

Fidessa group plc

Annual Report and Accounts 2008



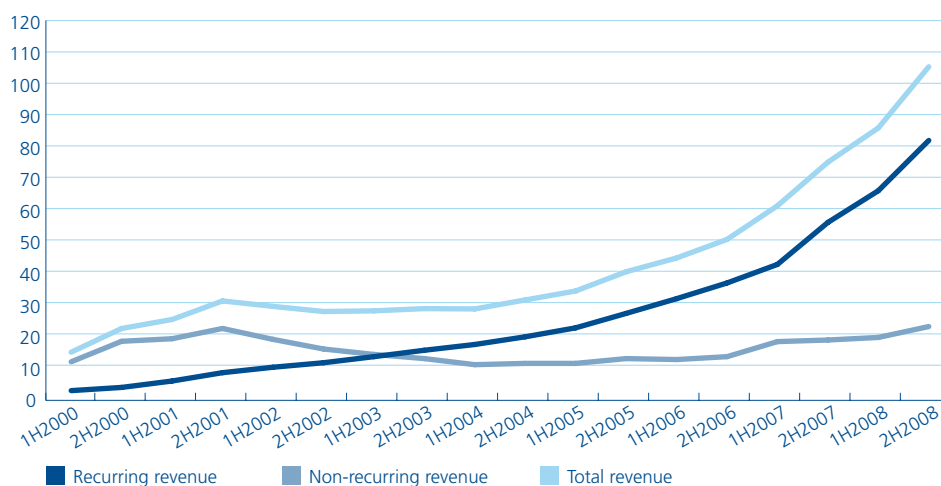
Highlights for the year ended 31st December 2008

- Revenue up 40%, adjusted operating profit up 46% and adjusted diluted EPS up 35%.
- Recurring revenue now accounting for 77% of total revenue.
- Cash of £33.1m and no debt.
- Deferred revenue balance up 57%.
- Market leading position helping to deliver strong organic growth.
- Over 130 new customers signed and strong sales pipeline.
- Strong growth in consultancy revenue.
- Long running patent dispute with Lava settled.
- Disposal of legacy Touchpaper investment resulting in a gain of £13.1 million.

	2008	2007	Change
Revenue	£189.1m	£135.0m	+40%
Adjusted operating profit*	£26.8m	£18.3m	+46%
Operating profit	£22.5m	£16.6m	+36%
Adjusted pre-tax profit*	£27.6m	£19.4m	+42%
Pre-tax profit	£36.0m	£17.1m	+111%
Adjusted diluted earnings per share*	51.8p	38.5p	+35%
Diluted earnings per share	79.1p	33.5p	+136%
Dividend per share	24.5p	18.0p	+36%

*Adjusted where relevant to remove the effect of Touchpaper gains, acquisition intangibles amortisation, patent dispute settlement, Lehman receivable write off and notional interest charge.

Recurring revenue (£m)



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Fidessa has continued to deliver strong growth despite the disruption and dislocation across the markets caused by the global financial crisis. The market impact of this crisis, including the failure of Lehman Brothers, the collapse of the Icelandic banks and the number of emergency mergers and rescues within the banking sector during 2008, has been without precedent. However, the strength of our business has allowed us to absorb these impacts and continue to grow through extending our customer base and delivering more products and services to existing customers.

Many of our customers have responded to the market conditions by focusing on efficiency, cost and competitiveness, which are all areas where our market leading sell-side and buy-side products can make a significant contribution. Some customers have migrated functions across to **Fidessa** as they look to standardise their operation around the market leading platform, while others have taken additional functionality within their existing **Fidessa** platforms, enabling them to exploit new market opportunities. There has also been a marked increase in smaller customers taking workstation solutions in order to remain competitive and better control their risks. As a result, **Fidessa's** total user headcount, which was impacted in the first half of 2008 as some customers failed and others reduced their staff, resumed growth in the second half.

Whilst we currently have a strong order book and pipeline and are seeing only a small impact on buying cycles, we are clearly facing uncertain and unprecedented market conditions which make it difficult to forecast accurately in the short term. Many of our customers are facing exceptionally difficult trading conditions and we are keenly aware of our role in being a supportive partner to our customers throughout this period whilst maintaining a strong

focus on managing our own costs. We expect that a number of trends will develop as a result of the global financial crisis, including increased focus on more transparent exchange traded instruments, requirements for strong compliance and risk management and increased demand for low total cost of ownership, all of which are key strengths of **Fidessa** solutions. We will continue to invest in new product opportunities as well as in the extension of our existing products throughout 2009 and believe that we can continue to grow the business during this period, although the level of growth is difficult to predict. Despite the short-term challenges caused by the global financial crisis, we are confident that our long-term positioning is sound and that we can play an increasingly important role as the markets recover.

Results

In 2008 strong growth in revenue has been achieved, up 40% to £189.1 million, with the growth consistent across all regions. Adjusting the 2007 comparative to include a full year contribution from the **LatentZero** acquisition, rather than the eight months included in the consolidated results, gives like-for-like revenue growth of 34%. We have seen a small benefit in the results for 2008 from the weakness of sterling in the closing months of the year and at constant exchange rates the like-for-like revenue growth would have been 33%. Recurring revenue continued to provide the momentum in revenue growth, and grew by 51% to be 77% (2007: 72%) of revenue. Looking at the breakdown of recurring revenue across our areas of focus, indicative values for the year are that £91 million (2007: £61 million) arose from sell-side trading, £12 million (2007: £10 million) from buy-side trading, £27 million (2007: £19 million) arose from connectivity and £17 million (2007: £12 million) from market data. Consultancy revenue also showed strong growth throughout the year, up 22% to £42.0 million and representing 22% of total revenue, this

The business continues to be strongly cash generative, closing the year with a cash balance of £33.1 million and no debt.

growth being helped by the full year contribution from the acquisition. Our revenue was impacted by the failure of Lehman Brothers with £0.6 million of revenue lost in the period between collapse and the signature of contracts with the new owners of the businesses. Approximately 15% of our revenue is directly exposed to user and transaction numbers with typical contracts splitting users and transactions into bands which provides good downward protection during the economic downturn. Also, the deferred revenue in the balance sheet at the year end was up 57% to £38.2 million (2007: £24.3 million), being equivalent to 20% of 2008 revenue that can be recognised in 2009.

Strong growth in operating profit has also been achieved. The adjusted operating profit was up 46% to £26.8 million (2007: £18.3 million). This represents an operating margin of 14.2% for 2008, up from 13.6% for 2007. This has been measured before the amortisation of acquired intangibles, the £1.0 million one-off charge for the patent dispute settlement and the £0.6 million receivable write off arising from the failure of Lehman Brothers. The unadjusted operating profit was up 36% to £22.5 million (2007: £16.6 million). The weakness of sterling in the closing months of the year also benefitted the operating profit and at constant exchange rates the operating profit growth would have been 41%.

Included in finance income are the initial proceeds from the disposal of the investment in Touchpaper. This has netted a gain of £13.1 million in the year. Finance income from bank and other deposits reduced as interest rates decreased and the notional interest charge relating to the deferred consideration from the **LatentZero** acquisition has decreased as the first instalment of deferred consideration was paid.

The overall profit before tax has grown by 111% to £36.0 million (2007: £17.1 million). The effective tax rate is 23.1%, down from 32.1% in 2007. The significant reduction in the effective tax rate is due to the majority of the Touchpaper gains being non-taxable. Excluding the effect of the Touchpaper gains the underlying tax rate has increased to 35.5%. This is due to exchange rates increasing the proportion of earnings from overseas regions with higher tax rates and the release of deferred tax assets related to unexercised share options where the exercise price is now greater than the current share price. The cash tax rate was 28.8% for 2008, up from 18.0% in 2007, as a result of the higher tax charge and fewer share incentives being exercised in 2008.

Diluted earnings per share, adjusted for the operating profit adjustments and to exclude the notional interest charge and Touchpaper gains, which the directors believe provides a better indication of the underlying performance of the business, were 51.8 pence for the year, an increase of 35% from 38.5 pence for 2007. The IFRS diluted earnings per share were 79.1 pence (2007: 33.5 pence), an uplift of 136%.

The total dividend for the full year is being increased in line with earnings by 36% to 24.5 pence. The final dividend, if approved by shareholders, will be 17.0 pence, to be paid on 8th June 2009 to shareholders on the register on 8th May 2009. The ex-dividend date will be 6th May 2009.

The business continues to be strongly cash generative, closing the year with a cash balance of £33.1 million (2007: £24.8 million) and no debt. Some of the major items of cash flow in the year were the £13.4 million inflow from the sale of the Touchpaper investment, £22.7 million outflow for capital expenditure and £7.8 million outflow for deferred consideration from the

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LatentZero acquisition. Invoicing at the end of the year was particularly strong, resulting in the high trade receivables balance at the year end and this should provide healthy cash generation into 2009. The net cash generated from operating activities was £42.7 million, representing an operating cash conversion rate of 160%.

Staff numbers have increased with the growth of the business. Over 20% of staff continue to be dedicated to product development. The average headcount for the period was 1,281, up 25% from 1,027 in 2007. Staff numbers at 31st December 2008 had increased to 1,391 from 1,160, an increase of 20%.

2008 important events

During 2008 the key events in the Group's development have been the implementation of the Group's business plan and successful integration of **LatentZero**, acquired during 2007. The market has been driven by the fragmentation of liquidity following various regulatory changes last year and the growth in market data and connectivity requirements. During 2008 there has been a major global financial crisis which has affected many of **Fidessa's** customers and resulted in some firms entering administration and increased market consolidation. Growth has been generated throughout the Group's operations with particular success in the Canadian element of the Group's North American operation and in Asia where the Group enjoyed success with its hosted offerings as well as significant extensions to existing systems.

The Group has disposed of its holding in Touchpaper which has netted a gain of £13.1 million and bolstered our cash resources.

In order to allow more rapid integration of the **LatentZero** and **Fidessa** businesses, an agreement was made to fix the 2008

contingent consideration for **LatentZero** at a discounted value. This allowed **LatentZero** management to shift focus to the combined business rather than being exclusively focused on the **LatentZero** business.

Other important events are as noted elsewhere in this Annual Report.

Risk factors

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

The principal risks and uncertainties facing the Group include: the current state of the world's financial markets, customers' financial stability, M&A activity within the customer base and within the technology sector, dependence on **Fidessa's** core technology, competition, levels of operational spending versus revenue, other economic and market conditions, continued service of executive directors and senior managers, hiring and retention of qualified personnel, product errors or defects, lawsuits and intellectual property claims.

In addition to the foregoing, the primary risk and uncertainty related to the Group's performance for 2009 is the challenging macroeconomic environment caused by the global financial crisis, which could have a material impact on the Group's performance over the next year and could cause actual results to differ materially from expected and historical results. A material downturn in buy-side trading or in company market valuations could result in an impairment to the carrying value of goodwill from the **LatentZero** acquisition.

We will continue to invest in new product opportunities as well as in the extension of our existing products throughout 2009 and believe that we can continue to grow the business during this period, although the level of growth is difficult to predict.

Lava patent lawsuit

In June 2003 **Fidessa** noted an announcement released by Lava Trading Inc. (now part of Citigroup) that it had filed a patent infringement claim in the US against **Fidessa**. The patent relates to the concept of displaying prices from more than one source (ECN) on a single screen in the US. In December 2003 Lava filed an amendment to its lawsuit alleging unfair trade practices on the part of **Fidessa**, in particular in relation to the pricing of products and associated services.

In December 2004 **Fidessa** announced that a Stipulated Judgment had been entered into the record in the United States District Court for the Southern District of New York, which formally recorded that the patent had not been infringed by **Fidessa**. Lava lodged an appeal and in April 2006 the United States Court of Appeals for the Federal Circuit determined that the lower court did not correctly interpret all the technical terms in the patent and referred the case back to the lower court. This meant that the patent proceedings, started in June 2003, were for the most part restarted from the beginning and all previous judgements no longer stood. Both parties were therefore expecting further significant expenditure on litigation in order to progress the case.

On 30th July this year **Fidessa** announced that a settlement agreement had been reached between it and Lava under which **Fidessa** will provide Lava with products and services valued at \$1.95 million over the next three years. In return Lava will license **Fidessa** to use the inventions covered by the patent. Both firms agree to drop all claims and counter claims relating to this dispute. The settlement of \$1.95 million is taken as a one-off charge in **Fidessa's** results for 2008.

Outlook

Whilst we currently have a strong order book and pipeline and are seeing only a small impact on buying cycles, we are clearly facing uncertain and unprecedented market conditions which make it difficult to forecast accurately in the short term. Many of our customers are facing exceptionally difficult trading conditions and we are keenly aware of our role in being a supportive partner to our customers throughout this period whilst maintaining a strong focus on managing our own costs. We expect that a number of trends will develop as a result of the global financial crisis, including increased focus on more transparent exchange traded instruments, requirements for strong compliance and risk management and increased demand for low total cost of ownership, all of which are key strengths of **Fidessa** solutions. We will continue to invest in new product opportunities as well as in the extension of our existing products throughout 2009 and believe that we can continue to grow the business during this period, although the level of growth is difficult to predict. Despite the short-term challenges caused by the global financial crisis, we are confident that our long-term positioning is sound and that we can play an increasingly important role as the markets recover.

Customers are looking to take additional functionality onto their existing **Fidessa** platform in order to leverage new market opportunities and implement hosted models in order to reduce the total cost of ownership.

Sell-side trading

Market conditions were challenging for our sell-side customers throughout 2008 as the impact of the credit crisis affected the financial markets. Some firms collapsed, including Lehman Brothers which was one of **Fidessa's** 10 largest customers. Whilst these collapses resulted in one-off losses as services that had been delivered were written off, the underlying strength of the equity businesses within these failed firms has made them attractive acquisitions and the majority have either been acquired by a competitor or spun out as a separate firm. Where this has happened, **Fidessa's** role as a key technology provider has enabled it to quickly re-sign with the new entity, significantly reducing the impact of these events on **Fidessa**.

Whilst the difficult market conditions mean that **Fidessa** is seeing some pressure on pricing for new implementations and renewals, it has also created new opportunities as customers consolidate more of their trading onto the **Fidessa** platform in order to save costs. Customers are also looking to take additional functionality onto their existing **Fidessa** platform in order to leverage new market opportunities and implement hosted models in order to reduce the total cost of ownership. Some smaller sell-side firms have also benefitted from the market conditions as buy-side customers look to spread their counterparty risk and larger firms focus more on their core areas of business. These opportunities, both at existing and new customers, have helped to drive **Fidessa's** consultancy revenue, which has grown strongly despite the market conditions.

Outside the immediate impact of the financial crises, many of the market drivers that were present in the first half of the year have continued. These include the increased fragmentation of liquidity and growing requirements for Direct Liquidity Access (DLA), growing interest in multi-asset and cross-asset support and further interest in cross border and non-member trading. **Fidessa** has

established itself as a market leader in its understanding of fragmentation and its impact on both the buy-side and sell-side, enabling it to provide a series of innovative products to help its customers respond to the changing landscape. This has included the launch of the **Fidessa** Fragmentation Index (www.fragmentation.fidessa.com) which is becoming an established metric in the measurement of fragmentation in Europe, and is used as a guide to when a stock may be safely traded on a single venue or when an advanced service such as **Fidessa's** Intelligent Liquidity Access (ILA) should be used.

In Asia **Fidessa** has continued to make progress, expanding its services across the region and signing its first broker based in mainland China as well as firms in Hong Kong and Japan. Within Asia **Fidessa** has been particularly successful with the hosted model, as customers see this as the most cost effective way to support their growth in a complex and geographically diverse market. **Fidessa** views Asia and the Middle East as markets with strong potential and plans to open further offices in Singapore and Bahrain during 2009 as it extends its market coverage and increases the level of services it provides throughout these regions.

During 2008, **Fidessa** increased its focus on its enterprise and hosted customers by separating support for these different types of customer across two business units and introducing a new managed enterprise model. These changes enable **Fidessa** to focus on delivering a customised solution to its largest customers, whether they operate **Fidessa** software on their own site or take advantage of the efficiencies offered by **Fidessa's** hosting centres. The changes also allow **Fidessa** to deliver a more focused software as a service (SaaS) approach to its mid-tier and smaller customers. This new structure will be particularly valuable in the current market conditions, ensuring **Fidessa** is able to deliver the most cost effective solution to all its customers, regardless of their size and the complexity of their requirements.

Fidessa's buy-side customers are focused on reducing their costs and looking for efficiency, whilst also ensuring that they manage risk and compliance in the best possible way.

In 2009, **Fidessa** expects that many of the drivers it is currently seeing will continue. In particular, **Fidessa** expects to see further changes in the liquidity landscape, with a number of new MTFs (Multilateral Trading Facilities) and dark pools already planning to go-live during 2009. As the competition between the liquidity venues grows, this is also resulting in new investment by the traditional exchanges with NYSE Euronext, Deutsche Börse and the Japan Stock Exchange all planning major upgrades to their infrastructure. All of this will put further pressure on financial firms to upgrade in order to support and take advantage of these changes, with those taking the **Fidessa** platform able to respond in the fastest and most cost effective manner. In every region **Fidessa** also expects to see more demand for cross-asset trading and global trading, as firms seek to leverage the value of their infrastructure across more markets and instruments. In particular, there is a strong requirement for integrated equity options support within the North American market and **Fidessa** already has products and infrastructure in place to enable it to deliver to this need during 2009. Across all markets there is the expectation that the response to the global financial crisis will involve more rigorous and onerous compliance regulations. This regulation, combined with the changes evolving naturally in the markets, will force more firms, including smaller ones, to implement better technology to ensure that they can continue to operate their business. **Fidessa's** products will ensure that it is at the forefront of this move, enabling all its customers to benefit from market opportunity without being stifled by the complexity of compliance regulation.

Buy-side trading

Within the buy-side community the effect of the market conditions has been less immediate than in the sell-side with the initial impact falling mainly on the hedge fund community which forms a small part of **Fidessa's** customer base. However, many

asset managers receive fees based on assets under management and the market conditions have therefore meant a significant reduction in fee income for these customers. As a result, **Fidessa's** buy-side customers are focused on reducing their costs and looking for efficiency, whilst also ensuring that they manage risk and compliance in the best possible way. This has resulted in an increased number of buy-side customers taking a **Fidessa LatentZero** solution, whether this is a simple workstation or a full implementation of the product suite. In order to manage their costs, many buy-side firms are also rationalising their use of technology through consolidation onto a single platform, and this has brought strong interest for fixed income and derivative support across the regions. **Fidessa** has made a substantial investment in the **Fidessa LatentZero** product suite to enhance support for these asset classes as part of a full asset class solution. The market conditions have also affected the buy-side trading desk, whose performance has come under increased scrutiny as a contributor to fund performance. With an increased usage of transaction cost analysis there has also been growing interest from the buy-side in making more use of advanced trading tools and utilising broker algorithmic services. Support for these tools is fully integrated within the **Fidessa LatentZero** product suite and it is expected that this will continue to be a growth area going forward.

As a result of recent events in the market, there is a heightened awareness within the buy-side around counterparty and issuer risk exposure. This is combining with the expectation that compliance requirements will become more stringent across the board, to drive requirements for strong compliance solutions which can help ensure compliance and manage risk at every stage of the investment process. **Fidessa LatentZero's** compliance solutions are particularly well positioned in this area and **Fidessa** expects to see increased interest in these products throughout 2009.

The provision of fast, comprehensive and accurate market information is increasingly important for any successful trading solution.

During 2008 there has been a trend within larger asset managers to look more closely at the tools they are using, with a view to making a strategic investment in an integrated workflow platform. This thinking recognises both the value that the right platform can deliver, as well as the disruption that is caused to the business by replacing point solutions on a regular basis. To support this move **Fidessa LatentZero** has introduced a new delivery model, taking greater ownership for the delivery and operation of the full product suite. This new model capitalises on the strategic relationships **Fidessa LatentZero** has with its customers and ensures that the customer is getting the best out of the products. It also enables **Fidessa LatentZero** to focus its strategic development resource onto the key areas required by these leading buy-side firms.

Throughout 2008 **Fidessa LatentZero** has continued to develop its presence in the Asian market from **Fidessa's** bases in Japan and Hong Kong and has already signed its first buy-side clients in the region. The pipeline for this region continues to look strong, and in 2009 the new office in Singapore will support this continued expansion.

Market data

As the trading strategies of both the buy-side and sell-side become more global and sophisticated in nature, and the demands of automated and algorithmic trading systems continue to rise, the provision of fast, comprehensive and accurate market information is increasingly important for any successful trading solution.

Market data is key to any investment or trading decision, and so the need for low-latency, highly resilient solutions that can scale with the increasing volumes that highly volatile markets can present is paramount. Additionally, the market landscape is changing, fuelled by regulatory changes such as MiFID in Europe and RegNMS in the US, there are numerous new trading venues

all of which become additional sources of data that financial markets participants require. In 2008 **Fidessa** has continued to expand the breadth of markets for which it provides content. This new coverage includes the addition of new venues within existing regions, as well as extending **Fidessa's** coverage further by adding markets for new regions such as Latin America and mainland China. In total, during 2008, **Fidessa** has added support for around 20 new trading venues across the world and expects further expansion of its data coverage during 2009.

As well as broadening the data coverage offered, **Fidessa** has also continued to invest in the delivery infrastructure itself. Automated and algorithmic trading systems are data intensive and require ultra-fast access so that they can monitor and act on price movements without delay. In parallel with this the volatile markets and the changing trading landscape have all contributed to a continual increase in data volumes. In Europe alone the volume of market data going through **Fidessa's** data infrastructure has peaked at levels two or three times those seen in 2007. Trading venues are upgrading their systems to cope with their own volumes, and in June 2008 the London Stock Exchange (LSE) launched its new Performance Channels service aimed at delivering ultra low-latency data for its market throughout the trading day. **Fidessa's** modern architecture, which allows it to scale its data delivery platform to accommodate these requirements, was able to handle this new service, successfully delivering it into production for over 200 clients on the very first day it was available.

Fidessa expects that the volume of market data will continue to increase during 2009 and that its data service will become an increasingly important and cost effective option for its customers. **Fidessa** plans to continue further investment in this service throughout 2009, increasing both the number of venues supported and the capacity of its infrastructure.

The Fidessa Connectivity Network is now firmly established and recognised as a leading solution in this space.

Global connectivity

As the number of trading venues around the world continues to grow, and both buy-side and sell-side businesses take a more global approach to trading, the importance of comprehensive and resilient connectivity to global markets increases.

Brokers require electronic connectivity to their buy-side clients for order flow, and continue to expand and enhance the electronic services and coverage that they offer to their clients. Buy-side firms, from niche hedge funds to the larger traditional asset managers, also demand electronic connectivity to allow the fastest access to markets and services across the world. Consequently, the provision of a broad connectivity solution to a wide range of customers, whether or not they are users of other **Fidessa** services, continues to be an important and increasingly strategic piece of **Fidessa's** offering.

In 2008 **Fidessa** continued the expansion of the **Fidessa** Connectivity Network adding more destinations, new geographic coverage and further asset-class support. The number of connected parties has increased by nearly 50%, with over 7,700 connections across 360 brokers, 2,200 buy-sides and 115 markets around the globe. Recent regulatory changes have helped fuel the emergence of new venues and the corresponding fragmentation of liquidity, with nine new liquidity venues for equity trading in Europe alone and yet more in the pipeline. **Fidessa** expects that the growth in liquidity venues will continue, with many of those already established in North America and Europe now looking to expand into new regions with a particular emphasis on Asia.

As well as expanding its coverage, **Fidessa** has also continued to invest in the infrastructure used to provide this low-latency, fully-managed connectivity service to its clients. This has been driven by the continued increase in activity **Fidessa** has seen on its network, with volumes during 2008 increasing by 80%,

to a typical level of around 180 million messages a month. This increase in volume is in part due to more and more clients making heavier use of **Fidessa's** connectivity solution, but is also a result of market volatility and changing trading patterns, with activities like the use of algorithmic trading strategies generating significant increases in their own right.

The **Fidessa Connectivity Network** is now firmly established and recognised as a leading solution in this space. **Fidessa** prides itself on having the highly specialised skills and scale that are needed to operate and evolve this service, and expects to see continued growth in demand for it from both the buy-side and sell-side.

Advanced trading tools

The structure of the world's financial markets is undergoing fundamental change. Fuelled by new regulation, changes in investment style, the emergence of new trading venues and increasing consolidation and competition amongst traditional exchanges, the choices available to both buy-side and sell-side traders are becoming increasingly complex. As a result, the need for sophisticated tools to support automated trading strategies, navigate this evolving market structure and minimise market impact is becoming paramount.

In North America, fragmented liquidity has been a feature of the marketplace for some time. However, the increase in dark pools and a growing thirst for access to international markets has added new dimensions to the trading landscape. In addition, there is increasing demand from the buy-side for faster direct market access and more active involvement in algorithmic strategies. This is also further defining the shape of services that the broker/dealers need to offer in order to compete.

In 2009 **Fidessa** expects to see continued client interest in its suite of advanced trading tools, as the markets continue to evolve and fragment.

In Europe, fragmentation of liquidity is relatively new, but growing quickly, brought about by the MiFID regulation that came into force in late 2007. Numerous trading venues, with new competitive pricing models, have appeared in 2008, offering new places to trade existing instruments. This has added a new complexity to finding available liquidity and ensuring execution at the best possible price.

In Asia, the growth in electronic trading across the region is attracting the attention of these new liquidity providers from North America and Europe, as they seek to take advantage of regulatory changes and set up in competition to the incumbent exchanges. Additionally, local institutions are looking to compete with the larger global players, and so want to diversify and offer similar sophisticated trading services with international reach.

In 2008, **Fidessa** launched its ILA strategy, which brings together a series of new and existing trading tools and services under one banner, aimed at meeting the needs of both buy-side and sell-side as they operate in this evolving and complex world.

Although several vendors offer connectivity to a number of the new venues, **Fidessa** has spent a great deal of time and effort understanding the real needs of market participants and how they want to interact with this new marketplace. By providing powerful tools that seek out all available liquidity and intelligently route orders across multiple venues accordingly, much of the burden presented by this new world can be automated, freeing up traders to focus on the more demanding trading decisions.

Over the last 12 months, **Fidessa** has signed 28 clients for ILA tools in Europe, which is testament to the effort made in

defining these services so carefully and to the value added nature of the solution. In 2009 **Fidessa** plans to make more of its advanced trading tools available in Asia through its hosted platform, as the structure of Asian markets evolves along similar lines to the rest of the world.

Also in 2008, **Fidessa** launched a suite of ultra-fast, direct liquidity access services for the sell-side in North America, enabling them to satisfy the growing desire from the buy-side for more control over their trading. These services allow the brokers to offer high-performance, sponsored multi-market access to their customers, as well as providing these clients with direct control of the algorithmic trading strategies that they can support. With more than 10 clients already signed to take these services, and significant interest in them from the marketplace as a whole, this demonstrates the strength of the **Fidessa** solution in being able to package together high-performance, sophisticated services to leverage market opportunities as they arise.

In 2009 **Fidessa** expects to see continued client interest in its suite of advanced trading tools, as the markets continue to evolve and fragment. In particular, **Fidessa** expects to see the new ILA and direct market access initiatives launched in 2008 continuing to be of interest in Europe and the North America with further opportunities throughout the world.

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Revenue

In 2008 strong growth in revenue has been achieved, up 40% to £189.1 million, with the growth consistent across all regions. Adjusting the 2007 comparative to include a full year contribution from the **LatentZero** acquisition, rather than the eight months included in the consolidated results, gives like-for-like revenue growth of 34%. We have seen a small benefit in the results for 2008 from the weakness of sterling in the closing months of the year and at constant exchange rates the like-for-like revenue growth would have been 33%. Recurring revenue continued to provide the momentum in revenue growth, and grew by 51% to be 77% (2007: 72%) of revenue. Looking at the breakdown of recurring revenue across our areas of focus, indicative values for the year are that £91 million (2007: £61 million) arose from sell-side trading, £12 million (2007: £10 million) from buy-side trading, £27 million (2007: £19 million) arose from connectivity and £17 million (2007: £12 million) from market data. Consultancy revenue also showed strong growth throughout the year, up 22% to £42.0 million and representing 22% of total revenue, this growth being helped by the full year contribution from the **LatentZero** acquisition. Our revenue was impacted by the failure of Lehman Brothers with £0.6 million of revenue lost in the period between collapse and the signature of contracts with the new owners of the businesses. Approximately 15% of our revenue is directly exposed to user and transaction numbers with typical contracts splitting users and transactions into bands which provides good downward protection during the economic downturn. Also, the deferred revenue in the balance sheet at the year end was up 57% to £38.2 million (2007: £24.3 million), being equivalent to 20% of 2008 revenue that can be recognised in 2009.

Profits

Strong growth in operating profit has also been achieved. The adjusted operating profit was up 46% to £26.8 million (2007: £18.3 million). This represents an operating margin of 14.2% for 2008, up from 13.6% for 2007. This has been measured before the amortisation of acquired intangibles, the £1.0 million one-off charge for the patent dispute settlement and the £0.6 million receivable write off arising from the failure of Lehman Brothers. The unadjusted operating profit was up 36% to £22.5 million (2007: £16.6 million). The weakness of sterling in the closing months of the year also benefitted the operating profit and at constant exchange rates the operating profit growth would have been 41%. The overall profit before tax has grown by 111% to £36.0 million (2007: £17.1 million).

Finance income and cost

Included in finance income are the initial proceeds from the disposal of the investment in Touchpaper. This has netted a gain of £13.1 million in the year. Finance income from bank and other deposits reduced as interest rates decreased and the notional interest charge relating to the deferred consideration from the **LatentZero** acquisition has decreased as the first instalment of deferred consideration was paid.

Tax

The effective tax rate is 23.1%, down from 32.1% in 2007. The significant reduction in the effective tax rate is due to the majority of the Touchpaper gains being non-taxable. Excluding the effect of the Touchpaper gains the underlying tax rate has increased to 35.5%. This is due to exchange rates increasing the proportion of earnings from overseas regions with higher tax rates and the

Strong growth in operating profit has also been achieved. The adjusted operating profit was up 46% to £26.8 million.

release of deferred tax assets related to unexercised share options where the exercise price is now greater than the current share price. The cash tax rate was 28.8% for 2008, up from 18.0% in 2007, as a result of the higher tax charge and fewer share incentives being exercised in 2008.

Earnings per share

Diluted earnings per share, adjusted for the operating profit adjustments and to exclude the notional interest charge and Touchpaper gains, which the directors believe provides a better indication of the underlying performance of the business, were 51.8 pence for the year, an increase of 35% from 38.5 pence for 2007. The IFRS diluted earnings per share were 79.1 pence (2007: 33.5 pence), an uplift of 136%.

Dividends

The total dividend for the full year is being increased in line with earnings by 36% to 24.5 pence. The final dividend, if approved by shareholders, will be 17.0 pence, to be paid on 8th June 2009 to shareholders on the register on 8th May 2009. The ex-dividend date will be 6th May 2009.

Cash and treasury

The business continues to be strongly cash generative closing the year with a cash balance of £33.1 million (2007: £24.8 million) and no debt. Some of the major items of cash flow in the year were the £13.4 million inflow from the sale of the Touchpaper investment, £22.7 million outflow for capital expenditure and £7.8 million outflow for deferred consideration from the **LatentZero** acquisition. Invoicing at the end of the year was particularly strong resulting in the high trade receivables balance at the year end and this should provide healthy cash generation into 2009. The net cash generated from operating activities was £42.7 million, representing an operating cash conversion rate of 160%.

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group, which primarily relate to credit, interest, liquidity and currency risks, which arise in the normal course of the Group's business.

Financial instruments which potentially expose the Group to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria. The Group provides credit to customers in the normal course of business and the amount that appears in the balance sheet is net of an allowance of £1,369,000 (2007 £840,000) for specific doubtful receivables, the allowance being due to age or other issues. In most situations where a receivable is aged but no specific allowance has been made for it, no revenue has been taken and it forms part of the deferred revenue balance.

The Group holds net funds and hence its interest and liquidity risks are associated with short-term cash deposits. The Group's overall objective with respect to these deposits is to maintain a balance between security of the funds, accessibility of funds and competitive rates of return. In practice this means that no deposits are made with a maturity date greater than three months. All deposits are at current market rates.

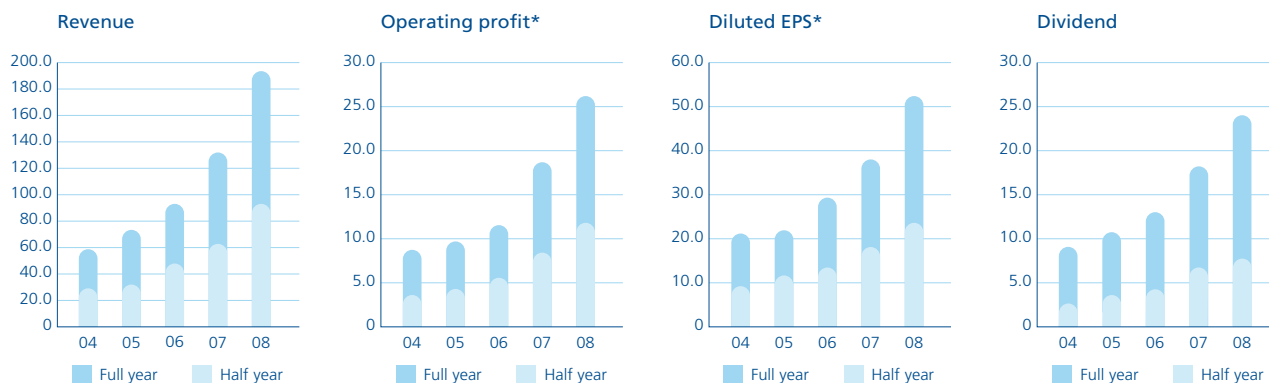
The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars, Euros and Japanese Yen. The Group has both cash inflows and outflows in these currencies that create a natural hedge. In managing currency risks the Group aims to reduce the

The total dividend for the full year is being increased in line with earnings by 36% to 24.5 pence.

impact on short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group has not entered into hedging contracts for cash positions denominated in foreign currencies.

Over the longer term permanent changes in foreign exchange would have an impact on consolidation of foreign subsidiaries' earnings. It is estimated that a general increase of one percentage point in the value of sterling against other currencies would have decreased the Group's profit before tax by approximately £148,000 for the year ended 31st December 2008 (2007: £104,000).

The Group maintains a strong capital base so as to maintain employee, customer, market, investor and creditor confidence in the business. Special dividends have been used to return surplus capital to shareholders on two occasions in the past. The Board monitors the retained cash and reserves and determines the level of annual dividend and when and how a return of capital to shareholders is appropriate.



*Adjusted where relevant to remove the effect of Touchpaper gains, acquisition intangibles amortisation, patent dispute settlement, Lehman receivable write off and notional interest charge.

The directors present their report and the audited financial statements for the Company for the year ended 31st December 2008. These will be laid before the shareholders at the Annual General Meeting to be held on 28th April 2009.

1 Directors

The Board comprises a non-executive Chairman, three independent non-executive directors (the third non-executive director was appointed in October 2008) and two executive directors. The Board considers its overall size and composition to be appropriate, having regard to the experience and skills which the Board members bring together and the fact that the Board considers the three non-executive directors to be independent of management. The serving directors are:

John Hamer (age 49), Chairman

John Hamer joined the Group in January 1983. He has a BSc. Hons. in Computer Science from Leeds University and was Chief Executive of the Group between 1992 and July 2001 when the Group had multiple business streams, each with its own Chief Executive. John became Chairman of the Group in July 2001 when the Group focused on the **Fidessa** business by divesting the help desk and call centre software businesses. The Board considers the Chairman role to be similar to that performed prior to July 2001 when there were multiple businesses and there to be no conflict with Chris Aspinwall, the Chief Executive, who was already the Chief Executive of the **Fidessa** business prior to July 2001. He currently has no other material business commitments.

Chris Aspinwall (age 45), Chief Executive

Chris Aspinwall joined the Group in August 1986 as a software engineer and was appointed to the Board in 1992. He became Chief Executive of the **Fidessa** business in 1992 and has grown it to its current world leading position. In July 2001 he became Group Chief Executive. He has a BSc. Hons. in Computer Science from York University.

Andy Malpass (age 47), Finance Director

Andy Malpass joined the Group in 1995 as Finance Director and has over 20 years' experience in the software industry, with both private and public companies. He has a BA Hons. in Accounting and Finance from Lancaster University and is a fellow of the Chartered Institute of Management Accountants.

Ron Mackintosh (age 60), Senior Independent Non-Executive Director

Ron Mackintosh was appointed to the Board in June 2004. He is Chairman of CSR Plc. Ron has held a number of senior executive positions in European technology companies. Between 1992 and 2000 he was chief executive of Computer Sciences Corporation's (CSC) European business which had revenue of \$2.5 billion. He is also a former director of Gemplus SA, and the former chairman of each of Smartstream Technologies Ltd, Northgate Information Solutions plc and Differentis.

Philip Hardaker (age 61), Independent Non-Executive Director

Philip Hardaker joined the Board as a non-executive director in February 2005. Philip is an experienced Chartered Accountant who previously served for 20 years as a partner in KPMG UK. As a partner he led teams providing audit, advisory and transaction due diligence services to a broad portfolio of clients. He also held a series of managerial and leadership positions in KPMG, both in the UK and overseas. Philip is a Trustee of Charities Aid Foundation, chairing the Audit, Risk and Compliance Committee, and is a director of CAF Bank Limited. He is also a director of The St. John of Jerusalem Eye Hospital and is an independent non-executive on the Audit Committee of Lovells LLP.

Elizabeth Lake (age 66), Independent Non-Executive Director

Elizabeth Lake was appointed to the Board as a non-executive director in October 2008. Elizabeth is a director and President of Securities Processing Solutions International at Broadridge Financial Solutions, Inc., a leading global provider of technology based outsourcing solutions to the financial services industry. She was a partner in the consultancy practice of KPMG and has also held senior executive positions at CSC Index consultancy within the financial services sector and at Ziff-Davis Technical Information Company where she was responsible for software products and services for the financial services industry.

Under Article 94 of the Company's Articles of Association the Board has power to appoint any person to be a Director but any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for election; accordingly Elizabeth Lake is eligible for election. Chris Aspinwall retires by rotation at the forthcoming Annual General Meeting in accordance with the Articles of Association and, being eligible, offers himself for re-election. The biographies of Elizabeth Lake and Chris Aspinwall are set

out above. Following formal performance evaluation, the Chairman confirms that the performance of Elizabeth Lake is effective and that the performance of Chris Aspinwall continues to be effective and that they continue to demonstrate commitment to their roles bringing their considerable commercial experience to Board meetings; accordingly the Chairman recommends their respective election and re-election. The senior independent director, Ron Mackintosh, confirms that following formal performance evaluation the performance of Mr Hamer, the Chairman, continues to be effective. Directors' interests in shares and share options in the Company are detailed in the Directors' Remuneration Report.

The appointment and replacement of directors is governed by the Articles of Association of the Company and the Nominations Committee Terms of Reference.

At the date of this Report of the Directors, indemnities are in force under which the Company has agreed to indemnify the directors and the Company Secretary to the extent permitted by law and by the Company's Articles of Association in respect of all losses arising in their capacity as officer of the Company or of any member of the Group.

2 Principal activities and business review

The Group is a world-leading supplier of multi-asset trading, portfolio analysis, decision support, investment compliance, market data and connectivity solutions for both the buy-side and sell-side globally. Available as a simple workstation or as an integrated application suite, the **Fidessa** and **Fidessa LatentZero** product suites are built on the clear vision of providing the richest functionality, coverage and distribution to the financial markets community. Further details of the Group's primary markets and the development of the business are stated in the Overview and Operations Review.

The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 31st December 2008 and of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group, constituting the business review. The information that fulfils the requirements of the business review can be found in this Directors' Report and within the Overview, Operations Review and the Finance Review of this Annual Report. Details of the Company's compliance with the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 ("the Combined Code") are set out in the Corporate Governance section of this Annual Report.

3 Risk factors

Identification and management of risk is an integral part of the day to day activities of the Group; please refer to the paragraph headed "Internal Control" in the Corporate Governance section of this Annual Report for more detail on the Group's risk management systems.

There are a number of potential risk factors which could have a material adverse financial effect on the business as well as on the value and liquidity of the Company's securities some of which have been identified below although the list may not be exhaustive. Where reasonably possible the Company or the Group as applicable has taken steps to mitigate these risks but they cannot be entirely safeguarded against all of them.

Deployment schedules under the larger implementations could be delayed in the event that a customer's requirements were to change during the deployment process and this could have a negative effect on the Group's cash flow and timing of revenue. The Group tries to avoid such delays by assessing jointly with the customer what its requirements are prior to contracting with it and continuing in dialogue with the customer throughout the implementation process.

The Group's products are dependent on the rapid transmission of data either over the internet or using dedicated communications lines in order to provide financial information to its customer base and to enable customers to effect trades in financial instruments. A major power outage, network failure or network interruption whether caused by failure of the network provider, power provider or power infrastructure, interference with or destruction of one of the Group's data centres or errors in or lack of sufficient protection of its software, IT viruses, terrorist attack or sabotage could result in the failure of its hosted service, the transmission of old or incorrect data and trades being missed, repeated or incorrectly executed. Such issues could have an adverse impact on the Group's customers and on the Group financially as well as on its reputation in its markets. The Group takes these issues very seriously and tries to take appropriate measures including investing heavily in secure data centre space, ensuring it has sufficient power supplies and protecting its systems against sabotage.

Under the Group's software testing protocols, it takes steps to prevent test trades from being executed live and to reduce the impact of such an eventuality by using a separate test site and imposing conditions on the testing such as limiting the size of test trades. It is however possible that such an error could take place and prove very costly to the Group.

The nature of financial market data is such that it needs to be constantly updated which may mean that the Group's network capacity could at some point become saturated which may adversely affect its product and network performance. While the Group has implemented measures to mitigate this risk contracting for sufficient network capacity using market leading providers of network services, there can be no guarantees that the Group and its communications network providers will be able to accommodate rapid growth in traffic volumes or avoid network failures or interruptions.

The Group's products include tools that support investment decisions, from asset allocations through what-if scenarios to implementation. The tools are high performance but have to operate in a fast-moving environment which creates some timing risk.

Although the Group endeavours to negotiate its contracts with its data providers to the extent possible in order to limit its exposure, the Group has signed agreements with overseas exchanges for the provision of financial data. Being providers which have a monopoly, some of the exchanges refuse to provide their data on terms other than their standard terms which can contain provisions which the Group would not accept under normal circumstances including, but not limited to, unlimited liability, liability for consequential loss and the application of local law.

The Group's staff are vital to the success of the business. If the Group were unable to attract adequate skilled staff to meet its requirements or were to lose key managerial, sales, professional or technical staff this could seriously affect its business. Succession planning is taken seriously by the Board and it is believed that long-term incentives under the share option schemes as well as the Share Bonus Plan and Exceptional Growth Rate Incentive Plan aid staff retention. The Group endeavours to ensure that staff are motivated by the nature of the business of the Group and the work that they carry out in their roles as employees. They are regularly appraised and encouraged to develop their skills and where appropriate are promoted in line with their potential.

Although careful steps are taken to minimise the risks posed by disaffected employees, such as protecting the Group's systems and trying to resolve any potentially volatile human resource issues, disaffected employees with access to critical information could be inclined to harm the Group. It is possible that they could do significant damage to the business and the reputation of the Group by impairing its systems. They could also endeavour to misappropriate the Group's intellectual property by attempting to reveal its source codes or trade secrets or allocating passwords or access to its systems to third parties for financial gain or to cause financial loss to the Group.

As a software group, infringement of the Group's intellectual property rights by third parties or its failure to defend infringement claims from third parties could cause damage to the business although the Group has taken reasonable steps to ensure that its intellectual property rights are appropriately protected by law.

In the event that a litigious action were to be brought against the Group then this would cause the Group to incur potentially significant costs in legal fees and in the event of an unsuccessful defence to any litigation then it could become liable to pay damages to a third party reducing any profits made in that financial period.

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars, Euros and Japanese Yen. The Group has both cash inflows and outflows in these currencies that create a natural hedge. In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group has not entered into hedging contracts for either cash or net investment positions denominated in foreign currencies. Over the longer term, however, permanent changes in foreign exchange would have an impact on consolidated earnings.

As the Group operates internationally it is subject to the tax laws and regulations of several countries. Although the Group takes careful steps to comply with applicable international tax legislation, a tax audit in any of the countries in which it operates could expose it to a challenge to its transfer pricing policies or other treatment of revenue, costs and capital expenditure and there is a possibility that the same profits could be taxed in more than one jurisdiction.

The Group's suite of products is limited in range in so far as all its products are financial software-related. It could fail to retain existing customers or attract a new client base which would reduce profits. Factors beyond its control such as instability of the financial system, a material downturn in financial markets, recession, reduced stock market valuations, market disruptions or suspensions, or factors such as the insolvency, consolidation or nationalisation of parts of its customer base could adversely affect the sales of the Group's products due to the consequential reduction in the budgets of financial institutions for expenditure on technology products and their reduced ability to pay for or requirement for such products.

As a result of the current turmoil in financial markets there has been a reduction in the types of financial instrument traded and a reduction in trading volumes of financial instruments globally. This could negatively affect Group profits because it could reduce sums billed under the Group's contracts with its customers.

The Group invests heavily in research and development of new products yet it is possible that at a future date the Group may not have the resources to respond rapidly enough to changes in customer requirements in its markets. The strategy it adopts in developing new products may not be on target and resource may be channelled into products that are ineffective or surplus to market requirements. The Group faces competition in each of its markets and were its competitors to develop a more strategically focused and cost effective rival product which better met the requirements of its customer base then this would reduce Group sales, prices and market share impacting Group profits and margins.

The cost of compliance by the Group with changes in laws or regulations by governments and other regulatory authorities in the countries in which it does business could have an adverse financial effect on the business as could prosecution of the Group for any breaches of such laws due to the potential resulting defence costs and penalties involved. The Group endeavours to comply with any such changes with the help of its financial and legal advisers where necessary.

Changes to financial reporting rules and accounting standards could affect the reported assets, liabilities or profits of the Group for future periods as well as periods already reported.

In the future the Group may decide to acquire new businesses or companies and or dispose of companies or businesses. Any given acquisition or disposal will entail costs but has the potential to increase the profitability of the Group. Although in depth due diligence would be carried out by the Group and its advisers prior to undertaking such a transaction, an acquisition could have a negative effect on the profits of the Group in the event that a target acquired could not be successfully integrated into the Group, were unable to adapt to the Group's culture, if disaffected staff from the acquired company were to leave the Group or if the acquisition did not prove as valuable to the Group as anticipated.

The Group has grown rapidly in recent years. As it grows, it needs to expand its existing resources and its infrastructure. The acquisition of additional office premises, the recruitment and training of new staff and the incidental expenditure that these measures will entail, will incur significant extra cost and if the Group is unable to manage such growth effectively its financial condition could be adversely affected.

4 Results and dividends

The financial results and position are shown in the financial statements. A fuller explanation of the results and position is provided in the Overview, the Finance Review and the Operations Review.

An interim dividend of 7.5p per ordinary share was paid on 29th September 2008. The directors propose a final dividend of 17.0p per ordinary share. The final dividend, if approved by shareholders, will be paid on 8th June 2009 to shareholders on the register at the close of business on 8th May 2009, with an ex-dividend date of 6th May 2009.

5 Change of control

The only significant agreements with change of control provisions are the Company's share option schemes, the Share Bonus Plan and the Exceptional Growth Rate Incentive Plan, all of which contain change of control provisions under which on a change of control of the Company, options and awards would vest in full subject to the satisfaction of any performance conditions at the time. The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover.

6 Share capital

Details of the authorised called-up and fully paid share capital of the Company are set out in note 18 to the financial statements. It is proposed that the Company's authorised share capital is increased this year; please refer to note 6 of the Notice of Annual General Meeting attached to this Annual Report for more details. The rights and obligations attaching to the Company's shares and the powers of the Directors are set out in the Articles of Association, copies of which can be obtained from Companies House. There are no restrictions on the voting rights attached to the Company's shares and no person holds securities in the Company carrying special rights with regard to control of the Company. The Company's Articles of Association may be amended by a special resolution of the Company's shareholders.

7 Principal shareholders

The following have notified the Company as being interested in 3% or more of the Company's issued ordinary share capital as at 13th February 2009. The last holding notified to the Company is below.

	Ordinary 10p shares	Percentage of issued share capital
Standard Life Investments Limited	2,758,909	7.8%
Aegon UK plc Group of Companies	2,709,420	7.7%
FIL Limited	1,755,160	5.0%
Schroders plc	1,709,867	4.9%
Legal & General Group Plc	1,527,930	4.3%
CJ Sharples	1,450,352	4.2%
Lloyds TSB Group Plc	1,431,635	4.1%
DA Taylor	1,153,049	3.3%

8 Changes to Articles of Association

As a result of the Companies Act 2006 ("the 2006 Act") (expected to be fully in force by 1st October 2009) replacing the Companies Act 1985, the Company wishes to update its Articles of Association to reflect the changes brought about by the 2006 Act and to make changes reflecting the growth of the business since the current Articles of Association were adopted, as well as making some minor technical or clarifying changes. A resolution to adopt the revised Articles of Association ("the New Articles") will be proposed at the Annual General Meeting to be held on 28th April 2009. A summary of the proposed changes is set out in the Notice of Annual General Meeting attached to this Annual Report. A copy of the New Articles, a copy of the current Articles of Association and a copy marked to show the differences between them will be available for inspection during normal business hours at the registered office of the Company, at the offices of Cleary Gottlieb Steen & Hamilton LLP at City Place House, 55 Basinghall Street, London EC2V 5EH and at the Annual General Meeting itself until the close of the meeting.

9 Authority to purchase own shares

At the Annual General Meeting of the Company held on 22nd April 2008, shareholders approved a general authority for the Company to re-purchase up to 3,462,918 ordinary shares in the market. This represented approximately 10% of the Company's issued ordinary share capital at the time. No purchase of shares has been made pursuant to this authority, and there is no present intention to use such authority, but the directors consider it desirable that the possibility of making such purchases under appropriate circumstances remains available. A similar authority will be requested at the forthcoming Annual General Meeting, again limited to a maximum of 10% of the Company's issued share capital. The Board intends only to exercise this authority if it believes that it will lead to an increase in earnings per share for the remaining shareholders.

10 The Fidessa group plc Employee Benefit Trust

The **Fidessa** group plc Employee Benefit Trust 1997 is a discretionary trust established for the benefit of **Fidessa** staff. It has an independent, professional trustee, RBC cees Trustee Limited (formerly Abacus Corporate Trustee Limited) and is currently financed by advances from the Company. Rights to dividends have been waived by the trust and it waives its right to vote the shares. The costs of administering the Employee Benefit Trust are charged to the Income Statement as incurred. The trust acquired its shares in the Company for use in connection with the Company's Performance Related Share Plan at the time of the placing for the flotation in June 1997. The Company Share Option Plan 2006 (further details of which are set out in the Directors' Remuneration Report) was approved by shareholders at the Extraordinary General Meeting held in February 2006 and the Company can request the trust to transfer its shares to satisfy grants made on the recommendation of the Remuneration Committee under this scheme too.

11 The Fidessa group plc Share Bonus Trust

The **Fidessa** group plc Share Bonus Trust is a discretionary trust established for the benefit of participants in the **Fidessa** group plc Share Bonus Plan. It has an independent, professional trustee, Kleinwort Benson (Jersey) Trustees Limited, and is currently financed by advances from the Company. All rights to dividends have been waived by the trust and it waives its right to vote the shares. The costs of administering the trust are charged to the Income Statement as incurred. The trust acquires its shares in the Company from the market at the same time as participants in the Share Bonus Plan acquire their participating shares. During the year the trust acquired 77,158 ordinary shares of 10p each in the Company. The trust's holding at 31st December 2008 was 162,033 ordinary shares. The trust purchases shares to match purchases and provide a National Insurance Contribution hedge against purchases of ordinary shares by participants in the **Fidessa** group plc Share Bonus Plan.

12 Research and development

The Group has continued its commitment to research and development and places a high priority on maintaining and improving the functionality, quality and competitive position of its business software products. During the year the total expenditure on research and product development was £20,734,000 (2007 restated at £14,588,000). This is measured on a direct cost only basis with no overheads allocated.

13 Employment policies

The Group's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate the very best staff regardless of colour, nationality, sex, marital status, sexual orientation, age, religion, disability or any other characteristic protected by law. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. Wherever possible the employment of employees who become disabled will be continued and appropriate training and career development will be offered.

The health and safety of the Group's employees, customers and visitors is of primary importance. Therefore, the Group is committed to creating and maintaining a safe and healthy working environment by managing its activities so as to avoid unnecessary or unacceptable risks. Health and safety audits and risk assessments, including fire risk assessments, are carried out regularly and workstation assessments for staff are carried out frequently throughout the year.

Good and effective employee communications and openness with staff are important and the Group promotes the understanding and involvement of all its employees in the Group's business aims and performance. The policy of providing employees with information about new products, operations, and the performance and development of the Group has continued through the Group's intranet, product seminars and through regular staff meetings at which progress updates on the Group are given by the directors and senior management.

Any employees with questions or concerns about any type of discrimination, behaviour or practice at **Fidessa** are encouraged to bring these issues to the attention of their manager. These concerns will be investigated promptly and appropriate action taken and feedback given to the employee concerned. Any attempt to deter employees from raising proper concerns will be treated as a serious disciplinary offence. The Group has implemented an anonymous reporting box on its intranet where employees can raise any such concerns which will be copied to the Chairman of the Audit Committee and dealt with promptly.

14 Environmental social and ethics policy

Fidessa group plc is a constituent company in the FTSE4Good Index Series. The purpose of the FTSE4Good Index Series is to identify companies that meet globally recognised corporate responsibility standards. The board has identified and assessed the significant risks to the Company's value arising from social, environmental and ethical matters and the enhanced value that can arise from an appropriate response to these issues. The Group has an environmental as well as a social and ethics policy and these are regularly reviewed and communicated through the Group's website and intranet. The Group aims to apply good social, environmental and ethical practice in its business operations and meets the relevant statutory requirements.

During 2008 the Company acquired a new purpose built office in London replacing three older and less environmentally friendly sites. The new office is fitted to modern building and environmental standards and incorporates energy efficiency features. The Group, by the nature of its business as a software product and services office-based environment, has no manufacturing facilities which pose major environmental issues. The greatest environmental impacts associated with daily operations are considered to be the computing requirements of our data centres and staff. There are also our daily operations which involve the use of electrical and electronic equipment, the use of paper and the disposal of waste. The Group endeavours to have systems that reduce its environmental impact in line with its business needs.

Direct energy use from business and transport constitutes a major proportion of greenhouse gas emissions and the Group endeavours to reduce its carbon footprint. Some of the measures it has introduced to reduce its environmental impact are:

- a cycle to work scheme which was implemented during 2008;
- the use of virtual servers resulting in significant savings reducing energy usage by a factor of 25 to 1;
- continuation of the roll out of a system for the automatic shutdown of non-essential computers overnight and at weekends to conserve energy;
- encouraging responsible use of energy and water as far as it is economic to do so and encouraging staff to promptly report any unnecessary wastage and to be vigilant about leaking taps and lights and air conditioning being left on;
- where practical, recycling its waste products; and
- less reliance on the use of paper due to default settings on office printers to encourage duplex printing where practical as well as greater use of email rather than paper based correspondence including the use of email for customer Christmas greetings rather than paper cards.

The Operations Director produces a yearly annual environmental report. The 2008 report showed that the Group's improvement targets for the year had been met. An audit covering the Company's environmental social and ethics policy was carried out during 2008 and no risks were identified. Several improvement suggestions as a result of the audit were raised and appropriate action taken. An environmental report on the activities of the Company is presented each year to a meeting of the Audit Committee.

Employees are encouraged to follow good principles of social behaviour. These are reflected in the Group's social and ethics policy. The policy is regularly reviewed and when deemed appropriate revised and published to all employees. The Group continues to participate in and support the local communities where it carries out its business, as it believes this benefits the Group as well as the local communities. Employees are encouraged to participate actively in raising money for local, national and international charities through fundraising events, several of which are typically held each year. Details of these events are normally published on the Group intranet.

15 Donations

The total amount of charitable donations made by the Group during 2008 was £37,000 (2007: £5,000). Donations were made to various medical, children's, homeless and wildlife charities. There were no political donations.

16 Payments to creditors

It is the Company's and the Group's policy to agree terms and conditions for their business transactions with their suppliers. The Company and the Group seek to abide by the payment terms agreed with suppliers whenever they are satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. As at 31st December 2008 the number of days of annual purchases represented by the year-end creditors for the Company amounted to 22 days (2007: 27 days) and for the Group amounted to 23 days (2007: 32 days).

17 Disclosure of information to auditors

The directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

18 Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Susanna Freeman

Secretary

13th February 2009

Introduction

This report by the Remuneration Committee has been approved by the Board for submission to shareholders in accordance with the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 ("the Combined Code"), the requirements of the Listing Rules of the UK Listing Authority and the reporting requirements of the Directors' Remuneration Report Regulations 2002 ("the Regulations"). Consistent with previous years, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Remuneration Committee comprises Ron Mackintosh and Philip Hardaker, both non-executive directors, the chairman of the committee being Ron Mackintosh. Neither of the members of the committee has any personal financial interest (other than possibly as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The committee is responsible for determining the remuneration, other benefits and terms of employment, including performance-related bonus schemes and share option schemes, for the executive directors and senior management. The committee has access to external advisers as necessary and commissions independent reviews periodically of its remuneration policies and structures.

Remuneration policy

The Remuneration Committee determines the remuneration of the executive directors after consulting with the Chairman and Chief Executive. The committee reviews the performance of the individual concerned and takes account of comparative market data from other companies in the IT sector. The Remuneration Committee believes that the executive directors should be rewarded fairly, competitively and at a similar level to directors in comparable companies and at a level that will attract, motivate and retain directors of an appropriate calibre who deliver value to shareholders. The Group's policy is that a substantial proportion of the remuneration of the executive directors should be performance related. Therefore, the remuneration of the executive directors is characterised by a lower base salary and greater weighting to performance related bonus than for comparative companies. Further to input from the Company's shareholders the weighting attached to bonus has been reduced so that there is less disparity between salary and bonus. The overall package, which will be reviewed on a regular basis, may contain any of the following elements:

- A base salary
- Performance-related bonus payments
- Other benefits
- Share-based incentives

Basic salary

Each executive director's basic salary is reviewed annually based on performance, achievement of objectives and comparative salaries and periodic reviews from the Company's remuneration advisers.

Bonus

The Company operates a performance-related bonus scheme for executive directors. Chris Aspinwall is entitled to a bonus based on the Group's operating profit excluding any items that the Remuneration Committee considers to be exceptional or inappropriate. The terms of the bonus are reviewed if there is a material acquisition in any period. The bonus is subject to an upper limit of four times base salary. Andy Malpass is entitled to a bonus subject to performance against a series of financial and management objectives and also subject to the discretion of the Remuneration Committee. The bonus is capped at not more than 150% of base salary.

Other benefits

Benefits provided include the provision of medical insurance and life assurances. No director currently participates in a Group pension scheme.

Service contracts

The contracts of service for Chris Aspinwall and Andy Malpass are for an indefinite term providing for 12 months' notice by either party. These contracts were entered into on 2nd June 1997 and amended on 3rd October 2003. In the event of termination the director is eligible to salary, benefits and bonus accrued during the notice period and payable in equal monthly instalments subject to the director using reasonable endeavours to obtain suitable alternative employment.

The contract of service for John Hamer was entered into on 2nd June 1997 and is for an indefinite term providing for six months' notice by either party. Philip Hardaker in February 2008 signed a new letter of appointment that provides for a further period of three years, subject to termination by either party on one month's notice. Ron Mackintosh signed a new letter of appointment during the 2007 financial year for a further term of three years also subject to termination by either party on one month's notice. Elizabeth Lake signed a letter of appointment in October 2008 providing for a term of three years, subject to termination by either party on one month's notice.

Non-executive fees

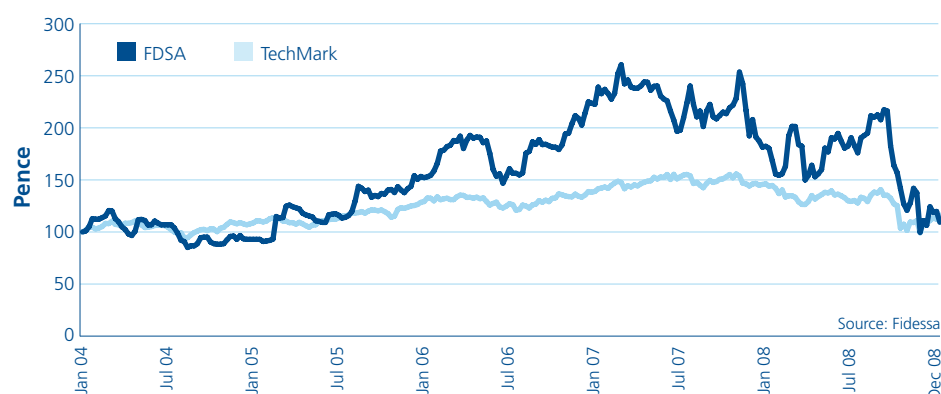
The Board determines the non-executive directors' fees. The non-executive directors are not involved in decisions about their own remuneration. The Chairman and non-executive directors are not eligible for performance-related remuneration or participation in share-based incentives.

Interests in contracts

During the year no director had any interest in any contract of significance with the Company or its subsidiary undertakings other than the directors' deeds of indemnity and the service contracts of the Chairman and the executive directors with the Company.

Total shareholder return performance graph

The Directors' Remuneration Report Regulations 2002 require the presentation of a performance graph of total shareholder return compared to a broad equity market index for a period of five years. The total shareholder return is the share price plus dividends re-invested over the period of the graph. The Board believes that the TechMARK All-Share Index, of which Fidessa group plc is a constituent, provides the best benchmark for comparison. The Company share price and the TechMARK All-Share Index are both set to 100 at the start of the five year period.



Audited information**Directors' remuneration**

Details of the remuneration of the directors are set out below

Year ended 31st December 2008	Base fees & salaries £'000	Benefits £'000	Bonus £'000	Total £'000
Chairman				
John Hamer	135	1	–	136
Executive				
Chris Aspinwall	200	1	653	854
Andy Malpass	200	3	210	413
Non-executive				
Ron Mackintosh	45	–	–	45
Philip Hardaker	45	–	–	45
Elizabeth Lake	9	–	–	9
Total	634	5	863	1,502

Year ended 31st December 2007	Base fees & salaries £'000	Benefits £'000	Bonus £'000	Total £'000
Chairman				
John Hamer	120	1	–	121
Executive				
Chris Aspinwall	150	13	576	739
Andy Malpass	150	15	190	355
Non-executive				
Ron Mackintosh	40	–	–	40
Philip Hardaker	40	–	–	40
Total	500	29	766	1,295

Directors' interests

The interests of the directors and their families in the ordinary shares of the Company, all of which were beneficial, were as follows:

	31st December 2008 Number	31st December 2007 Number
John Hamer	458,132	447,918
Chris Aspinwall	883,897	823,527
Andy Malpass	136,249	120,138
Ron Mackintosh	10,000	10,000
Philip Hardaker	2,000	2,000
Elizabeth Lake	Nil	N.A

Between 31st December 2008 and the date of this report the interests of John Hamer, Chris Aspinwall and Andy Malpass have each increased by 19 shares as a result of a regular monthly purchase by the Fidessa group plc Share Incentive Plan.

Share incentives

The Company has share option schemes whereby employees of the Group are able to subscribe for ordinary shares in the Company. The executive directors participated in the share option schemes in previous years but are now restricted from the grant of share options by their participation in the Share Bonus Plan and the Exceptional Growth Rate Incentive Plan. The interests of the directors in share options are as follows:

	Number at 1st January 2008	Exercised during year	Number at 31st December 2008	Option price	Date exercisable from	Expiry date
Andy Malpass	1,167	–	1,167	£12.85	17.08.2003	17.08.2010
	1,167	–	1,167	£12.85	17.08.2004	17.08.2010

The interests of the directors in the Share Bonus Plan are as follows:

	Total interest in the Share Bonus Plan at 1st January 2008	Number of shares conditionally awarded during the year to match employee purchases of shares	Number of shares called during the year under the vesting of awards	Total interest in the Share Bonus Plan at 31st December 2008
Chris Aspinwall	10,145	7,050	6,112	11,083
Andy Malpass	9,685	6,397	0	16,082

The interests of the directors in the EGRIP are as follows:

	Total interest in the EGRIP at 1st January 2007	Award made under the EGRIP during the year	Total interest in the EGRIP at 31st December 2007
Chris Aspinwall	89,500	25,000	114,500
Andy Malpass	89,500	25,000	114,500

The mid-market price of the shares in the Company at 31st December 2008 was 493p (830p at 31st December 2007) and the range in the year was 450p to 1,004p.

Share options

Share options are granted on the recommendation of the Remuneration Committee on a discretionary basis. The scheme is used to provide long-term incentives to the recipients to assist in creating and sustaining growth in share value. The Company Performance Related Share Option Plan has expired and the CSOP (as defined below) is the current scheme.

Company's Performance Related Share Option Plan

This plan was introduced in 1997 on the float of the Company. The vesting of share options granted under this plan is conditional on continued employment of three and four years after the grant of the option. These share options have been granted periodically, typically once each year to eligible employees until 2005. The Company has shareholder approval under this plan for share options of up to 10% of the issued ordinary share capital subsequent to the listing on the London Stock Exchange, of which 5.8% has been used. At 31st December 2008 the outstanding share options represented 3.1% of the issued share capital.

Company Share Option Plan 2006 ("the CSOP")

Shareholders approved the implementation of the CSOP at the Extraordinary General Meeting in February 2006 with over 89% of the votes cast voting in favour of the plan. All employees and full time working directors of the Company or any subsidiary (determined by the Board to be a participating company under the CSOP) are eligible to receive options under the CSOP; however an employee or full time working director who has received an award under the Exceptional Growth Rate Incentive Plan or Share Bonus Plan in any financial year will be ineligible to receive a CSOP option in that financial year. Share options granted under this plan are subject to performance conditions set by the Board taking into account the recommendation of the Remuneration Committee. Under the rules of the CSOP the performance

conditions must be objective and must relate to the overall financial performance of the Company and its subsidiaries over a period of at least four years commencing on the date of grant or the first day of the accounting period current at the date of grant. In relation to grants made under the CSOP, the performance conditions relate to diluted earnings per share ("EPS") growth and will be achieved in relation to an option if the Actual Cumulative EPS during the Measurement Period is greater than the Target Cumulative EPS during the Measurement Period. The Actual Cumulative EPS during the Measurement Period is the sum of the EPS for each financial year of the Measurement Period. The Target Cumulative EPS during the Measurement Period is the sum of the EPS figures obtained by increasing the Base Year EPS at the rate of 5% per annum for each financial year of the Measurement Period. EPS under the scheme means the diluted earnings per share of the Company for any financial year before exceptional items (being such items which the grantor determines to be exceptional in relation to any financial year) and shall be calculated by reference to the Group Annual Report and Financial Statements for the financial year ended immediately prior to the Date of Grant (the Base Year EPS) and those calculated from the four subsequent preliminary results announcements. The Measurement Period is the period commencing at the beginning of the financial year in which an award is made and ending on the last day of the fourth consecutive financial year including the financial year in which that award was made. The performance conditions can be waived or amended if the Board determines (after consultation with the Remuneration Committee) that a change of circumstances means that the performance conditions cannot be fairly and reasonably met. The number of shares that may be the subject of options granted under the CSOP is limited such that no option to subscribe shares can be granted under the CSOP if the number of shares subject to the option when added to the number of shares issued on the exercise of or remaining capable of being issued on the exercise of options granted under the CSOP during the period of ten years ending on the proposed date of grant would exceed 8% of the issued share capital of the Company immediately prior to the proposed date of grant. For the purpose of the 8% limit no account will be taken of rights to acquire shares which have been released, lapsed or otherwise become incapable of being exercised or of options or awards granted under any other **Fidessa** employee share scheme. In addition, account will be taken of any shares which a trustee has a right to subscribe to satisfy options and of any treasury shares used, or to be used, to satisfy options or awards.

No awards were made during this financial year and at 31st December 2008 the used and outstanding share options under the CSOP represented 2.1% of the issued share capital.

The Remuneration Committee believes that the use of share options has been a material contributor to the growth and success of **Fidessa**.

Share bonus plan

At the 2003 Annual General Meeting shareholders approved the creation of the **Fidessa** group plc Share Bonus Plan. In summary, the plan allows the Company to make awards to executive directors and senior managers ("a participant"). An award provides that, should a participant purchase ordinary shares in the Company up to the value of their award, then they have the opportunity to receive a share bonus. A share bonus constitutes the right, subject to certain vesting conditions, to call for free matching shares. The maximum number of free matching shares comprised in a share bonus is equal to the number of shares purchased by the participant. The maximum value of shares which any one participant is permitted to acquire is limited to the value of the award. The plan rules limit the maximum value of individual awards to £100,000.

For all awards from the Share Bonus Plan a participant's right to a share bonus will vest subject to and to the extent that a combination of four performance conditions are satisfied as follows:

- the Company achieving compound annual growth in earnings per share in excess of defined hurdles over a period of three financial years, commencing with the financial year in respect of which an award is made. In relation to awards made in any financial year, the specified hurdle rates were:
 - (i) if compound annual growth in EPS is equal to or greater than UK retail price index ("RPI") plus 3% but less than RPI plus 4% then 6.25% of the Share Bonus shall vest;
 - (ii) if compound annual growth in EPS is equal to or greater than UK RPI plus 4% but less than RPI plus 5% then 12.5% of the Share Bonus shall vest;
 - (iii) if compound annual growth in EPS equal to or greater than UK RPI plus 5% but less than RPI plus 6% then 18.75% of the Share Bonus shall vest;
 - (iv) if compound annual growth in EPS equal to or greater than UK RPI plus 6% then 25% of the Share Bonus shall vest;

- the Company achieving an objective business development target. The nature of this target will not, necessarily, be a measure of the financial performance of the Company and will be determined by the Remuneration Committee from time to time. If this condition is fully satisfied, then 25% of the Share Bonus will vest;
- the Company achieving compound annual growth in total shareholder return ("TSR"), the share price plus the cumulative dividends over the period, in excess of defined hurdles over a period of three financial years commencing with the financial year in respect of which an award has been made. In relation to awards made the specified hurdle rates have been:
 - (i) if compound annual growth in TSR is more than 3% but less than or equal to 5% then 6.25% of the Share Bonus shall vest;
 - (ii) if compound annual growth in TSR is more than 5% but less than or equal to 7% then 12.5% of the Share Bonus shall vest;
 - (iii) if compound annual growth in TSR is more than 7% but less than or equal to 9% then 18.75% of the Share Bonus shall vest;
 - (iv) if compound annual growth in TSR is more than 9% then 25% of the Share Bonus shall vest; and
- continued employment within the Group until the third anniversary of the date on which the participant purchased the shares relating to a particular award. If this condition is satisfied, then 25% of the Share Bonus shall vest.

The final performance condition is an overriding performance condition. Therefore, it must be satisfied in order for any of the other performance conditions to be satisfied. The Remuneration Committee will set performance conditions in accordance with the structure set out above at the time awards are made to participants. Performance conditions relating to awards made in relation to each subsequent financial year cannot be less challenging than those relating to the immediately preceding financial year.

In exceptional circumstances, where events occur which cause the Remuneration Committee to reasonably believe that some or all of the performance condition relating to an award are no longer fair (taking into account the original purpose of the performance condition(s)), then the Remuneration Committee may procure that a recommendation be made to the trustee of the plan for the performance condition to be amended or waived in such manner as the Remuneration Committee believes to be fair and reasonable provided that the amended performance condition is not easier or more difficult to achieve than the original performance condition was considered to be when it was first set.

Where a change of control event occurs prior to the vesting of a share bonus, the Remuneration Committee shall procure that a recommendation is made to the trustee in relation to the extent to which a share bonus should vest on the occurrence of the change of control event. The Remuneration Committee must make such recommendation taking into account the amount of progress made by the Company towards achieving the performance conditions as at the time of the change of control, the extent and likelihood of the performance conditions being satisfied by the date on which the share bonus would have vested in the absence of the change of control event occurring and any other relevant factors which the Remuneration Committee considers, in its absolute discretion, to be relevant (such as time elapsed since an award was made).

The operation of the Share Bonus Plan has been reviewed during the year by the Remuneration Committee and the level of grants and the performance conditions attached to the plan are considered by the Remuneration Committee to be appropriate to the Company's current situation and in line with the remuneration policy recommended by the Company's external independent remuneration advisers.

Exceptional Growth Rate Incentive Plan

In 2005 the Remuneration Committee and its external advisers reviewed the Company's share incentive schemes as a whole and as a result they formulated the Exceptional Growth Rate Incentive Plan ("the EGRIP") which was voted on by the shareholders at the Extraordinary General Meeting of the Company in February 2006 with over 88% of the votes cast approving the adoption of the plan. All executive directors of the Company are eligible to receive awards under the EGRIP as are any employees of the Group selected by the Remuneration Committee. However, an executive director or selected employee who has received an award under the CSOP in any financial year will be ineligible to receive an EGRIP award in that financial year. An EGRIP award ("Award" or "Awards") represents a right to acquire (i.e. "call" for) shares in the Company at the call price subject to the terms and conditions of the EGRIP. Awards may be made by the Board or the trustee of an employee benefit trust (if the Company has established one at the relevant time). It is the current intention that all Awards will be made by the Board. In either case Awards may be made to individuals selected at the relevant grantor's absolute discretion, but after consultation with the Remuneration Committee. No consideration is payable for the making of an Award. Under the rules of the EGRIP, Awards may only be made in relation to the financial years ending 31st December 2006, 2007, 2008, 2009 and 2010. Awards may only be made prior to 31st December 2010 during the following periods (i) within 42 days of the plan (or any amendment to the plan) being approved by shareholders, (ii) within 42 days of the announcement by the Company

of its final or interim results, (iii) within 42 days of the commencement of an eligible employee's employment within the Group and (iv) within 42 days of an event relating to or affecting the Group that the grantor considers to be exceptional. If for any reason the grantor is restricted from making Awards during these periods, then it may make Awards within 42 days of such restriction being removed.

A call in relation to all Awards will be subject to the achievement of the following performance conditions:

Share price target

The first performance condition requires the average Company share price plus dividends reinvested over the five year period commencing on the date on which an Award is made (calculated using the daily closing price on each trading day over the five years) to be greater than the average derived if the share price were to increase on a uniform basis of 20% per annum compound growth over the same five year period. The starting share price is the average share price plus dividends reinvested for the 12 months prior to the date on which the Award is made.

EPS target

The second performance condition requires the Company's cumulative diluted earnings per share before any items which are deemed to be exceptional (EPS) over the five financial years commencing with the financial year in which an Award is made to be greater than the equivalent total achieved over a five year period by applying a growth rate of 10% per annum to the EPS achieved in the year prior to the Award.

TSR sector-relative underpinning

The third performance condition requires the Company's annualised total shareholder return (TSR) over the five year period commencing on an Award date to be greater than the annualised equivalent achieved by the FTSE techMARK All-Share Index TSR, during the same five year period, plus 5%.

Each Award is personal to the participant and may not be transferred, assigned or charged and shall become immediately void on the bankruptcy of the participant.

Call price

The call price per share subject to an Award is the nominal value of a share (or such higher price as set by the grantor). In the Awards made during the current financial year the call price of a share is the nominal value of a share, i.e. 10 pence and it is anticipated that the call price will be the same under future Awards.

Plan limits

The maximum number of shares subject to Awards made to any one participant in a financial year will be limited to 15% of the maximum share allocation for that year.

The maximum share allocation (being the maximum number of shares in relation to which Awards may be made) for each financial year will be:

Year ended	Maximum Allocation	Awards made
31st December 2006	1.6% of the total issued share capital of the Company	523,512
31st December 2007	1.4% of the total issued share capital of the Company	483,940
31st December 2008	1.2% of the total issued share capital of the Company	415,400
31st December 2009	1.0% of the total issued share capital of the Company	N/A
31st December 2010	0.8% of the total issued share capital of the Company	N/A

The maximum share allocation in relation to each financial year will be adjusted, at the absolute discretion of the Remuneration Committee, to reflect any variation in the total issued share capital of the Company (for example, any capitalisation issue or offer by way of rights (including an open offer) or upon any subdivision, reduction or consolidation of the Company's share capital) which occurs. For the purposes of calculating the usage of the maximum share allocation in relation to any financial year, the following shall be included:

Shares subject to Awards made in relation to that financial year whether they subsist, have been released, have lapsed or are otherwise incapable of exercise; shares which the trustee of any Company employee benefit trust has a right to subscribe in order to satisfy Awards made in relation to that financial year; and treasury shares used, or to be used, to satisfy Awards made in relation to that financial year.

Vesting and calls under Awards

Shares subject to Awards may only be called for if Awards have vested. The vesting of Awards will be subject to the related performance conditions having been achieved. Where the performance conditions relating to Awards have been satisfied, Awards will vest with effect from the date on which participants are notified of this. Where the performance conditions relating to Awards have not been satisfied, subsisting Awards will lapse on the fifth anniversary of the date on which the Award is made.

Other than under the US Sub-Plan and in other limited circumstances a call in relation to an Award may only be made in the period of 90 days commencing on the date on which the Award vests. Under the US Sub-Plan a participant's call in respect of a vested Award shall be deemed to occur (i) if the last day of the Measurement Period with respect to an Award occurs from January 1 to June 30 of a given calendar year, at the time within the last six months of the calendar year in which the last day of the Measurement Period occurs; and (ii) if the last day of the Measurement Period with respect to an Award occurs from 1st July to 31st December of a given calendar year, at the time within the first six months of the calendar year following the calendar year in which the last day of such Measurement Period occurs, in each case as determined by the Remuneration Committee and consistent with the rules of the scheme. This change was made to the US Sub-Plan during the year in order to comply with US Treasury Regulation Section 1.409A. Calls will be conditional upon payment of the call price and payment of (or entering into arrangements relating to the payment of) any tax and relevant social security liability (including, to the extent permitted by law, employers' social security liability) relating to the call or related acquisition of shares.

Cessation of employment

If a participant ceases to be an employee of the Group prior to the end of the period over which the performance conditions are measured in relation to any of his subsisting Awards, those Awards will lapse upon such cessation. However, where a participant ceases to be an employee after the end of the period over which the performance conditions are measured in relation to any of his subsisting Awards, those Awards will not lapse and will continue to subsist under the terms and conditions of the EGRIP.

Change of control

If a change of control of the Company occurs (including a takeover, scheme of arrangement or voluntary winding-up of the Company) subsisting unvested Awards will become vested subject to the satisfaction of modified performance conditions which take into account the period of time which has elapsed since the relevant date of Award and the Company's performance up to the time of the change of control. The extent to which Awards vest will be pro-rated to reflect the time that has elapsed from the date of the Award to the date on which a change of control event occurs.

All vested Awards will become exercisable within specified periods of time following the relevant change of control event.

Variation of share capital

In the event of any variation in the share capital of the Company including by way of rights issue, capitalisation, reduction, sub-division or consolidation, the number of shares which may be allotted or transferred to a participant pursuant to the EGRIP and the call price shall be adjusted in such manner as the Company's auditors shall in their opinion consider to be fair and reasonable.

Rights attaching to shares

All shares allotted to a call in relation to an Award will rank *pari passu* with fully paid up shares for the time being in issue (save as regards any rights attaching to such shares by reference to a record date before the date on which a call notice is received) and application will be made for such shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities. Awards are not pensionable.

Amendment, assignability and termination

The Board may make amendments to the EGRIP rules, but certain amendments to the advantage of existing or new participants cannot be made without the prior approval of shareholders in general meeting unless the alteration is, in the opinion of the Board, minor and to benefit the administration of the EGRIP or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for existing or new participants or any member of the Group.

The Board can, at any time, terminate the EGRIP so that no further Awards are made but any subsisting Awards made before such termination shall not be affected.

International

The Board may adopt sub-plans to the EGRIP for the purposes of making Awards to employees in a particular jurisdiction. The EGRIP rules may be varied in such manner as the Board believes is necessary or desirable in relation to such sub-plan in order to comply with or take account of relevant overseas legal, taxation or securities laws provided that such variation is in accordance with provisions set out under the sub-heading "Amendment, assignability and termination", above.

Approval

This report was approved by the Board on 13th February 2009 and signed on its behalf by:

Susanna Freeman

Secretary

13th February 2009

Compliance with The Combined Code

Fidessa is committed to high standards of corporate governance. In respect of the year ended 31st December 2008 the Company has complied with the requirements of Section 1 of The Combined Code.

The Board

The Company is controlled through the Board, which at 31st December 2008 comprised the Chairman, two executive directors and three non-executive directors whose Board and Committee responsibilities are set out in the table below:

		Board	Audit	Remuneration	Nominations
John Hamer	Chairman	Chairman	–	–	Chairman
Chris Aspinwall	Chief Executive	Member	–	–	–
Andy Malpass	Finance Director	Member	–	–	–
Ron Mackintosh	Senior Independent Non-Executive Director	Member	Member	Chairman	Member
Philip Hardaker	Independent Non-Executive Director	Member	Chairman	Member	Member
Elizabeth Lake	Independent Non-Executive Director	Member	–	–	–

After formal review the Board has concluded that Ron Mackintosh, Elizabeth Lake and Philip Hardaker are independent. In coming to this opinion the Board considered the character and judgement of the individuals concerned and the fact that they:

- Have never been an employee of the Group;
- Have never had a material business relationship with the Group;
- Do not receive any remuneration from the Group other than their non-executive director fees;
- Do not have close family ties with other directors or senior management of the Group or with advisers to the Group;
- Have no significant links with other directors of the Group through involvement with other companies;
- Do not represent a material shareholder of the Company; and
- Have not served on the Board of the Company for more than nine years.

The Board meets formally on a regular basis to review trading performance and forecasts, strategy, policy and risk and to oversee appropriate shareholder reporting. During 2008 the Board met on ten scheduled occasions for this purpose. In addition, impromptu Board meetings occur to consider specific issues as and when necessary. Meetings were held by the Chairman with the non-executive directors without the executive directors present. The attendance of individual directors at Board meetings and Committee meetings is presented in the table below:

	Board meetings attended	Audit Committee meetings attended	Remuneration Committee meetings attended	Nominations Committee meetings attended
John Hamer	9/10	–	–	4/4
Chris Aspinwall	10/10	–	–	–
Andy Malpass	10/10	–	–	–
Ron Mackintosh	10/10	3/3	4/4	4/4
Philip Hardaker	9/10	3/3	4/4	4/4
Elizabeth Lake*	3/3	–	–	–

*Elizabeth Lake was appointed to the Board in October 2008

The Board is responsible for the Group's system of corporate governance. The Board delegates operational control to the executive directors. At each board meeting the board considers strategic issues, finance, business development, governance and risks facing the business. The Board is aware of the codification of directors' duties which came into force in 2007 under the Companies Act 2006 and takes these duties into account in the consideration of the Company's business. The board approves the annual budget and monitors the performance of the business. During the year, the Board reviewed a number of specific projects including the disposal of the Group's stake in Touchpaper and the settlement of the Lava patent dispute.

There is a formal schedule of matters reserved for the decision of the Board that covers key areas of the Group's affairs. The schedule includes approval of the Annual Report and any other financial statements, the adoption of the Group's budgets or business plans, decisions on acquisitions and disposals, material financial commitments and the release of inside information. Certain matters require Board approval

and other matters may be approved by senior management but notification to the Board is required. The schedule of matters reserved for the Board is reviewed annually. A procedure exists to allow the directors to seek independent legal advice in respect of their duties at the Company's expense where the circumstances are appropriate. All directors have access to the Company Secretary for her advice and services. All directors are obliged to submit themselves for re-election at least every three years.

Performance Evaluation

The Combined Code requires that the Board undertake a formal annual evaluation of its performance. The review has been conducted and covered the areas of board structure, effectiveness, committees, information and communication. Questionnaires were completed by the directors and submitted for discussion. The feedback generated from the questionnaires including areas where improvement could be made during the coming year were discussed by the Board and the conclusion was reached that the Board is operating effectively. A review of the Chairman by the non-executive directors without the executives present was also carried out.

There is a formal written policy on the division of responsibilities between the Chairman and the Chief Executive such that their roles are complementary to each other.

Training and Professional Development

All directors on joining the Company undergo an induction process and receive ongoing updates to improve their skills and knowledge according to their needs. The Company Secretary is responsible for advising the board and updating it on governance matters.

In addition to the Remuneration Committee, the details of which are in the Directors' Remuneration Report the following committees deal with specific aspects of the Group's affairs and their terms of reference can be found on the Company's website: www.fidessa.com

Audit Committee

The audit committee is chaired by Philip Hardaker who has recent and relevant financial experience as a former partner of KPMG. It comprises Philip Hardaker and Ron Mackintosh and the Company Secretary acts as secretary to the Committee. It has met three times with the external auditors during the year. The Chairman and executive directors were invited to attend for part of these meetings. The committee reviews the interim and annual reports, reports from the external auditors and scope and representation letters in respect of the audit and reviews undertaken by the Auditors as well as the Auditors' remuneration and the overall effectiveness of the audit process. The committee has met and reviewed the terms of reference, scope, programme and reports of the internal audit function. The committee focuses the activity of the internal audit function on those areas where it considers there to be the greatest risk and engages an external consultant who conducts internal audits on the Group's operations and reports directly to the audit committee on his findings. The audit committee reviews annually the overall results of ISO 9001:2000 (TickIT) compliance and the results of the SAS 70 audits.

Nominations Committee

The Nominations Committee, which is chaired by John Hamer, comprises John Hamer, Philip Hardaker and Ron Mackintosh and is therefore compliant with the requirements of the Combined Code. Its role is to review the structure of the Board and to agree succession planning as set out in the Nominations Committee terms of reference. The procedure for new appointments incorporates the use of independent recruitment consultants. In respect of the appointment of Elizabeth Lake, search consultants were instructed by the Committee having considered the requisite skills, knowledge and experience required for the position and as a result Ms Lake was selected by the Committee and then her appointment recommended to and approved by the Board.

The Committee's terms of reference are available on the Group website at www.fidessa.com and set out the Committee's responsibilities.

Dialogue with Shareholders

The Company values the views of its shareholders and recognises their interests in the Company's strategy and performance. The Chief Executive and Finance Director hold briefing meetings with analysts and institutional shareholders, primarily following the announcement of interim and preliminary results but also at other times during the year as may be suitable. The Chief Executive and Finance Director provide feedback to the Board from these briefing meetings. The Board also obtains formal feedback on the Company and management from analysts and institutional shareholders through the Company's PR adviser and financial adviser. Communication with private investors is through the Annual Report, the Interim Report and the Annual General Meeting. Financial and other information is made available on the Company's website, www.fidessa.com, which is regularly updated. The Chairman and Senior Independent Non-Executive Director meet with major shareholders as and when there is a requirement to do so.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and positions are set out in the Directors' Report and within the Overview, Operations Review and the Finance Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk. Having reviewed the future plans and projections for the business and its current financial position, the directors believe that the Company and its subsidiary undertakings have adequate financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas to continue to manage its business risks successfully and remain in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report despite the current uncertain macro-economic outlook. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Combined Code requires that directors review the effectiveness of the Group's system of internal controls, including those of an operational and compliance nature, as well as internal financial controls. The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Group's significant risks and that this has been in place for the period under review and up to the date of approval of the Annual Report. The Group has established control processes and procedures to ensure compliance with the best practice governance provisions as advocated by the Turnbull Guidance. The Board's agenda includes a regular item for consideration of risk and control, and any actions that may be considered necessary, and it receives reports thereon from the executive directors.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including competition, control breakdowns, disruption in information systems, natural catastrophe and regulatory requirements. A process of control assessment and reporting is established and defined in the Group's Quality Management System. This system is independently audited on a regular basis and was successfully audited to ISO 9001:2000 (TickIT) twice this year. The Group also successfully completed the SAS70 audits during the year. The directors believe this audit is particularly important to our US clients in enabling them to satisfy their Sarbanes Oxley requirements when using a **Fidessa** solution. The treasury function operates within guidelines established by the Board.

A comprehensive budgetary process is completed once a year and is reviewed and approved by the Board. An updated forecast is regularly prepared throughout the year. The operating results are reported monthly to the Board and compared to the budget and latest forecast as appropriate. The Company presents financial statements to its shareholders twice a year.

For details of the Group's financial risk and policies together with its policy with regard to the use of financial instruments, please refer to the Finance Review section of this Annual Report and note 23 to the financial statements.

Auditor independence

The Board has considered the issue of external auditor independence and has for these purposes reviewed the work undertaken by the auditor and fees incurred by it. In addition the Board receives written confirmation from the auditor of any relationships it has which may cause a conflict of interest, together with a declaration from the auditor that it considers itself independent. Following its review, the Board is satisfied that independence has been maintained. The Board has approved the auditor undertaking certain other limited activities. Any assignment outside of these activities requires separate Board approval. For details of the auditor's fees please refer to note 6 to the financial statements.

The Audit Committee has considered the independence of the internal audit function and is satisfied that independence has been maintained.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

The Group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Annual Report and accounts complies with the Disclosure and Transparency Rules ("DTR") of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report. The Annual Report and accounts is the responsibility of, and has been approved by the directors.

We confirm that to the best of our knowledge:

- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU;
- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and accounts includes a review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they may face.

On behalf of the Board

Susanna Freeman
Secretary
13th February 2009

We have audited the Group and parent company financial statements (the "financial statements") of **Fidessa group plc** for the year ended 31st December 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes that specific information presented in the Overview, Operations Review, Finance Review and Corporate Governance section that is cross referred from the Principal Activities and Business Review section of the Report of the Directors.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31st December 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31st December 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Crawley

13th February 2009

	Note	2008 £'000	2007 £'000
Revenue	4	189,102	135,029
Operating expenses before amortisation of acquisition intangibles, patent dispute settlement and Lehman receivable write off	5	(162,735)	(117,095)
Other operating income		392	376
Operating profit before amortisation of acquisition intangibles, patent dispute settlement and Lehman receivable write off		26,759	18,310
Patent dispute settlement	5	(980)	–
Lehman receivable write off	5	(626)	–
Amortisation of acquisition intangibles		(2,631)	(1,755)
Operating profit		22,522	16,555
Finance income – bank and other	8	826	1,023
Finance income – gain from Touchpaper	8,15	13,075	370
Total finance income		13,901	1,393
Finance cost – bank and other		–	(32)
Finance cost – notional interest on contingent consideration		(465)	(847)
Total finance cost		(465)	(879)
Profit before income tax		35,958	17,069
Income tax expense	9	(8,293)	(5,472)
Profit for the year		27,665	11,597
Basic earnings per share	10	80.1p	34.4p
Diluted earnings per share	10	79.1p	33.5p
Interim dividend paid	18	7.5p	6.0p
Final dividend proposed	18	17.0p	12.0p
Total dividend proposed for the year	18	24.5p	18.0p

Consolidated balance sheet at 31st December 2008

	Note	2008 £'000	2007 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	31,317	14,290
Intangible assets	12,13,14	77,150	77,318
Deferred tax assets	16	3,184	2,984
Other receivables	15	–	898
Total non-current assets		111,651	95,490
Current assets			
Trade and other receivables	17	60,636	36,413
Income tax receivable		230	304
Cash and cash equivalents		33,146	24,820
Total current assets		94,012	61,537
Total assets		205,663	157,027
Equity			
Issued capital	18	3,517	3,463
Share premium		17,020	16,488
Merger reserve	18	13,947	9,298
Cumulative translation adjustment	18	3,940	(1,459)
Retained earnings		65,863	44,147
Total equity		104,287	71,937
Liabilities			
Non-current liabilities			
Acquisition consideration		–	11,759
Other payables		553	604
Deferred tax liabilities	16	8,425	6,810
Total non-current liabilities		8,978	19,173
Current liabilities			
Acquisition consideration		9,987	12,447
Trade and other payables	19	80,320	51,527
Current income tax liabilities		2,091	1,943
Total current liabilities		92,398	65,917
Total liabilities		101,376	85,090
Total equity and liabilities		205,663	157,027

Approved by the board of directors on 13th February 2009 and signed on its behalf by

A Malpass

	Note	2008 £'000	2007 £'000
Assets			
Non-current assets			
Investments	15	65,569	67,801
Deferred tax assets	16	186	287
Other receivables	15	–	898
Total non-current assets		65,755	68,986
Current assets			
Trade and other receivables	17	12,511	559
Income tax receivable		934	230
Cash and cash equivalents		13,047	12,837
Total current assets		26,492	13,626
Total assets		92,247	82,612
Equity			
Issued capital	18	3,517	3,463
Share premium		17,020	16,488
Merger reserve	18	13,947	9,298
Retained earnings		44,664	20,865
Total equity		79,148	50,114
Liabilities			
Non-current liabilities			
Acquisition consideration		–	11,759
Other payables		553	604
Total non-current liabilities		553	12,363
Current liabilities			
Acquisition consideration		9,987	12,447
Trade and other payables	19	2,559	7,688
Total current liabilities		12,546	20,135
Total liabilities		13,099	32,498
Total equity and liabilities		92,247	82,612

Approved by the board of directors on 13th February 2009 and signed on its behalf by

A Malpass

Consolidated statement of changes in shareholders' equity

	Note	Issued capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1st January 2007		3,356	15,715	–	(1,466)	36,841	54,446
Profit for the period from the income statement		–	–	–	–	11,597	11,597
Currency translation adjustments		–	–	–	7	–	7
Total income and expense for the period		–	–	–	7	11,597	11,604
Issue of shares – acquisition		85	–	9,298	–	–	9,383
Issue of shares – exercise of options	18	22	773	–	–	–	795
Employee share incentive charges	5	–	–	–	–	809	809
Current tax recognised direct to equity	9	–	–	–	–	841	841
Deferred tax recognised direct to equity	9	–	–	–	–	(871)	(871)
Purchase of own shares by employee share trust		–	–	–	–	(514)	(514)
Sale of own shares by employee share trust		–	–	–	–	482	482
Dividends paid	18	–	–	–	–	(5,038)	(5,038)
Balance at 31st December 2007		3,463	16,488	9,298	(1,459)	44,147	71,937
Profit for the period from the income statement		–	–	–	–	27,665	27,665
Currency translation adjustments		–	–	–	5,399	–	5,399
Total income and expense for the period		–	–	–	5,399	27,665	33,064
Issue of shares – acquisition		43	–	4,649	–	–	4,692
Issue of shares – exercise of options	18	11	532	–	–	–	543
Employee share incentive charges	5	–	–	–	–	1,141	1,141
Current tax recognised direct to equity	9	–	–	–	–	485	485
Deferred tax recognised direct to equity	9	–	–	–	–	(463)	(463)
Purchase of own shares by employee share trust		–	–	–	–	112	112
Sale of own shares by employee share trust		–	–	–	–	(473)	(473)
Dividends paid	18	–	–	–	–	(6,751)	(6,751)
Balance at 31st December 2008		3,517	17,020	13,947	3,940	65,863	104,287

	Note	Issued capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1st January 2007		3,356	15,715	–	19,848	38,919
Profit for the period from the income statement		–	–	–	5,207	5,207
Total income and expense for the period		–	–	–	5,207	5,207
Issue of shares – acquisition		85	–	9,298	–	9,383
Issue of shares – exercise of options	18	22	773	–	–	795
Employee share incentive charges – company		–	–	–	108	108
Employee share incentive charges – subsidiaries		–	–	–	701	701
Current tax recognised direct to equity		–	–	–	87	87
Deferred tax recognised direct to equity		–	–	–	(16)	(16)
Purchase of own shares by employee share trust		–	–	–	(514)	(514)
Sale of own shares by employee share trust		–	–	–	482	482
Dividend paid	18	–	–	–	(5,038)	(5,038)
Balance at 31st December 2007		3,463	16,488	9,298	20,865	50,114
Profit for the period from the income statement		–	–	–	27,554	27,554
Total income and expense for the period		–	–	–	27,554	27,554
Issue of shares – acquisition		43	–	4,649	–	4,692
Issue of shares – exercise of options	18	11	532	–	–	543
Employee share incentive charges – company		–	–	–	159	159
Employee share incentive charges – subsidiaries		–	–	–	3,221	3,221
Deferred tax recognised direct to equity		–	–	–	(23)	(23)
Purchase of own shares by employee share trust		–	–	–	112	112
Sale of own shares by employee share trust		–	–	–	(473)	(473)
Dividend paid	18	–	–	–	(6,751)	(6,751)
Balance at 31st December 2008		3,517	17,020	13,947	44,664	79,148

Consolidated cash flow statement for the year ended 31st December 2008

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
Profit before income tax		35,958	17,069
Adjustments for:			
Staff costs – share incentives	5	1,141	809
Product development amortised	5	10,229	7,432
Depreciation of property, plant and equipment	5	9,274	6,008
Amortisation of acquisition intangibles	5	2,631	1,755
Amortisation of other intangible assets	5	1,060	471
Gain on sale of property, plant and equipment	5	–	(38)
Finance cost		465	879
Finance income	8	(13,901)	(1,393)
Cash generated from operations before changes in working capital		46,857	32,992
Movement in trade and other receivables		(13,870)	(8,715)
Movement in trade and other payables		16,431	14,475
Cash generated from operations		49,418	38,752
Income tax paid		(6,731)	(3,073)
Net cash generated from operating activities		42,687	35,679
Cash flows from investing activities			
Acquisition of LatentZero (net of cash acquired)		(7,753)	(26,261)
Purchase of property, plant and equipment	11	(22,724)	(9,318)
Proceeds from sale of property, plant and equipment		–	54
Purchase of other intangible assets	14	(1,010)	(1,303)
Product development	14	(14,916)	(11,024)
Interest received on cash and cash equivalents		809	1,082
Interest received on Touchpaper loan notes		488	70
Proceeds from capital repayment of Touchpaper loan notes	8	1,900	300
Proceeds from sale of Touchpaper ordinary and preferred ordinary shares		11,035	–
Net cash used in investing activities		(32,171)	(46,400)
Cash flows from financing activities			
Proceeds from shares issued		544	795
Purchase of own shares by employee share trust		(473)	(514)
Proceeds from sale of own shares by employee share trust		112	482
Repayment of borrowings		–	(292)
Interest paid		–	(32)
Dividends paid	18	(6,751)	(5,038)
Net cash used in financing activities		(6,568)	(4,599)
Net increase/(decrease) in cash and cash equivalents		3,948	(15,320)
Cash and cash equivalents at 1st January		24,820	40,069
Effect of exchange rate fluctuations on cash held		4,378	71
Cash and cash equivalents at 31st December		33,146	24,820

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
Profit before income tax		27,528	4,490
Adjustments for:			
Staff costs – share incentives		159	108
Finance cost		465	859
Finance income		(13,766)	(1,274)
Cash generated from operations before changes in working capital		14,386	4,183
Movement in trade and other receivables		(8,171)	1,308
Movement in trade and other payables		(5,187)	5,477
Cash generated from operations		1,028	10,968
Income tax (paid)/refunded		(601)	113
Net cash generated from operating activities		427	11,081
Cash flows from investing activities			
Acquisition of LatentZero		(7,753)	(29,547)
Interest received on cash and cash equivalents		681	963
Interest received on Touchpaper loan notes		488	70
Proceeds from capital repayment of Touchpaper loan notes	8	1,900	300
Proceeds from sale of Touchpaper ordinary and preferred ordinary shares		11,035	–
Net cash generated/(used) from investing activities		6,351	(28,214)
Cash flows from financing activities			
Proceeds from shares issued		544	795
Purchase of own shares by employee share trust		(473)	(514)
Proceeds from sale of own shares by employee share trust		112	482
Interest paid		–	(12)
Dividends paid	18	(6,751)	(5,038)
Net cash used in financing activities		(6,568)	(4,287)
Net increase/(decrease) in cash and cash equivalents		210	(21,420)
Cash and cash equivalents at 1st January		12,837	34,257
Cash and cash equivalents at 31st December		13,047	12,837

Fidessa group plc (“Fidessa” or the “Company”), is a company incorporated in England and Wales. The financial statements are presented in pounds sterling, rounded to the nearest thousand.

The financial statements were authorised for issue by the directors on 13th February 2009.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its group.

Both the Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union. In publishing the Company financial statements here together with the Group financial statements, the Company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

1 Basis of preparation

The financial statements are prepared on the historical cost basis with the exception of financial instruments which are stated in accordance with IAS 39 Financial Instruments: Recognition and Measurement. IFRIC 11 IFRS 2 – Group and Treasury Share Transactions and IFRIC 14 – IAS 19 The Limit on Defined Benefit Assets, Minimum Funding Requirements and Their Interaction have been adopted for the first time in these financial statements. None of these interpretations had any impact on the Group’s result or financial position.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates, assumptions and judgements that are likely to contain the greatest degree of uncertainty are summarised in note 25.

The accounting policies set out below have, unless otherwise stated, been applied consistently by the Group and Company to all periods presented in these financial statements.

2 Significant accounting policies

a Basis of consolidation

The consolidated financial statements include the financial statements of Fidessa group plc and its subsidiaries. There are no associates or joint ventures to be included in the consolidated accounts.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain the benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which control ceases. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group uses the purchase method of accounting to account for the acquisition of subsidiaries.

b Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to pounds sterling at foreign exchanges rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to pounds sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to pounds sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the translation reserve. Exchange gains and losses arising on the translation of the Group's net investment in foreign entities are recognised in the translation reserve. On disposal of a foreign entity the cumulative translation differences are recycled to the income statement and recognised as part of the gain or loss on disposal.

c Revenue

Revenue represents the amount chargeable, excluding sales related taxes, for software related services supplied. Revenue is only recognised where there is persuasive evidence that a contract exists, delivery has occurred, the fee is fixed or determinable and collection of the resulting receivable is considered probable. Full allowance is made for all known or expected losses.

Revenue from rental, application hosting and support services is recognised equally over the period that the service is to be provided. Revenue from installation, consultancy and training services chargeable on a time and materials basis is recognised when the work is performed. Revenue from fixed price implementations and perpetual software licences is recognised over the period of implementation in accordance with the estimated percentage completed for each contract.

Deferred revenue represents amounts invoiced to customers for goods and services not yet supplied. Accrued revenue represents amounts recognised as revenue to be invoiced in a future period.

d Share-based payments

The Group operates equity-settled share incentive plans. No expense is recognised in respect of share incentives granted before 7th November 2002 or incentives vested before 1st January 2005. For share incentives granted after 7th November 2002 and vested after 1st January 2005 the fair value of the incentives granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the incentives. The fair value of the incentives granted is measured using a binomial model or a Monte Carlo simulation model, taking into account the terms and conditions upon which the incentives were granted. The amount recognised as an expense is adjusted to reflect the actual number of share incentives that vest except where forfeiture is only due to the share price not achieving the threshold for vesting.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiaries' financial statements, with the corresponding credit being recognised directly in equity.

e Post employment benefits

Certain subsidiaries operate defined contribution pension schemes for their employees. Pension costs are charged to the income statement as they arise.

f Interest receivable

Interest receivable on interest-bearing financial assets is recognised on an accruals basis using the effective interest rate method. The effective interest rate used reflects the anticipated cash flows to be received. In accordance with IAS 39 Financial Instruments: Recognition and Measurement, where the effective interest rate has been and is still assessed as being zero, both capital and interest amounts received are recognised as income on receipt.

g Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

h Segment reporting

A business segment is a distinguishable component of a group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group considers there to be only one business segment.

A geographic segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

i Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is provided by the Group to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

- Equipment and furniture 3-5 years
- Computers 2-3 years
- Motor vehicles 4 years
- Buildings 25 years
- Leasehold improvements 5-10 years or remainder of lease if shorter

j Intangible assets

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on product development (relating to the design, programming and testing of new or enhanced products) are capitalised as intangible assets when it is probable that the development will provide economic benefits, considering its commercial and technological feasibility, resources are available for the development, and costs can be measured reliably. The expenditure capitalised is the direct labour cost and is managed and controlled centrally. Other development expenditure is recognised as an expense as incurred. Product development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised product development expenditure is stated at cost less accumulated amortisation and impairment losses. Product development costs that have been capitalised are amortised from the time of development on a straight-line basis over three years.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired in a business combination.

Acquisition intangibles

Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition and amortised over their estimated useful economic life. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. The estimated useful lives of the intangible assets are as follows:

- Customer relationships 10 years
- Complete technology 5 years
- Brands and other marketing related 8 years

Other intangible assets

Other intangible assets that are purchased by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Software purchased for internal use is amortised over two years.

k Impairment of assets

Goodwill is allocated to cash generating units for the purposes of impairment testing. The recoverable amount of the cash generating unit to which the goodwill relates is estimated and the carrying amount is tested annually for impairment or when events or changes in circumstances indicate that it might be impaired. The carrying values of assets other than goodwill and deferred tax are reviewed for impairment only when events indicate that the carrying value may be impaired.

In an impairment test, the recoverable amount of the cash generating unit or asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use for the Group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

In determining a cash generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash generating unit or asset that have not already been included in the estimate of future cash flows.

l Leased assets

Where the Group enters into an operating lease the rentals are charged as an expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

m Investments and financial instruments

A financial instrument is recognised if the Company or Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(i) Available for sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available for sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss. If an equity instrument cannot be reliably measured, then it is carried at amortised cost.

(ii) Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

n Trade receivables

Trade receivables are stated at amortised cost, their carrying value being reduced by appropriate allowances for estimated irrecoverable amounts.

o Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

p Trade payables

Trade payables are stated at amortised cost.

q Employee Benefit Trust and Share Bonus Trust

The Employee Benefit Trust and Share Bonus Trust, which purchase and hold ordinary shares of the Company in connection with employee share schemes, are included in the Company's financial statements. Any consideration paid or received by the trusts for the purchase or sale of the Company's own shares is shown as a movement in shareholders' equity.

r Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material the provision is determined by discounting the expected future cash flows. No provision is recognised for contingent liabilities if it is not probable that an outflow of economic benefits will be required to settle an obligation or the amount of the obligation cannot be measured with sufficient reliability.

3 Recent accounting developments

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

- *Amendments to IFRS2 Share-based Payments – Vesting Conditions and Cancellations* is applicable from 2009 and affects SAYE and hold-share schemes. It is not expected to have any impact on the company or consolidated financial statements.
- *IFRS8 Operating Segments* is applicable for the Group's 2009 financial statements. It contains requirements for disclosure about an entity's operating segments, products and services, geographical areas in which it operates and major customers. The standard is concerned only with disclosure and replaces IAS14 Segment Reporting. The group is currently assessing the impact this standard would have on the presentation of its consolidated results.
- *IAS23 Borrowing Costs (Revised)* is applicable for the Group's 2009 financial statements. It is not expected to have any impact on the company or consolidated financial statements.
- *IFRIC 13 Customer Loyalty Programmes* is applicable for the Group's 2009 financial statements and is not expected to have any impact on the company or consolidated financial statements.

4 Segment reporting

The Group operates in one business segment; that of supply of software to financial institutions. The operations are monitored by the geographic regions of Europe, North America and Asia. Certain activities and costs are managed and monitored centrally. Tax assets and liabilities, intangible assets resulting from acquisitions and the intangible asset for product development capitalised are excluded from segment assets and liabilities. The segment information in respect of the regions is presented below.

For the year ended 31st December 2008	Europe £'000	North America £'000	Asia £'000	Total £'000
Segment revenue	95,849	69,492	23,761	189,102
Segment result	14,149	14,192	10,104	38,445
Patent dispute settlement	–	(980)	–	(980)
Lehman receivable write off	(394)	–	(232)	(626)
Product development amortised				(10,229)
Acquisition intangibles amortised				(2,631)
Central costs				(1,457)
Operating profit				22,522
Capital additions	16,570	6,414	751	23,735
Depreciation and amortisation	5,725	3,836	772	10,333
Segment assets	72,009	38,695	15,923	126,627
Unallocated assets				79,036
Consolidated total assets				205,663
Segment liabilities	55,059	30,894	4,906	90,859
Unallocated liabilities				10,517
Consolidated total liabilities				101,376
For the year ended 31st December 2007	Europe £'000	North America £'000	Asia £'000	Total £'000
Segment revenue	69,211	49,522	16,296	135,029
Segment result	12,837	8,578	7,667	29,082
Product development amortised				(7,432)
Acquisition intangibles amortised				(1,755)
Central costs				(3,340)
Operating profit				16,555
Capital additions	6,566	4,400	841	11,807
Depreciation and amortisation	3,533	2,445	501	6,479
Segment assets	44,376	25,799	7,594	77,769
Unallocated assets				79,258
Consolidated total assets				157,027
Segment liabilities	56,697	17,258	2,382	76,337
Unallocated liabilities				8,753
Consolidated total liabilities				85,090

5 Operating expenses

	2008 £'000	2007 £'000
Staff costs – salaries	80,031	60,143
Staff costs – social security	7,399	5,639
Staff costs – pension	1,127	486
Staff costs – share incentives	1,141	809
Total staff costs	89,698	67,077
Amounts payable to subcontractors	4,773	4,092
Depreciation of property, plant and equipment	9,274	6,008
Amortisation of other intangible assets	1,060	471
Product development capitalised	(14,916)	(11,024)
Product development amortised	10,229	7,432
Communications and data	26,901	20,276
Operating lease rentals – property	10,014	4,317
Operating lease rentals – plant and machinery	25	57
Gain on sale of property, plant and equipment	–	(38)
Exchange (gain)/loss	(1,657)	320
Other operating expenses	27,334	18,107
Operating expenses before amortisation of acquisition intangibles, patent dispute settlement and Lehman receivable write off	162,735	117,095
Patent dispute settlement	980	–
Lehman receivable write off	626	–
Amortisation of acquisition intangibles	2,631	1,755
Total operating expenses	166,972	118,850

Other operating income represents income from sublet office space.

Included in operating expenses are the direct costs of research and development of £20,734,000 (2007 restated £14,588,000), which includes the amount capitalised above.

Patent dispute settlement

In June 2003 **Fidessa** noted an announcement released by Lava Trading Inc. (now part of Citigroup) that it had filed a patent infringement claim in the US against **Fidessa**. The patent relates to the concept of displaying prices from more than one source (ECN) on a single screen in the US. In December 2003 Lava filed an amendment to its lawsuit alleging unfair trade practices on the part of **Fidessa**, in particular in relation to the pricing of products and associated services.

In December 2004 **Fidessa** announced that a Stipulated Judgment had been entered into the record in the United States District Court for the Southern District of New York which formally recorded that the patent had not been infringed. Lava lodged an appeal and in April 2006 the United States Court of Appeals for the Federal Circuit determined that the lower court did not correctly interpret all the technical terms in the patent and referred the case back to the lower court. This meant that the patent proceedings, started in June 2003, were for the most part restarted from the beginning and all previous judgments no longer stood. Both parties were therefore expecting further significant expenditure on litigation in order to progress the case.

On 30th July 2008 **Fidessa** announced that a settlement agreement had been reached with Lava under which **Fidessa** will provide Lava with products and services valued at \$1.95 million over the next three years. In return Lava will license **Fidessa** to use the inventions covered by the patent. Both firms agree to drop all claims and counter claims relating to this dispute. The \$1.95 million settlement has been charged to the income statement in 2008.

The dispute had previously been treated as a contingent liability since due to the then uncertainty of the eventual outcome of the case, no provision was made in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Lehman receivable write off

On 15th September 2008 Lehman Brothers International (Europe) appointed Administrators in the UK and Lehman Brothers Holdings Inc filed petitions for relief under Chapter 11 in the US. On 16th September 2008 Lehman Brothers Japan Inc commenced civil rehabilitation procedures under the Japan Civil Rehabilitation Law. These entities together with certain of their subsidiaries (together "Lehman") accounted for circa £2.0 million of revenue per annum and were a top ten customer. The receivables from Lehman at these dates are unlikely to be recoverable and a £626,000 write off resulted.

6 Auditor fees

The following table shows an analysis of fees payable to the Group's auditors

	2008 £'000	2007 £'000
Fees payable for the audit of these financial statements	36	33
Fees payable for audits of subsidiaries pursuant to legislation	140	167
Fees payable for reviews of subsidiaries	62	49
Services relating to taxation	82	150
Services relating to corporate finance transactions	–	160
Total fees paid to the auditor	320	559

The 2007 assignment relating to corporate finance activities was awarded after a competitive tender process against other major providers. The Chairman and the Chairman of the Audit Committee participated fully in the selection process.

7 Staff numbers

The average number of people employed by the Group during the year was as follows

	2008 Number	2007 Number
Europe	719	559
North America	429	358
Asia	133	110
Total average staff numbers	1,281	1,027

	At 31st December 2008 Number	At 31st December 2007 Number
Technical	730	619
Product development	328	260
Sales and marketing	157	128
Management and administration	176	153
Total staff numbers at 31st December	1,391	1,160

The number of people employed by the Company during the year was 2 (2007 3), all management, plus the non-executive directors. The staff costs were: salaries £1,492,000 (2007 £2,335,000), social security £185,000 (2007 £300,000) and share incentives £159,000 (2007 £108,000).

Details of the directors' emoluments and interests are included in the Directors' Remuneration Report.

8 Finance income

	2008 £'000	2007 £'000
Interest receivable on cash and cash equivalents	791	1,019
Interest received on Touchpaper "A" and "B" Loan Notes	488	70
Other interest receivable	35	4
Capital repayment of Touchpaper "A" and "B" Loan Notes	1,900	300
Sale of Touchpaper ordinary and preferred ordinary shares	10,687	–
Total finance income	13,901	1,393

9 Income tax expense

	2008 £'000	2007 £'000
Current tax expense:		
Current year domestic tax	1,204	675
Current year foreign tax	5,494	3,219
Adjustments for prior years	67	(27)
Total current tax expense	6,765	3,867
Deferred tax expense:		
Origination and reversal of temporary differences	1,610	1,120
Adjustments to UK taxation rate in respect of prior periods	–	(40)
Benefit and utilisation of tax losses	(82)	525
Total deferred tax expense	1,528	1,605
Total income tax expense in income statement	8,293	5,472

Reconciliation of effective tax rate	2008	2008 £'000	2007	2007 £'000
Profit before tax		35,958		17,069
Income tax using the domestic corporation tax rate	28.5%	10,248	30%	5,121
Effective tax rates in foreign jurisdictions		1,586		901
Expenses not deductible for tax purposes		1,022		135
Tax incentives		(1,042)		(757)
Adjustments to UK taxation rate in respect of prior periods		–		(40)
Non-taxable items		(3,588)		139
Adjustment relating to prior years		67		(27)
Tax expense and effective tax rate for the year	23%	8,293	32%	5,472

Tax recognised directly in equity	2008 £'000	2007 £'000
Current tax credit relating to equity settled share incentives	(485)	(841)
Deferred tax debit relating to equity settled share incentives	463	871

10 Earnings per share

Earnings per share have been calculated by dividing profit attributable to shareholders by the weighted average number of shares in issue during the year, details of which are below. The diluted earnings per share have been calculated using an average share price of 765p (2007 1037p) for the year.

	2008 £'000	2007 £'000
Profit attributable to shareholders	27,665	11,597
Add amortisation of acquisition intangibles net of deferred tax	1,881	1,229
Add patent dispute settlement net of income tax	550	–
Add Lehman debtor write off net of income tax	514	–
Add notional interest on contingent consideration	465	847
Less gains relating to Touchpaper net of tax	(12,936)	(370)
Profit attributable to shareholders after adjustments	18,139	13,303

	2008 Number '000	2007 Number '000
Weighted average number of shares in issue	34,994	34,264
Weighted average number of shares held by the employee share trusts	(477)	(544)
Shares used to calculate basic earnings per share	34,517	33,720
Dilution due to share options	471	872
Shares used to calculate diluted earnings per share	34,988	34,592

Basic earnings per share	80.1p	34.4p
Diluted earnings per share	79.1p	33.5p
Basic earnings per share on adjustments	(27.5)p	5.1p
Diluted earnings per share on adjustments	(27.3)p	5.0p
Basic earnings per share after adjustments	52.6p	39.5p
Diluted earnings per share after adjustments	51.8p	38.5p

Basic and diluted earnings per share have been adjusted to exclude the amortisation of acquisition intangibles, the Lava patent dispute settlement, Lehman receivable write off, notional interest charge and gains relating to Touchpaper. Management consider that earnings per share after these adjustments provide a better year to year comparison of performance.

11 Property plant and equipment

Group	Total £'000	Furniture & equipment £'000	Long leasehold buildings £'000	Computers £'000	Vehicles £'000
Cost					
At 1st January 2007	20,866	8,455	455	11,899	57
Exchange adjustment	(36)	(26)	(8)	(2)	–
Acquisition of LatentZero	1,186	313	675	198	–
Additions	9,318	3,223	–	6,068	27
Disposals	(1,660)	(809)	–	(815)	(36)
At 1st January 2008	29,674	11,156	1,122	17,348	48
Exchange adjustment	7,742	3,679	172	3,891	–
Additions	22,724	15,312	–	7,412	–
Disposals	(850)	–	–	(850)	–
Cumulative cost at 31st December 2008	59,290	30,147	1,294	27,801	48

11 Property plant and equipment continued

Group	Total £'000	Furniture & equipment £'000	Long leasehold buildings £'000	Computers £'000	Vehicles £'000
Depreciation					
At 1st January 2007	11,038	4,137	122	6,753	26
Exchange adjustment	(18)	(14)	(2)	(2)	–
Charged in the year	6,008	1,865	35	4,095	13
Disposals	(1,644)	(808)	–	(815)	(21)
At 1st January 2008	15,384	5,180	155	10,031	18
Exchange adjustment	4,165	1,713	56	2,396	–
Charged in the year	9,274	3,661	46	5,555	12
Disposals	(850)	–	–	(850)	–
Cumulative depreciation at 31st December 2008	27,973	10,554	257	17,132	30
Carrying value					
At 31st December 2008	31,317	19,593	1,037	10,669	18
At 1st January 2008	14,290	5,976	967	7,317	30
At 1st January 2007	9,828	4,318	333	5,146	31

There are no fixed assets in the Company, all items being fully depreciated and disposed. At 1st January 2007 and 2008 they were held at cost of £219,000 and cumulative depreciation of £219,000.

12 Goodwill

	£'000
Carrying value at 1st January 2007	–
Acquisition of LatentZero	47,129
Carrying value at 1st January 2008	47,129
Adjustment to deferred considerations	(2,232)
Carrying value at 31st December 2008	44,897

Goodwill acquired in a business combination is allocated to cash generating units. The Group conducts annual impairment tests on the carrying value of goodwill, based on the recoverable amount of the cash generating units to which goodwill has been allocated. Value in use calculations are used to determine the recoverable amount of cash generating units. The key assumptions for the value in use calculations are the discount rate applied, future growth rate of the revenue, operating margin and net operating cash flows. These reflect recent past experience following the ownership by the Group.

The goodwill arising on the acquisition of **LatentZero** results from the value of the assembled workforce, the synergistic nature of the acquisition due to cross-selling opportunities between the buy-side and sell-side clients, potential cost savings, the expected future growth and the acceleration of the Group's operations into the buy-side.

The **LatentZero** acquisition goodwill has been assigned to the buy-side cash generating unit. The Group prepares cash flow forecasts derived from the latest approved forecasts for the following year which have been extended for the following four years based on an average estimated growth rate of 15% which management consider reflects a reasonable future rate for the business after considering the increasing amount of recurring revenue, assessing the market opportunities and potential to expand the addressable market. A declining rate of cash flow growth to 5% and a terminal growth of 2% has been assumed after the five year period as the expected useful life is greater than five years. This reflects a cautious long-term average growth rate for the products and services. Future cash flows are discounted in line with the appropriate weighted average cost of capital for the buy-side business of 10% pre-tax (2007: 12%).

This has been calculated after assessing the risk premium, the capital structure and the business's beta factor. The reduction in the discount rate reflects the move in the year from requiring a loan facility for working capital contingency to not requiring any facility, the expectation that the Group and the buy-side business will have substantial positive cash resources into the future, the increased integration of the buy-side business into the rest of the Group's operations, the increasing level of recurring revenue in the buy-side business and the reduction in the risk free rate of return.

13 Acquisition intangible assets

	Total £'000	Customer relationships £'000	Complete technology £'000	Marketing related £'000
Cost				
At 1st January 2007	–	–	–	–
LatentZero acquisition	17,600	7,300	8,200	2,100
Cumulative cost at 1st January 2008 and at 31st December 2008	17,600	7,300	8,200	2,100
Amortisation				
At 1st January 2007	–	–	–	–
Charged in the year	1,755	487	1,093	175
Cumulative amortisation at 1st January 2008	1,755	487	1,093	175
Charged in year	2,631	730	1,639	262
Cumulative amortisation at 31st December 2008	4,386	1,217	2,732	437
Carrying value				
At 31st December 2008	13,214	6,083	5,468	1,663
At 1st January 2008	15,845	6,813	7,107	1,925
At 1st January 2007	–	–	–	–

14 Other intangible assets

	Product development £'000
Carrying value at 1st January 2007	9,404
Additions	11,024
Amortisation	(7,432)
Carrying value at 1st January 2008	12,996
Additions	14,916
Amortisation	(10,229)
Carrying value at 31st December 2008	17,683

The product development is a continual process without defined end dates and management consider that a net carrying value presentation is the most appropriate presentation for development of this nature.

14 Other intangible assets continued

Software purchased for internal use
£'000

Cost	
Cumulative cost at 1st January 2007	1,044
Exchange adjustment	–
Additions	1,303
Disposals	(12)
Cumulative cost at 1st January 2008	2,335
Exchange adjustment	200
Additions	1,010
Disposals	(4)
Cumulative cost at 31st December 2008	3,541
Depreciation	
Cumulative depreciation at 1st January 2007	526
Exchange adjustment	2
Charged in the year	471
Disposals	(12)
Cumulative depreciation at 1st January 2008	987
Exchange adjustment	142
Charged in the year	1,060
Disposals	(4)
Cumulative depreciation at 31st December 2008	2,185
Carrying value	
At 31st December 2008	1,356
At 1st January 2008	1,348
At 1st January 2007	518

15 Investments

Group and Company

Sale of Investment in Touchpaper

In July 2001 the royalblue technologies help desk and call centre software business was divested by the Company with a minority stake being retained. The business subsequently changed its name to Touchpaper Group Limited (“Touchpaper”). Following the divestment, the Company held financial assets in Touchpaper comprising preference shares, ordinary shares, warrants to subscribe for ordinary shares and loan notes. Since July 2001 the Company has had no financial influence or operational involvement in the Touchpaper business and their results have not been consolidated into Fidessa’s performance. In the year to 31st December 2007 Touchpaper had reported revenue of £17.5 million, profit before tax of £0.4 million and gross assets of £9.4 million under UK GAAP.

Preference shares

Fidessa held 17,000,000 redeemable preference shares of 100p which were redeemable at par on 31st January 2011 (or later if mutually agreed, the redemption date previously being deferred from 31st January 2008) or in the event of an earlier sale, for 25% of the sales proceeds of the Touchpaper business, to a maximum of £17,000,000. The redeemable preference shares carried a cumulative coupon at an annual rate of 0.5%. The redeemable preference shares gave Fidessa no voting rights. These were classed as loans and receivables and held at amortised cost of nil being the fair value on initial recognition, and the directors assessed the effective interest rate as being zero.

Ordinary shares and warrants

Fidessa held 19% of the ordinary share capital of Touchpaper with the same voting rights as the other ordinary shareholders. In addition, **Fidessa** held warrants over 1,275,000 ordinary shares in Touchpaper. The warrants over ordinary shares represented up to a maximum of 51% of the diluted equity of Touchpaper when exercised. The warrants were exercisable only on the sale or listing of Touchpaper. Both ordinary shares and warrants in Touchpaper were classed as available for sale assets but were measured at cost of nil (being their fair value on initial recognition) because their fair value could not be measured reliably. The range of reasonable fair value estimates was significant and the probabilities of the various estimates could not be reasonably assessed due to the lack of financial information and the inherent uncertainty as to cash flows, therefore **Fidessa** was precluded from measuring the instruments at fair value.

'A' loan note

Fidessa held a £897,755 variable rate secured loan note. The loan note was scheduled to be repaid in three instalments between 31st July 2009 and 31st July 2011. Interest was payable in arrears at a rate of 4% per annum above base lending rates as set by Barclays Bank plc. The loan note and interest were secured over certain assets of Touchpaper. The loan note had been classified as loan and receivables and was carried at amortised cost of £897,755 (being also their fair value on initial recognition).

'B' loan note

Fidessa held a £3,802,000 variable rate unsecured loan note. The loan note was repayable in annual instalments of £500,000 commencing in July 2002. Interest was payable in arrears at a rate of 4% per annum above base lending rates as set by Barclays Bank plc. The loan note had been classified as loan and receivables and was carried at amortised cost of £nil being the fair value attributed on initial recognition on divestment of Touchpaper. The effective interest rate was assessed as being zero. As at 31 December 2007 the outstanding capital was £1,002,000.

In 2007 £300,000 of the loan note was repaid and £70,000 of interest on the loan was received.

Sale to Avocent

On 30th June 2008 Avocent Ireland Holdings Limited ("Avocent") acquired the entire share capital of Touchpaper and the preference shares and loan notes were redeemed. The Company has recorded a gain in the year of £10,687,000 for the sale and redemption of the ordinary and preference shares, £1,900,000 for the redemption of the loan notes and £488,000 for the accrued interest on the loan notes. The consideration comprises payment at completion of £12,525,000 plus amounts held in escrow in respect of working capital conditions being met at completion and against indemnities and general warranties of £550,000. Discussions continue between the relevant parties for the release of the escrow monies relating to working capital at completion and the indemnities and general warranties money is not due for release until July 2010. The maximum that **Fidessa** could receive from these escrows is £478,000 and £3,404,000 respectively of which £550,000 is recognised in these accounts, classified at fair value through profit and loss having taken account of the believed risks and exposures.

At 31st December 2008 **Fidessa** no longer held any investment in Touchpaper.

Company	£'000
Investments at 1st January 2007	4,812
Share incentive charges – subsidiaries	701
Acquired through business combination	62,288
Investments at 1st January 2008	67,801
Prior year acquisition – adjustment to deferred considerations	(2,232)
Share incentive charges – subsidiaries	3,221
Share incentive reimbursements – subsidiaries	(3,221)
Investments at 31st December 2008	65,569

15 Investments continued

The subsidiary undertakings and other trade investments at 31st December 2008, all being engaged in developing and selling computer software and providing associated services, are in the table below. All principally operate in their country of incorporation.

	Country of incorporation	Proportion of ordinary share capital held
Fidessa plc	England and Wales	100%
Fidessa LatentZero Limited	England and Wales	100%
Fidessa software limited	England and Wales	100%
Fidessa investments limited	England and Wales	100%
royalblue financial limited	England and Wales	100%
royalblue group limited	England and Wales	100%
Fidessa corporation	USA	100%
Fidessa LatentZero Incorporated	USA	100%
Fidessa US corporation	USA	100%
Fidessa limited	Hong Kong	100%
Fidessa kk	Japan	100%
Fidessa SAS	France	100%
Fidessa LatentZero SARL	France	100%
Fidessa Canada corporation	Canada	100%

16 Deferred tax assets and liabilities

Group – Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities		Net Assets/(Liabilities)	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Property, plant and equipment	845	1,135	(460)	(68)	385	1,067
Intangible assets	115	8380	(8,639)	(8,074)	(8,524)	(7,991)
Employee benefits	742	1,232	(303)	–	439	1,232
Tax losses and allowances carried forward	1,242	994	–	–	1,242	994
Interest income	–	107	–	–	–	107
Other temporary differences	1,217	765	–	–	1,217	765
Tax assets/(liabilities)	4,161	4,316	(9,402)	(8,142)	(5,241)	(3,826)
Set off of tax	(977)	(1,332)	977	1,332	–	–
Net tax assets/(liabilities)	3,184	2,984	(8,425)	(6,810)	(5,241)	(3,826)

Group – Movement during the year

	Balance at 1st January 2008 £'000	Translation adjustment £'000	Reclassification to current tax £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2008 £'000
Property, plant and equipment	1,067	193	–	(875)	–	385
Intangible assets	(7,991)	31	–	(563)	–	(8,523)
Employee benefits	1,232	88	–	(415)	(466)	439
Tax losses and allowances carried forward	994	12	(179)	414	–	1,241
Interest income	107	–	–	(107)	–	–
Other temporary differences	765	434	–	18	–	1,217
	(3,826)	758	(179)	(1,528)	(466)	(5,241)

	Balance at 1st January 2007 £'000	Translation adjustment £'000	Acquisition of LatentZero £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2007 £'000
Property, plant and equipment	689	–	118	260	–	1,067
Intangible assets	(2,720)	(1)	(5,733)	463	–	(7,991)
Employee benefits	3,039	(22)	–	(914)	(871)	1,232
Tax losses and allowances carried forward	1,168	(39)	1,531	(1,666)	–	994
Interest income	68	–	–	39	–	107
Other temporary differences	536	16	–	213	–	765
	2,780	(46)	(4,084)	(1,605)	(871)	(3,826)

The tax losses and allowances carried forward are expected to be utilised in future periods and have a life of 20 years or more.

Company – Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net Assets/(Liabilities)	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Property, plant and equipment	3	4	–	–	3	4
Employee benefits	183	176	–	–	183	176
Interest income	–	107	–	–	–	107
Tax assets/(liabilities)	186	287	–	–	186	287

Company – Movement during the year

	Balance at 1st January 2008 £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2008 £'000
Property, plant and equipment	4	(1)	–	3
Employee benefits	176	30	(23)	183
Interest income	107	(107)	–	–
	287	(78)	(23)	186

	Balance at 1st January 2007 £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2007 £'000
Property, plant and equipment	5	(1)	–	4
Employee benefits	217	(24)	(17)	176
Interest income	68	39	–	107
	290	14	(17)	287

17 Trade and other receivables

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade receivables	49,891	29,637	–	–
Amount due from subsidiaries	–	–	11,603	–
Prepayments	3,981	3,375	2	217
Accrued revenue	2,148	1,545	–	–
Other receivables	4,616	1,856	906	342
Total trade and other receivables	60,636	36,413	12,511	559

18 Share capital and reserves

	Group		Company	
	2008 number	2007 number	2008 £'000	2007 £'000
Authorised ordinary shares of 10p each	43,600,000	43,600,000	4,360	4,360
Ordinary shares allotted, called up and fully paid at 1st January	34,629,180	33,559,103	3,463	3,356
Issued for share options exercised	114,144	217,838	11	22
Issued for acquisition of LatentZero	426,107	852,239	43	85
Ordinary shares allotted, called up and fully paid at 31st December	35,169,431	34,629,180	3,517	3,463

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Cumulative translation adjustment

The cumulative translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Merger reserve

The merger reserve represents the excess of the fair value over the nominal value of shares issued by the Company to acquire at least 90% equity interest in an acquiree company. A purchaser company acquiring at least 90% equity interest in an acquiree company under an arrangement, which provides for the allotment of equity shares by the purchaser in return for the equity interest in the acquiree, must apply Section 131 of the Companies Act. When applicable, the section requires that the premium on the issue of equity shares by the purchaser company be disregarded. Accordingly, the Company did not record a premium on the shares it issued but recognised a merger reserve in the consolidated balance sheet.

Dividends paid and proposed

On 2nd June 2008 the 2007 final dividend of 12.0 pence per share, £4,149,000, (2007: final dividend for 2006 of 8.8 pence per share, £2,993,000) was paid. On 29th September 2008 the 2008 interim dividend of 7.5 pence per share, £2,602,000, (2007: 6.0 pence per share, £2,045,000) was paid.

The directors propose a final dividend for 2008 of 17.0 pence per share, £5,893,000, payable on 8th June 2009 to shareholders on the register on 8th May 2009, with an ex-dividend date of 6th May 2009. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Employee share trusts

At 31st December 2008 the **Fidessa** group plc Employee Benefit Trust 1997 owned 344,889 (2007 378,762) shares representing 1.0% of the issued capital. At 31st December 2008 the **Fidessa** group plc Share Bonus Trust owned 162,033 (2007 110,492) shares representing 0.5% of the issued capital.

19 Current liabilities; trade and other payables

	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade payables	4,094	4,048	52	90
Amount due to subsidiaries	–	–	112	5,718
Accrued expenses	33,017	20,170	982	873
Deferred revenue	38,241	24,286	–	–
Other taxes and social security	4,968	3,023	1,413	1,007
Total trade and other payables	80,320	51,527	2,559	7,688

20 Share-based payments

A full description of each type of share-based payment to employees is in the Directors' Remuneration Report. All share incentives are over ordinary shares of the Company. The Company grants share incentives to employees in the form of share options, share bonuses and under the Exceptional Growth Rate Incentive Plan. The fair value of all incentives granted since 7th November 2002 and not vested at 1st January 2005 is recognised as an employee expense with a corresponding increase in equity. The employee expense is recognised equally over the time from grant until vesting of the incentive. The employee expense in 2008 was £1,141,000 (2007: £809,000).

For share options and share bonuses the fair value has been measured using a binomial model. The expected volatility is based on the historic volatility adjusted for any expected changes to future volatility. The material inputs into the model have been:

Share options	Granted in 2004	Granted in 2005	Granted in 2006	Granted in 2007
Fair value	166.9p	108.5p	190p	267p
Share price at grant	560p	632p	860p	949p
Exercise price	560p	632p	860p	949p
Expected volatility	35%	20%	25%	30%
Expected life	6 years	6 years	5 years	5 years
Expected dividends	3.2%	3.4%	2.9%	2.2%
Risk-free rate of return	4.6%	4.1%	4.7%	5.0%
Share bonuses	Awards in 2005	Awards in 2007	Awards in 2008	
Fair value	585.6p to 658.5p	775p to 1116p	456p to 672p	
Share price at purchase	649.2p to 730.0p	829p to 1193p	482p to 710p	
Expected volatility	20%	30%	30%	
Expected life	3 years	3 years	3 years	
Expected dividends	3.4%	2.2%	1.8%	

The fair value of the award under the Exceptional Growth Rate Incentive Plan (EGRIP) has been measured using a Monte Carlo simulation model. The expected volatility is based on the historic volatility adjusted for any expected changes to future volatility. The inputs to and output from this model are listed below.

EGRIP award	March 2006	September 2007	September 2008
Fair value	153p	245p	224p
Share price at grant	896p	1018p	920p
Exercise price	10p	10p	10p
Expected volatility	25%	30%	30%
Expected life	5 years	5 years	5 years
Expected dividends	3.4%	2.2%	1.8%
Risk-free rate of return	4.3%	5.0%	4.3%

20 Share-based payments continued

Share options subsisting at 31st December 2008 were

Grant year	Options at 1st January 2008	Exercised in year	Expired in year	New grants	Options at 31st December 2008	Exercise price pence	Vested at 31st December 2008	Remaining life
1999	11,632	–	(2,500)	–	9,132	535p	9,132	1 year
2000	12,572	–	–	–	12,572	1285p	12,572	2 years
2001	49,600	(38,918)	(1,250)	–	9,432	612.5p	9,432	3 years
2002	216,813	(33,060)	(4,840)	–	178,913	252.5p	178,913	1-4 years
2003	296,615	(31,547)	(3,615)	–	261,453	257.5p	261,453	2-5 years
2004	307,783	(36,887)	(3,514)	–	267,382	560p	267,382	3-6 years
2005	364,975	(6,715)	(8,725)	–	349,535	632p	172,624	4-7 years
2006	376,600	–	(14,420)	–	362,180	860p	–	5 years
2007	413,325	–	(20,415)	–	392,910	949p	–	6 years

For all share options exercised in 2008 the weighted average share price at the time of exercise was 892p (2007 1081p).

Included in the above table for the grant made in 2000 there were 2,334 share options subsisting at 1st January 2008 relating to the Company. None were exercised in the period. None expired in the year leaving 2,334 subsisting at 31st December 2008.

Potential share bonuses subsisting at 31st December 2008 were:

Group

Award year	Outstanding at 1st January 2008	Exercised in year	Expired in year	New awards	Outstanding at 31st December 2008	Vested at 31st December 2008	Remaining life
2004	4,454	(4,454)	–	–	–	–	Nil
2005	41,310	(18,141)	–	–	23,169	23,169	1 year
2007	46,644	–	–	–	46,644	–	2 years
2008	–	–	–	77,136	77,136	–	3 years

For all share bonus awards exercised by employees of the group in 2008 the weighted average share price at the time of exercise was 602p (2007 1091p).

Company

Award year	Outstanding at 1st January 2008	Exercised in year	Expired in year	New awards	Outstanding at 31st December 2008	Vested at 31st December 2008	Remaining life
2005	12,125	(6,112)	–	–	6,013	6,013	1 year
2007	11,964	–	–	–	11,964	–	2 years
2008	–	–	–	13,447	13,447	–	3 years

For all share bonus awards exercised in 2008 the weighted average share price at the time of exercise was 550p (2007 1091p).

Awards under the EGRIP subsisting at 31st December 2008 were:

Grant year	Options at 1st January 2008	Exercised in year	Expired in year	New grants	Options at 31st December 2008	Exercise price pence	Vested at 31st December 2008	Remaining life
2006	523,512	–	–	–	523,512	10p	–	3 years
2007	474,760	–	(4,450)	–	470,310	10p	–	4 years
2008	–	–	–	415,400	415,400	10p	–	5 years

Relating to the Company in the above table are 177,000 EGRIP options granted in 2006, 91,500 EGRIP options granted in 2007 and 50,000 EGRIP options granted in 2008. None of these options have expired.

21 Business combination

There were no acquisitions in the period. In the year ended 31st December 2007 the Group acquired **LatentZero** Limited, the details of which are set out below.

On 27th April 2007 the Group completed the acquisition of 100% of **LatentZero** Limited for a total consideration of up to £62.3 million (including £1.5 million of related costs and net of £1.6 million of discounting of the contingent consideration). Consideration of £37.4 million was paid on completion and further contingent consideration of up to £25.0 million was to be paid dependent on the achievement of performance objectives related to revenue, operating profit and order intake in 2007 and 2008.

In the period, the contingent consideration in respect of the 2007 performance has been settled in full. In addition, the value of the contingent consideration in respect of the 2008 performance has been agreed at a fixed discounted value of £6,590,000 cash and 362,000 shares. This will be settled in March 2009 and has been included in current liabilities classified as fair value through profit and loss. There have been no changes to the fair values assigned to the assets and liabilities acquired from those presented in the 2007 financial statements. The agreement to fix the value of the 2008 contingent consideration adjusts the consideration and the notional interest charge for the acquisition.

	Book values £'000	Fair value to Group £'000
Intangible assets (excluding goodwill)	2,704	17,600
Property, plant and equipment	919	1,186
Deferred tax assets/(liabilities)	892	(4,084)
Current assets	8,016	8,016
Cash and cash equivalents	3,286	3,286
Liabilities	(10,845)	(10,845)
Net assets	4,972	15,159
Goodwill arising on acquisition		44,897
Total consideration		60,056
Satisfied by		
Initial cash consideration		28,023
Initial shares issued		9,383
Contingent cash and shares consideration		21,126
Directly attributable costs		1,524
		60,056

22 Related party transactions

The Company has a related party relationship with its subsidiaries and with its directors and members of key management. There are no transactions with related parties who are not members of the Group.

The remuneration of individual directors is disclosed in the Directors' Remuneration Report. The remuneration of directors and other members of key management during the year was as follows:

	2008 £'000	2007 £'000
Short-term employee benefits	5,236	4,370
Post employment benefits	3	2
Equity compensation benefits	492	373
Total remuneration of directors and key management	5,731	4,745

The Company leases office premises and provides treasury management on behalf of Group companies in the UK. Rent and service charges are charged at cost, £1,097,000 (2007 £1,090,000). All income arising from cash and cash equivalents is retained by the Company.

23 Financial risk management

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group, which primarily relate to credit, interest, liquidity and currency risks, which arise in the normal course of the Company's and Group's business.

Credit risk

Financial instruments which potentially expose the Group to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria. The Group provides credit to customers in the normal course of business and the amount that appears in the balance sheet is net of an allowance of £1,369,000 (2007 £840,000) for specific doubtful receivables, the allowance being due to age or other issues. In most situations where a receivable is aged but no specific allowance has been made for it no revenue has been taken and it forms part of the deferred revenue balance. The Group does not require collateral in respect of financial assets.

All material trade receivable balances relate to sales transactions with financial institutions. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The trade receivables for the Group as at 31st December are aged as in the table below. There were no trade receivables for the Company.

	2008 £'000	2007 £'000
Not due	28,495	14,858
Not more than three months past due	18,822	12,914
More than three months but not more than six months past due	1,964	1,242
More than six months past due	610	623
Trade receivables	49,891	29,637

Interest and liquidity risk

The Group and the Company holds net funds and hence its interest and liquidity risks are associated with short-term cash deposits. The Group's and the Company's overall objective with respect to these deposits is to maintain a balance between security of the funds, accessibility of funds and competitive rates of return. In practice this means that no deposits are made with a maturity date greater than three months. All deposits are at current market rates.

The Group has no borrowings.

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars, Euros and Japanese Yen. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

In managing currency risks the Group aims to reduce the impact on short-term fluctuations on the Group's cash inflows and outflows in a foreign currency. The Group has not entered into hedging contracts for cash positions denominated in foreign currencies.

Over the longer term permanent changes in foreign exchange would have an impact on consolidation of foreign subsidiaries earnings. It is estimated that a general increase of one percentage point in the value of sterling against other currencies would have decreased the Group's profit before tax by approximately £148,000 for the year ended 31st December 2008 (2007: £104,000).

Capital management

The Company maintains a strong capital base so as to maintain employee, customer, market, investor and creditor confidence in the business. Special dividends have been used to return surplus capital to shareholders on two occasions in the past. The Board monitors the retained cash and reserves and determines the level of annual dividend and when and how a return of capital to shareholders is appropriate.

Fair values

Unless otherwise disclosed, there is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the Group and Company's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value.

24 Operating leases

At 31st December the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Group

	2008 £'000	2007 £'000
Less than one year	12,352	649
Between one and five years	45,490	8,013
More than five years	76,842	17,326
Total commitment under operating leases	134,684	25,988

Company

	2008 £'000	2007 £'000
Less than one year	5,060	198
Between one and five years	19,196	5,221
More than five years	54,180	573
Total commitment under operating leases	78,436	5,992

The Group and the Company lease office space and data centre facilities under operating leases. The lease term typically ranges from three years to 20 years, longer term leases normally having options to break the commitment before the end of the term. Lease terms of greater than five years are often subject a rent review during the term.

Part of the office space has been sublet by the Company to entities outside of the **Fidessa** group. The lease expires in December 2012 and the subleases expire in December 2012. Sublease receipts of £1,553,000 are expected during the remainder of the subleases.

25 Accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates, assumptions and judgements that are likely to contain the greatest degree of uncertainty are summarised below. This summary is not a list of all risks faced by the group and others could arise that cause a material adjustment to the carrying value of assets and liabilities.

a Development expenditure

The Group invests in the development of future products and material enhancement of existing products in accordance with the accounting policy. The assessment as to whether each element of this expenditure will be technically feasible, generate future economic benefit or the period over which to amortise the expenditure is a matter of judgement. The carrying value of product development capitalised is detailed in note 14 and the amounts capitalised and amortised in the year are detailed in note 5.

b Income taxes

In recognising income tax assets and liabilities estimates have to be made of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain and on the expected manner of realisation or settlement of deferred tax assets and liabilities.

c Revenue

The revenue for perpetual software licences and fixed price implementations is recognised on a percentage of completion basis. Management exercises judgement in determining the percentage complete for software and consultancy revenue and the total cost of implementation. Estimates are continually revised based on changes in the facts relating to each contract. In recognising revenue on contracts where losses are expected the quantum of the loss has to be estimated based on the latest facts available and judgement applied to factors that are still variable.

d Fair values

IFRSs require many assets, liabilities and expenses to be recognised at fair value. This includes the intangible assets (notes 13 and 14), potential gains held in escrow in respect of the sale of investment in Touchpaper (note 15) and other liabilities arising from acquisitions. By their nature fair values are estimates and subject to different interpretation.

e Impairment of goodwill

The determination of whether or not goodwill has been impaired requires an estimate to be made of the value in use of the cash generating unit to which goodwill has been allocated. The value in use calculation includes estimates about the future financial performance of the cash generating units, including management's estimates of discount rates, long-term operating margins and long-term growth rates (note 12). If the results of the cash generating unit in a future period are materially adverse to the estimates used for the impairment testing an impairment charge may be triggered.

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser. If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the thirteenth Annual General Meeting of Fidessa group plc ("the Company") will be held at One Old Jewry, London EC2R 8DN on 28th April 2009 at 9.30 a.m. for the following purposes:

Ordinary Business

1. To receive the financial statements for the year ended 31st December 2008 together with the reports of the Directors and auditors thereon.
2. To declare a final dividend of 17p per ordinary share of the Company.
3. To consider, and if thought fit, to approve the Directors' Remuneration Report for the year ended 31st December 2008.
4. To re-elect Chris Aspinwall, who retires by rotation, as a Director of the Company.
5. To elect Elizabeth Lake, who has been appointed by the Directors since the last annual general meeting, as a Director of the Company.
6. To re-appoint KPMG Audit Plc as the Company's auditors and authorise the Directors to fix their remuneration.

Special Business

7. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
 - (a) to authorise the Directors generally and unconditionally pursuant to Section 80 of the Companies Act 1985 as amended (the "1985 Act") to allot relevant securities up to an aggregate nominal amount of £1,160,591.22 provided that this authority unless renewed shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and fifteen months from the date of the passing of this resolution, such authority being in substitution for any existing authority to allot relevant securities (as defined in section 80(2) of the 1985 Act) of the Company but so as to enable the Company before such date to make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and further
 - (b) to authorise the Directors generally and unconditionally to exercise all powers of the company to allot equity securities (within the meaning of Section 94 of the said Act) in connection with a rights issue in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them up to an aggregate nominal amount of £1,160,591.22 provided that this authority unless renewed shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and fifteen months from the date of the passing of this resolution, but so as to enable the Company before such date to make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. (Please see note 6.)
8. To consider, and if thought fit, to pass the following resolution as a Special Resolution: to empower the Directors in accordance with Section 95 of the 1985 Act, until the earlier of the conclusion of the next Annual General Meeting of the Company and fifteen months from the date of the passing of this resolution, to make allotments of equity securities (as construed in accordance with section 94 of the 1985 Act) for cash pursuant to the authority that was conferred on the Directors by Resolution 7 above as if section 89(1) of the 1985 Act did not apply to any such allotment, such power being limited to the allotment of equity securities:
 - (a) in connection with an issue or offer by way of rights in favour of holders of equity securities and of any other person entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held or deemed to be held by them on the record date of such allotment or are otherwise in accordance with their respective entitlements, subject only to such exclusions or other arrangements as the Directors may deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and
 - (b) otherwise than pursuant to paragraph (a) above, up to an aggregate nominal amount of £175,847.15; save that the Company may, before expiry of that authority, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if such authority had not expired. (Please see note 7.)

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution: that the Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the 1985 Act to make one or more market purchases (as defined in section 163 of the said 1985 Act) of ordinary shares of 10p each in the capital of the Company provided that:
- the maximum number of ordinary shares hereby authorised to be purchased is 3,516,943 (representing approximately 10 per cent. of the Company's issued ordinary share capital at the date of the Notice of this Meeting);
 - the minimum price which may be paid for an ordinary share is 10p per share (excluding expenses) being the nominal amount thereof;
 - the maximum price (excluding expenses) which may be paid for an ordinary share shall be 5 per cent. above the average of the middle market quotation of an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the purchase is made;
 - the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is fifteen months after the date on which this resolution is passed; and
 - the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired. (Please see note 8.)
10. To consider, and if thought fit, to pass the following resolution as a Special Resolution: to adopt and hereby authorise the document now before this meeting, and initialled by the Chairman for the purpose of identification, as the new Articles of Association of the Company, in substitution for, and to the exclusion of, the existing Articles of Association of the Company. (Please see note 9.)
11. To consider, and if thought fit, to pass the following resolution as a Special Resolution: notwithstanding implementation of Directive 2007/36/EC (the Shareholder Rights Directive) in the United Kingdom, the Company, be authorised until the conclusion of the next Annual General Meeting of the Company, to call general meetings by giving not less than 14 days' notice calculated in accordance with the Companies Act 2006 (the "2006 Act"). (Please see note 10.)

By order of the Board

S Freeman
Secretary
13th February 2009

Registered Office
Dukes Court
Duke Street
Woking, Surrey
GU21 5BH

Registered in England and Wales
Number 03234176

Notes

- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered in the register of members in order to have the right to attend or vote at the Annual General Meeting is 6.00 p.m. on 26th April 2009. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 6.00 p.m. on the day, two days prior to the adjourned meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to exercise all or any of such member's rights to attend, speak and vote on behalf of the member at the Annual General Meeting. A proxy need not be a member of the Company. To be valid a proxy form must be lodged with the Company's registrars, Equiniti Limited not later than 48 hours before the time fixed for the meeting.
- The appointment of a proxy does not preclude a member from attending the meeting and voting in person, in which case any votes of the proxy will be superseded. Members may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Members may not appoint more than one proxy to exercise rights attached to any one share.
- In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the Annual General Meeting so that: (i) if a corporate member has appointed the Chairman as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Annual General Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate member attends the Annual General Meeting but the corporate member has not appointed the Chairman as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

5. Copies of the contracts of service between the Directors and the Company, the letters of appointment of the Non-Executive Directors and the Directors' indemnities are available for inspection at the registered office of the Company during each business day and will be available for inspection at 1 Old Jewry, London for 15 minutes prior to and during the Annual General Meeting. The register of interests of Directors and their families in the shares of the Company will be available for inspection at the commencement of, and during, the Annual General Meeting.
6. Section 80 Companies Act 1985: this Ordinary Resolution, if approved, will authorise the Directors to (a) allot shares with an aggregate nominal amount of up to £1,160,591.22 (representing 33% of the issued share capital at 13th February 2009); and (b) allot further shares, also with an aggregate nominal amount of up to £1,160,591.22 (representing 33% of the issued share capital at 13th February 2009), in connection with a rights issue in favour of Ordinary shareholders; for a period of fifteen months or, if earlier, until the end of the 2009 Annual General Meeting. This authority succeeds that granted in 2008. The Directors have no current intention to allot shares except in connection with employee share incentive schemes. In order to enable the Directors to exercise this authority, the authorised share capital of the Company shall be increased by $27\frac{1}{3}$ per cent. to £6,000,000, further details are provided at note 2 of the appendix.
7. Section 89(1) Companies Act 1985: this Special Resolution will, if approved, partially disapply the statutory pre-emption rights for a period of fifteen months or, if earlier, until the end of the 2010 Annual General Meeting, in order to provide the Directors with a limited power to issue equity securities for cash otherwise than pro rata to ordinary shareholders, which following the introduction of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 now extends to the sale of shares from treasury. The existing power to this effect will expire at the end of this year's Annual General Meeting. The resolution conforms with the guidelines of the Investment Committee of the Association of British Insurers and the National Association of Pension Funds and, if approved, will maintain the flexibility for the Company to allot relevant securities for cash either by way of a rights issue or up to a maximum aggregate nominal amount of £175,847.15, representing 5% of the issued share capital at the date of the Notice of this Meeting.
8. The existing power to this effect will expire at the end of this year's Annual General Meeting. The ordinary shares purchased pursuant to this Special Resolution will be either cancelled on buy-back or held in treasury. No more than 10% of the issued share capital may be held in treasury. The Directors only intend to exercise this power if they believe that it would increase earnings per share and would be in the best interests of shareholders generally, or in the case of creation of treasury shares, that to do so would be in the interests of shareholders generally.
9. The 2006 Act is replacing the 1985 Act in stages, and is expected to be fully in force by 1 October 2009. The Company wishes to adopt new articles of association (the "New Articles") that will reflect the changes brought about by the 2006 Act to date, as well as some minor, technical or clarifying changes.

A copy of the current articles of association (the "Current Articles"), and a copy marked to show the differences between them and the New Articles will be available for inspection during normal business hours at the Company's registered office, at the offices of Cleary Gottlieb Steen & Hamilton LLP at City Place House, 55 Basinghall Street, London EC2V 5EH and at the Annual General Meeting itself until the close of the meeting.

A summary of the principal changes is set out in the Appendix to this Notice.

10. The Department for Business Enterprise and Regulatory Reform published draft regulations on 24th October 2008 outlining its approach to implementing Directive 2007/36/EC (the Shareholder Rights Directive). The draft law is currently the subject of a consultation. Subject to the outcome of this consultation, the draft regulations will take effect from 3rd August 2009.

The 2006 Act allows a minimum of 14 clear days' notice for general meetings (other than Annual General Meetings). Under the current draft regulations this will be increased to 21 clear days unless a members' resolution approving shorter notice has been passed at the immediately preceding Annual General Meeting, and the Company offers electronic voting to all members. Should the draft regulations come into force in their current state, Resolution 11 is intended to enable the Company to continue to call general meetings on 14 clear days' notice notwithstanding implementation of Directive 2007/36/EC (the Shareholder Rights Directive) in the United Kingdom.

1. Articles that replicate statutory provisions

Provisions in the Current Articles that replicate provisions contained in the 2006 Act are in general removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be replicated in a company's constitution. The main changes to reflect this approach are detailed below.

2. Authorised share capital

Under the Current Articles the authorised share capital of the Company is a nominal amount of £4,360,000. This amount has been increased by 27 $\frac{1}{3}$ per cent to £6,000,000 under the New Articles to allow the Company to take advantage of recent guidance published by the Association of British Insurers recommending that the overall allotment headroom that shareholders should normally be invited to approve be increased from one-third to two-thirds of an issuer's issued share capital.

3. General meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are removed in the New Articles because the relevant matters are provided for in the 2006 Act. In particular, the period of notice required to convene a general meeting (other than an annual general meeting) to consider a special resolution is being reduced from 21 clear days' notice to 14 clear days' notice (see also in this regard note 10 to the Notice of the Annual General Meeting which describes the impact of the implementation of certain provisions of Directive 2007/36/EC (the Shareholder Rights Directive) in the United Kingdom).

4. Form of resolution

The Current Articles provide for both special and extraordinary resolutions. References to extraordinary resolutions are not included in the New Articles as the concept of extraordinary resolutions has not been retained under the 2006 Act.

5. Votes of members and proxies

Pursuant to the 2006 Act, proxies are entitled to vote on a show of hands as well as on a poll, and members may appoint a proxy to exercise all or any of their rights to attend, speak and vote at meetings. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares. The New Articles reflect these new proxy rights.

6. Age of directors on appointment

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

7. Directors' conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2006 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director of the Company becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest in order to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

8. Notice of board meetings

Under the Current Articles the directors need only be sent notice of directors' meetings if they are in the United Kingdom. This provision has been removed from the New Articles, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

9. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

10. Treasury shares

From 1 December 2003, listed companies that buy back their shares have not been required by law to cancel them. Such shares can be held by a company as treasury shares and later sold for cash, transferred for the purposes of an employee share scheme or cancelled. The New Articles fully reflect the possible existence of treasury shares.

11. Uncertificated shares

The New Articles have been amended to fully reflect that ownership of shares can be evidenced without share certificates and that such shares can be transferred through an electronic settlement system.

12. Borrowing powers

Under the Current Articles the borrowings of the Company may not exceed, without the previous sanction of an ordinary resolution, an amount equal to the greater of £10 million and three times the adjusted capital reserves. Under the New Articles, this amount has been amended to the greater of £50 million and twice the adjusted capital reserves.

13. Remuneration of directors

Under the Current Articles the aggregate fees payable to non-executive directors may not exceed £150,000 per annum unless approved by ordinary resolution. Under the New Articles this amount has been increased to £500,000 and it has been made clearer that this limit only applies to non-executive directors.

I/We the undersigned, being a member / members of **Fidessa** group plc (hereinafter called "the Company"), hereby appoint the Chairman of the Meeting or as my/our proxy to attend, vote and speak on my/our behalf at the Annual General Meeting of the Company, to be held on 28th April 2009 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote on the resolutions as set out in the Notice convening the Annual General Meeting as follows:-

Resolutions	For	Against	Abstain
1 Receive the Directors' Report and Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Declare a final dividend of 17.0 pence per ordinary share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-elect Mr C Aspinwall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-elect Ms E Lake as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Re-appoint KPMG Audit Plc as auditors and authorise the Directors to fix the remuneration of the auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Authorise the Directors to allot shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Disapply the statutory pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approve the purchase and cancellation of up to 10% of the issued ordinary share capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To adopt the new Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To empower the Company to call general meetings on 14 clear days' notice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2009

Member's name
(in block letters)

Member's signature

Address

Please tick here if this proxy appointment is one of multiple appointments being made. For the appointment of more than one proxy please refer to note 3 below.

Notes on completing the Form of Proxy

1. Please complete this form legibly in block capitals.
2. To appoint a person(s) other than the Chairman as your proxy, insert the name of the proxy or proxies desired and delete the words "the Chairman of the Meeting".
3. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at the Annual General Meeting. You may appoint more than one proxy by contacting the Company's registrars, Equiniti Limited, provided each proxy is appointed to exercise rights attached to different shares. Please indicate how you want your proxy to vote by marking the appropriate box opposite each resolution. If none of the boxes are marked, your proxy may vote or abstain as he/she thinks fit. The appointment of a proxy does not preclude a member from attending and voting at the meeting in person.
4. If you mark the Abstain box for a particular item, you are abstaining from voting on that resolution. An abstention is not a vote in law and will not be counted in the votes "For" or "Against".
5. This form of proxy must be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation it must be executed under its common seal or, be signed by an officer or attorney duly authorised by the corporation.
6. In the case of joint holders only one needs to sign the form. The vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the names of the joint holders stand in the register of members.
7. To be valid a proxy form and the power or other authority under which it has been executed (or a copy of such power or authority certified notarially) must be lodged with the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZR by 6.00 p.m. on 26th April 2009.

Third fold (tuck in)

First fold

**RESPONSE LICENCE No.
SEA10850**



**EQUINITI
ASPECT HOUSE
SPENCER ROAD
LANCING
BN99 6ZR**

Second fold

First fold

Financial calendar

16th February 2009

2008 annual results announced

8th June 2009

Final dividend paid

October 2009

Interim dividend paid

25th March 2009

2008 Annual Report circulated

August 2009

2009 interim results announced

February 2010

2009 annual results announced

28th April 2009

Annual General Meeting

Office locations

Europe and Middle East

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