

MISYS HOLDINGS LIMITED

Report and Financial Statements

31 May 2000



MISYS HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 May 2000.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company acts as an intermediate holding company within the Misys Group. In the opinion of the Directors the Company operated satisfactorily during the year. No significant change in the activities of the Company is envisaged in the forthcoming year.

RESULTS AND DIVIDENDS

The results and dividends of the Company for the year are set out in detail on page 5. An interim dividend of £27,000,000 was paid during the year (1999 : £40,000,000). The Directors do not recommend the payment of a final dividend (1999 : £nil). Losses of £4,827,000 (1999 : profits of £10,394,000) 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 1p each	
	2000	1999
R K Graham	*	*
R O Evans	10,888	1,891

* R K Graham is a Director of the ultimate parent company, Misys plc, and his interests in shares, share options and the share plans are shown in the financial statements of that company.

The options held by Directors over shares of the ultimate parent company, Misys plc, were as follows:

	Performance related options	Non-performance related options	Savings related options	2000 total	1999 total
R O Evans	46,640	-	4,110	50,750	57,144

R O Evans subscribed for 4,110 savings-related options at an exercise price of 447p on 31 August 1999.

R O Evans exercised 24,575 savings-related options at an exercise price of 70.17p per share on 9 October 1999 when the market value was 536.50p per share.

R O Evans was granted 14,071 performance-related options at an exercise price of 533p per share on 2 August 1999..

The number of rights held by Directors to acquire shares of the ultimated parent company, Misys plc, in relation to annual and matching awards in the Misys Share Incentive Plan was as follows:

	Annual Award		Matching Award	
	2000	1999	2000	1999
R O Evans	8,405	8,405	8,405	8,405

MISYS HOLDINGS LIMITED

DIRECTORS' REPORT

The following Directors were granted share awards under the Misys Annual Award Plan on 2 August 1999:

	Annual Award	Matching Award	Deferred Award
R O Evans	1,477	1,477	2,462

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

YEAR 2000

The comprehensive group-wide internal programme to ensure that all computer dependent systems continue to operate with the Y2K related date changes progressed satisfactorily to plan and, to date, there has been no disruption to Misys' operations.

Further details, including estimated costs associated with this programme, are shown in the financial statements of Misys plc.

AUDITORS

PricewaterhouseCoopers 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 on 26 July 2000 and signed on its behalf by:



R O EVANS, Director

MISYS HOLDINGS 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
MISYS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Report and Financial Statements. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

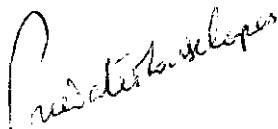
Basis of audit opinion

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 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 the company's affairs at 31 May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

26 July 2000

MISYS HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT

Year ended 31 May 2000

	Note	2000 £'000	1999 £'000
TURNOVER	1	5,000	40,362
OPERATING COSTS			
Administrative expenses		5	(5)
OPERATING PROFIT	2	5,005	40,357
Profit on disposal of subsidiary undertakings		2,950	11,870
Profit on disposal of fixed asset investments	5	20,738	-
Interest	3	-	(3,566)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		28,693	48,661
Tax on profit on ordinary activities	4	(6,520)	1,733
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		22,173	50,394
Dividend paid		(27,000)	(40,000)
(LOSS) PROFIT FOR THE YEAR	9	(4,827)	10,394

The results for the year reflect trading from continuing operations. There are no gains and losses for the years other than the (loss) profit for the financial years above. Accordingly, no statement of total recognised gains and losses is given.

MISYS HOLDINGS LIMITED
BALANCE SHEET

31 May 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Investments	5	793,227	604,133
CURRENT ASSETS			
Debtors	6	29	1,344
CREDITORS: Amounts falling due within one year	7	(789,836)	(597,230)
NET CURRENT LIABILITIES		(789,807)	(595,886)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,420</u>	<u>8,247</u>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account	9	3,420	8,247
EQUITY SHAREHOLDERS' FUNDS	10	<u>3,420</u>	<u>8,247</u>

Approved by the Board of Directors on 26 July 2000 and signed on its behalf by



R O EVANS, Director

MISYS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents dividends received on the company's investments.

Leases

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.

Investments

Investments are shown at cost less provision considered necessary for any impairment.

Deferred taxation

Provision is made for deferred taxation, under the liability method, where there is a reasonable probability that a liability will crystallise in the future. Deferred taxation assets are only recognised if recovery beyond reasonable doubt is within the foreseeable future.

2. OPERATING PROFIT

Operating profit is arrived at after charging auditors' remuneration of £nil (1999 : £nil) and operating lease expenditure of £345,000 (1999 : £38,000). The Company does not have any employees (1999 : nil). The directors are not remunerated by the Company (1999 : £nil).

3. INTEREST

	2000 £'000	1999 £'000
Other interest	<u>-</u>	<u>3,566</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
Corporation tax (charge) credit at 30% (1999 : 31%)	<u>(6,520)</u>	<u>1,733</u>

MISYS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2000

5. INVESTMENTS

	Other investments £'000	Shares in subsidiary undertakings £'000	Total £'000
Cost			
At 1 June 1999	2,590	612,490	615,080
Additions	-	221,244	221,244
Disposals	(1,923)	(30,227)	(32,150)
At 31 May 2000	<u>667</u>	<u>803,507</u>	<u>804,174</u>
Provision			
As at 1 June 1999 and 31 May 2000	<u>-</u>	<u>10,947</u>	<u>10,947</u>
Net book value			
At 31 May 2000	<u>667</u>	<u>792,560</u>	<u>793,227</u>
At 31 May 1999	<u>2,590</u>	<u>601,543</u>	<u>604,133</u>

The other investments are denominated in US dollars, are non-interest bearing and comprise investments in US technology funds and warrants. The US technology funds are focused on investing in start-up and early-stage companies in the Information Technology sector. No market exists for trading in these funds and they are held for long-term growth.

In July 1998 a series of agreements with MedE America Corporation ('MedE') were entered into through which MedE would undertake to provide certain electronic data interchange transaction processing services for a fellow group subsidiary, Medic Computer Systems Inc. As part of these arrangements, 1.25 million warrants would be received convertible into MedE common stock at a price of £13 per share, which represented approximately 10% of the fully diluted equity of MedE. The agreements contain a provision such that the warrants become fully exercisable upon a change of control. On 12th November 1999 Healtheon WebMD, an Internet e-commerce business in healthcare, acquired MedE by exchanging 0.7494 shares of common stock for each MedE stock. On completion of the MedE acquisition by Healtheon WebMD, the warrants were exercised and 446,699 Healtheon WebMD shares were received. These were sold on 26th and 27th January 2000 resulting in a profit of £20,738k after expenses.

MISYS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2000

5. INVESTMENTS (continued)

Listed below are the main investments in subsidiaries held by the Company, all holdings represent 100% of the issued ordinary and preference share capital of the subsidiary undertakings.

Company	Country of incorporation & operation
ACT Medisys Limited	England & Wales
ACT Sigmex Limited	England & Wales
Countrywide Holdings (UK) plc	England & Wales
ACT Financial Systems (Asia Pacific) Pty Limited	Australia
Misys Inc.	USA
ITL Information Technology Limited	England & Wales
Pearce Technology Limited	England & Wales
Shaw Insurance Brokers Limited	England & Wales
Misys Insurance Services (Ireland) Limited	England & Wales
Consultants (Computer & Financial) Limited	England & Wales
Misys Insurance Services Division Limited	England & Wales
Misys Banking and Securities Division Limited	England & Wales

All these companies are involved in the supply of software, equipment and support services in the area of retail, treasury and corporate banking.

In the opinion of the directors the value of the company's investments is not less than the net book value of those investments.

The Company is a wholly owned subsidiary of Misys plc and has consequently taken advantage of S.228 Companies Act 1985 *not to prepare group financial statements*.

6. DEBTORS

	2000	1999
	£'000	£'000
Other debtors	29	271
Corporation tax recoverable	-	1,073
	<u>29</u>	<u>1,344</u>

MISYS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2000

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£'000	£'000
Amounts due to group undertakings	782,467	594,996
Other creditors	137	405
Corporation tax payable	7,211	1,764
Accruals	21	65
	<u>789,836</u>	<u>597,230</u>

8. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. PROFIT AND LOSS ACCOUNT

	£'000
At 1 June 1999	8,247
Loss for the year	(4,827)
At 31 May 2000	<u>3,420</u>

MISYS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2000

10. RECONCILIATION OF SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Profit for the financial year	22,173	50,394
Dividends	<u>(27,000)</u>	<u>(40,000)</u>
Net (deduction from) addition to shareholders' funds	(4,827)	10,394
Opening shareholders' funds	8,247	(2,147)
Closing shareholders' funds	<u>3,420</u>	<u>8,247</u>

11. FINANCIAL COMMITMENTS

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

	Land and Buildings	
	2000 £'000	1999 £'000
Expiry after five years	<u>345</u>	<u>36</u>

12. ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS

The Company's ultimate parent company and controlling party is Misys plc, a company registered in England and Wales. 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.

The Company has taken advantage of the exemption under FRS8 Related Party Transactions not to disclose transactions with group undertakings since Misys plc is the beneficial owner of all of the equity share capital of the Company.