserves.

Goodwill

The excess of the fair value of the purchase consideration over the fair value of net assets (liabilities) acquired is written off against reserves in the year of acquisition. A separate negative goodwill reserve has been created in the Balance Sheet for the purpose of writing off the goodwill. The goodwill reserve so created is reduced by appropriation from the profit and loss account reserve over a ten year period.

2. OPERATING PROFIT

| | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
|--|--------------------------------------|---|
| Operating profit is arrived at after charging: | | |
| Depreciation of owned assets | 469 | 715 |
| Depreciation of assets held under finance leases | 89 | 49 |
| Operating leases - plant and machinery | 247 | 290 |
| - land and buildings | 1,776 | 1,537 |
| Auditors' remuneration - audit services | 17 | 15 |

3. EMPLOYEES

| | Year ended 31 May 1996 Number | 14 months ended 31 May 1995 Number |
|--|--|---|
| The average number employed by the company was as follows: | | |
| Programming and support staff | 379 | 214 |
| Sales staff | 52 | 31 |
| Administrative and Management staff | 63 | 56 |
| | 494 | 301 |

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1996

3. EMPLOYEES (continued)

| | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
|---|--------------------------------------|---|
| Employee costs during the period amounted to: | | |
| Wages and salaries | 12,300 | 12,570 |
| Social security costs | 1,220 | 1,641 |
| Other pension costs | 487 | 342 |
| | <u>14,007</u> | <u>14,553</u> |

4. DIRECTORS' EMOLUMENTS

| | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
|---|--------------------------------------|---|
| Management Remuneration | 149 | 420 |
| Pension Costs | 11 | 36 |
| Compensation for loss of office | 33 | - |
| | <u>193</u> | <u>456</u> |
| Remuneration of the Chairman | - | - |
| Remuneration of the highest paid Director | <u>106</u> | <u>147</u> |

| | Year ended 31 May 1996 Number | 14 months ended 31 May 1995 Number |
|--|--|---|
| Scale of other directors' remuneration | | |
| £ 0 - £ 5,000 | 4 | 5 |
| £ 20,001 - £ 25,000 | 2 | - |
| £ 75,001 - £ 80,000 | - | 1 |
| £ 95,001 - £100,000 | - | 1 |
| £100,001 - £105,000 | - | 1 |

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1996

| | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
|--|--------------------------------------|---|
| 5. INTEREST | | |
| Interest receivable | 47 | 238 |
| Other interest payable | (408) | (11) |
| Finance lease interest payable | (21) | (9) |
| | <u>(382)</u> | <u>218</u> |
| 6. TAX ON PROFIT ON ORDINARY ACTIVITIES | | |
| | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
| Corporation tax at 33% (1995 - 33%) | 2,303 | 3,218 |
| Deferred and Corporation tax over provided in previous periods | 3 | 125 |
| | <u>2,306</u> | <u>3,343</u> |
| 7. DIVIDEND | Year ended 31 May 1996 £000 | 14 months ended 31 May 1995 £000 |
| Interim paid | - | 1,300 |

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1996

8. TANGIBLE FIXED ASSETS

| | Short Leasehold property £000 | Furniture, fittings and equipment £000 | Total £000 |
|---------------------------------|--|---|---------------|
| Cost | | | |
| At 1 June 1995 | 66 | 8,051 | 8,117 |
| Differences on exchange | (1) | (2) | (3) |
| Additions | - | 445 | 445 |
| Disposals | - | (967) | (967) |
| At 31 May 1996 | 65 | 7,527 | 7,592 |
| Accumulated depreciation | | | |
| At 1 June 1995 | 27 | 6,528 | 6,555 |
| Differences on exchange | (1) | (2) | (3) |
| Charge for the year | 19 | 539 | 558 |
| Disposals | - | (966) | (966) |
| At 31 May 1996 | 45 | 6,099 | 6,144 |
| Net book value | | | |
| At 31 May 1996 | 20 | 1,428 | 1,448 |
| At 31 May 1995 | 39 | 1,523 | 1,562 |

Included in the above analysis are fixed assets held under finance leases with a net book value of £396,000 (1995 - £283,000).

9. INVESTMENTS

| | Shares in subsidiary undertakings £ |
|--|--|
| Cost and net book value | |
| Transfer from group undertaking and at 31 May 1996 | 1,010,000 |

The Company's investments comprise the entire issued share capital of Quotient plc, registered in England, an intermediate parent company within the Misys Group.

The Company is a wholly owned subsidiary of Misys plc and has consequently taken advantage of S228 Companies Act 1985 not to prepare group financial statements.

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1996

10. STOCKS

| | 1996 £000 | 1995 £000 |
|------------------|--------------|--------------|
| Work in progress | 6 | 67 |

11. DEBTORS

| | 1996 £000 | 1995 £000 |
|------------------------------------|---------------|--------------|
| Trade debtors | 3,714 | 3,971 |
| Amounts owed by group undertakings | 15,904 | 3,145 |
| Other debtors | 752 | 550 |
| Prepayments and accrued income | 876 | 781 |
| | <u>21,246</u> | <u>8,447</u> |

12. CREDITORS

| | 1996 £000 | 1995 £000 |
|---|---------------|--------------|
| Amounts falling due within one year | | |
| Trade creditors | 986 | 1,144 |
| Corporation tax payable | 4,750 | 2,722 |
| Other taxation and social security | 1,495 | 492 |
| Obligations under finance leases | 121 | 61 |
| Other creditors | 178 | 3,074 |
| Accruals | 5,715 | 1,789 |
| | <u>13,245</u> | <u>9,282</u> |
| Amounts falling due after more than one year | | |
| Obligations under finance leases repayable between two and five years | 284 | 221 |
| Total creditors | <u>13,529</u> | <u>9,503</u> |

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1996

13. DEFERRED INCOME

| | 1996 | 1995 |
|------------------------------|-------|-------|
| | £000 | £000 |
| To be recognised in one year | 8,094 | 4,237 |

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of software and hardware maintenance and support services.

14. DEFERRED TAXATION

The unprovided assets are as follows:

| | 1996 | 1995 |
|--|-------|------|
| | £000 | £000 |
| Depreciation in excess of capital allowances | 791 | 681 |
| Other timing differences and losses | 390 | 174 |
| | 1,181 | 855 |

15. SHARE CAPITAL

| | 1996 | 1995 |
|---|-------|-------|
| | £000 | £000 |
| Authorised, allotted and fully paid 3,000,000 Ordinary shares of £1 each | 3,000 | 3,000 |

16. RESERVES

| | Profit and loss account £000 | Goodwill reserve £000 |
|----------------------------|------------------------------------|-----------------------------|
| At 1 June 1995 | (423) | (945) |
| Differences on exchange | (12) | - |
| Profit for the year | 4,873 | - |
| Appropriation for the year | (105) | 105 |
| At 31 May 1996 | 4,333 | (840) |

The total cumulative goodwill written off to reserves is £1,050,000.

MIDAS KAPITI INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1996

17. RECONCILIATION OF SHAREHOLDER'S FUNDS

| | 1996 £000 | 1995 £000 |
|-------------------------------------|--------------|--------------|
| Total recognised gains and losses | 4,861 | 3,497 |
| Dividends | - | (1,300) |
| Goodwill written off on acquisition | - | (1,050) |
| Net addition to shareholder's funds | 4,861 | 1,147 |
| Opening shareholder's funds | 1,638 | 491 |
| Closing shareholder's funds | 6,499 | 1,638 |

18. FINANCIAL COMMITMENTS

The annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings £000 | Other £000 |
|-------------------------------|-------------------------------|---------------|
| Operating leases which expire | | |
| Within one year | - | 179 |
| Between two and five years | 146 | 86 |
| After five years | 1,204 | - |
| | 1,350 | 265 |

19. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Misys plc, a company registered in England. Copies of the group financial statements of Misys plc may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.