# Fidessa group plc
# Interim results for the period ended 30th June 2012

**30th July 2012**

## Fidessa maintains growth in very challenging markets

| | 2012 | 2011 | Change | At constant currencies |
|---|---|---|---|---|
| Revenue | £141.3m | £137.0m | +3% | +2% |
| Adjusted operating profit[1] | £21.9m | £21.1m | +4% | +1% |
| Operating profit | £21.6m | £20.7m | +4% | |
| Adjusted pre-tax profit[1] | £22.1m | £21.2m | +4% | |
| Pre-tax profit | £21.7m | £20.9m | +4% | |
| Adjusted diluted earnings per share[1] | 42.0p | 40.4p | +4% | |
| Diluted earnings per share | 41.3p | 39.7p | +4% | |
| Interim dividend per share | 12.5p | 12.0p | +4% | |
| Cash | £50.7m | £54.5m | -7% | |

[1]Adjusted to remove the effect of acquisition intangibles amortisation.

Highlights for the period ended 30th June 2012:

- The second large, global, multi-asset deal has been signed with Newedge.
- Growth achieved across all market sectors.
- Over half (54%) of revenue derived from outside Europe.
- Strong revenue growth in the Americas and Asia.
- Recurring revenue increased to 84% of total.
- Continued cash generation after payment of a £16.6 million special dividend.
- Transaction volumes across the Fidessa network up by 20%.

Commenting on these results, Chris Aspinwall, Chief Executive, said:

“Fidessa has maintained its track record of growth in the first half of 2012 despite the persistence of the difficult conditions seen within the markets over the last few years. The on-going issues in the Eurozone, coupled with the wider problems in the global economy, have continued to create adverse conditions for our customers making it more challenging for us to achieve growth. However, our successful strategy of working closely with our largest customers as their strategic supplier, whilst also growing our presence in the derivatives markets, has enabled us to make further solid progress. In particular, we are very pleased to have signed a number of deals for derivatives systems, including one to provide a large, global, multi-asset platform for Newedge, one of the leading forces in multi-asset execution globally[2]. This deal reaffirms the strength of our vision and the growing importance of our role as a multi-asset provider.

The challenges in the financial markets have gone on longer than most observers were expecting and it seems unlikely that there will be significant improvement in the short-term. We will continue to develop opportunities and execute our growth strategy and push further into the multi-asset arena, but the on-going pressure within the markets means that our growth for the full year is likely to be modest. As highlighted in the preliminary results announcement in February, in order to develop the opportunities within the derivatives markets we are increasing our development spend, both in terms of actual product development and also in terms of investment in the infrastructure and expertise required to support it. As a result of this investment and the on-going market conditions, we believe that margin is likely to be slightly below that seen in recent years.

Looking further ahead, we believe that we will see stability and opportunity returning to the markets and that reduced headwinds, coupled with further openings as our multi-asset initiative gains momentum, will enable us to return to growth levels closer to those we have seen in the past. We will maintain our strategy of investment in the business to make sure that we bring the right solutions and services to our customers across all the regions in which we operate."

# Financial Summary

For the six months to 30th June 2012, Fidessa has grown revenue by 3% to £141.3 million (2011: £137.0 million). The revenue growth rate benefited slightly from changes in foreign currency exchange rates and at constant currency the growth would have been 2%. The rate of consolidation, restructuring and closures across the customer base has continued to be significant and the direct impact of these events on the growth rate for the period was seven percentage points.

Recurring revenue increased by 5% and represented 84% of total revenue, being £118.2 million (2011: £112.8 million). The breakdown of recurring revenue generated by market sector was £71 million (2011: £70 million) from sell-side trading, £8 million (2011: £7 million) from buy-side trading, £26 million (2011: £24 million) from connectivity and £13 million (2011: £12 million) from market data. The difficult market conditions experienced by our customers resulted in consultancy revenue decreasing by 4%, being £23.1 million (2011: £24.0 million).

The revenue generated from derivatives has grown rapidly in the period. For many of the derivatives customers it is impossible to separate out the pure derivatives revenue as the derivatives functionality is part of a far broader installation. However, there are some customers where a clear measure of the derivatives revenue is possible and for these the revenue in the period more than doubled and represented 2% of total revenue. Further strong growth is expected in this area for the remainder of this year and throughout 2013.

On a regional basis, Asia showed the strongest revenue growth with an increase of 18% and accounted for 17% of total revenue, whilst the Americas grew by 10% and accounted for 37% of total revenue and Europe decreased by 6% and accounted for 46% of total revenue.

The deferred revenue in the balance sheet at the end of June was £47.0 million (30th June 2011: £46.2 million, 31st December 2011: £48.2 million). The deferred revenue balance represented 17% of annualised revenue and was consistent with the level in recent results.

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[2] Newedge ranks No. 2 based on the CFTC's (US regulator) tracking of customer assets on deposit (as of 30, Apr 2012)

EBITDA (earnings before interest, tax, depreciation and amortisation) has grown by 3% to £26.7 million (2011: £26.0 million). Both adjusted and unadjusted operating profits have grown by 4%. Adjusted operating profit was £21.9 million (2011: £21.1 million) whilst unadjusted operating profit was £21.6 million (2011: £20.7 million). The adjusted operating profit has been measured before the amortisation of acquisition intangibles. The operating profit growth rate benefited from changes in foreign currency exchange rates and at constant currency the operating profit growth would have been 1%. The lower growth rate for operating profit than revenue represented a decrease in the underlying operating margin which, as flagged in the preliminary results in February, was due to increased expenditure on expertise and infrastructure starting to be incurred. Also, as expected, the expenditure on product development increased resulting in a 16% uplift in the value capitalised, being £12.5 million (2011: £10.8 million).

The underlying tax rate has improved to 28.6% (2011: 29.5%) due to the decrease in the UK corporation tax rate. Diluted earnings per share, adjusted to exclude the amortisation of acquisition intangibles, was up 4% to 42.0 pence (2011: 40.4 pence). The directors believe this measure of earnings per share provides a better long-term indication of the underlying performance of the business. The unadjusted diluted earnings per share was up 4% at 41.3 pence (2011: 39.7 pence).

The business continued to be cash generative, closing the period with a cash balance of £50.7 million and no debt. During the period dividends of £25.6 million (2011: £24.4 million) were paid, which included the payment of a special dividend of £16.6 million (2011: £16.4 million). The adverse movement in working capital was greater than that normally seen in the first half of a year as cash collection slowed in the difficult market conditions.

The interim dividend has been increased by 4% to 12.5 pence (2011: 12.0 pence) and will be paid on 24th September 2012 to shareholders on the register on 24th August 2012, with an ex-dividend date of 22nd August 2012.

# Market Review[3]

## Introduction

During the first half of 2012, the difficult conditions in the financial markets have continued with widespread uncertainty around the stability of the Eurozone weighing on the global economy. This resulted in lower levels of activity across the markets and has meant that 2012 started as another difficult year for many of our customers. The pressure is still being felt most acutely by smaller firms where Fidessa is continuing to see both consolidation and business failures. Against this backdrop, Fidessa has maintained its strategy of helping its customers reduce their costs, extending the range of asset classes it supports and extending its regional coverage. Fidessa has also continued to invest in its sophisticated infrastructure and data services allowing it to operate complex platforms for its largest customers in a very cost efficient manner.

Fidessa has continued to win market share across the regions with deals signed for a total of 40 new buy-side or sell-side platforms. Of particular note has been Fidessa's success in the derivatives market with a number of deals signed including one with Newedge. The signing of these deals has coincided with the first rollouts of Fidessa's market leading global derivatives technology with hubs now live in Chicago, London, Hong Kong and Tokyo. Overall, across the business, new customer

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[3]The Market Review addresses the structure of the marketplace and therefore differs from the segment reporting which reflects the structure of the business operations focused on the method of delivery to the marketplace.

wins have continued to offset the losses due to consolidation and business failures so that the number of customers using Fidessa services has remained broadly stable, although the overall number of users has reduced to around 25,000. The increasing market share that Fidessa has taken coupled with increasing use of electronic order flow has meant that the total value of transactions passing through Fidessa's connectivity network has continued to grow, rising by 20%.

## Buy-side Trading

During the first half of 2012, Fidessa's buy-side business has continued to deliver growth as it has strengthened and developed its range of solutions. The challenging economic conditions have meant that sentiment within the buy-side community remained mixed, and these conditions, coupled with the increasing regulatory burden, have slowed the take-up of new large investment management deployments. However, many existing clients are working closely with Fidessa to upgrade to the latest software releases, expand the usage and coverage of the platform, and roll out additional services. These challenging conditions have also provided opportunity for Fidessa as buy-side firms face a lack of liquidity across multiple asset classes and look at alternative trading models. In this area, Fidessa's experience and market understanding have proved invaluable and are positioning the company as a key player in helping buy-sides come to terms with the changing environment. The challenging conditions have also meant that some firms are looking more closely at their operational models in order to align costs with reduced fee income, and in this area Fidessa's hosted services and global infrastructure are particularly important assets that can help customers manage their costs.

With ever-expanding regulation expected across the industry, the automation of compliance is seen as a key area of focus by many buy-side firms. As a result, Fidessa's market-leading Sentinel compliance product is increasingly important to its buy-side offering, helping firms to focus on this aspect of their business. In addition to providing the protection that buy-sides need, Sentinel is also becoming instrumental in helping them win and maintain business. The buy-side's customers are now far more aware of compliance issues and demand that their fund managers actively demonstrate how they are meeting their compliance obligations in an accurate and timely manner, rather than by simply dealing with post-trade breaches and managing incidents. This demonstrates how buy-side firms are no longer looking at compliance as just a regulatory burden, but instead are seeing it as fundamental in achieving a competitive edge.

The increased focus on cost and efficiency has also increased interest in analytics across the buy-side. This has a strong fit with the investment that Fidessa has already made on the sell-side and leverages the increasing amount of information that is available within Fidessa's network to provide accurate at-trade and post-trade analysis. These tools can be seamlessly integrated with the company's solutions such as the Fidessa Workstation, which offers an out-of-the-box, SaaS buy-side trading service. In addition to improved analytics and flexible performance benchmarking, this award-winning system has seen a fundamental overhaul in look and feel, with major enhancements around multi-asset trading and further connectivity for FX, fixed income, futures, options and equities. Going forward, Fidessa expects to see further expansion in the number of alternative trading venues, dark pools and crossing networks across every asset class offering more and more pools of liquidity. As such, Fidessa believes the only way that a buy-side firm can possibly keep pace is by leveraging an independent and venue-neutral hosted trading service.

The buy-side business is now a fundamental and integral part of the Fidessa community and an important strategic area for the group as a whole. With the challenges that the industry still faces, the ability to offer new and innovative delivery models allows Fidessa to address the key challenges that firms face, and so enable them to reduce their total cost of ownership for investment management systems and do more with the solutions that they have in place.

## Global Connectivity and Market Data

Firms participating in financial markets around the world continue to face a complex global landscape with fragmentation of liquidity and greater convergence of asset-classes. Many domestic firms are expanding their horizons and looking at international markets as they strive to generate new business and remain competitive. New emerging regions, such as Latin America, are embracing electronic trading and the rise of these economies generates significant interest across the world. Against this backdrop, partnerships between trading venues and new dark and lit markets continue to emerge making the landscape ever more complicated. All these trends drive the need for fast and reliable connectivity to a broad range of global markets as firms battle to ensure they can access all the markets they need in the most efficient and cost-effective manner.

Fidessa’s multi-asset network has become one of the leading solutions for these global connectivity needs and serves a growing community around the world. Handling a variety of flow including orders, trades, pre-trade indications of interest (IOIs) and trade adverts, post-trade confirmations and allocations, as well as real-time market prices and reference data, Fidessa's network now links around 3,200 buy-side investment firms to 750 sell-side brokers and connects to over 200 markets around the world. In 2012, expansion of the network’s reach has continued with more buy-sides and sell-sides connected, as well as additional venues, in particular derivatives markets.

The continued uncertainty in the global economy has meant that trading volumes, particularly for equities, have stayed depressed. Fidessa’s share of global trading activity has, however, continued to increase over the first six months of the year, with the value of flow across the network rising by nearly 20% to approximately $950 billion per month. This increase has resulted from a number of factors, including: the expansion of the community of brokers using the network, particularly from emerging regions; increased use by buy-side firms as they adopt Fidessa as their network of choice, and more broker to broker flow. This broker to broker flow is created when smaller niche players leverage the capabilities of their larger counterparts, in terms of reach, scale and advanced trading tools, thus enabling them to offer new services to their clients in a highly cost-effective and efficient manner.

New asset classes are also contributing to the expansion, with the success of Fidessa’s propositions in the derivatives market being reflected in new activity across the network. The number of brokers offering derivatives services over the network has now increased to around 100, and derivatives flow along with that from other asset classes, such as fixed income and foreign exchange, is expected to become an increasingly significant element of the flow across the network in the future.

Comprehensive market data is another vital ingredient for the world’s financial community, and Fidessa’s network delivers this to support its clients’ trading activities. The breadth and depth of data coverage have continued to expand in 2012 in parallel with the expansion of trading connections, with a particular focus on the derivatives markets. As well as real-time market prices and reference data, Fidessa has also focused on providing bespoke, value-added analysis data, some provided free of charge through its corporate web site and other integrated into its trading solutions. During the year, the company launched a Japanese language version of its web-based Fragmentation Index service, which has become the benchmark of choice for measuring liquidity fragmentation around the world, as well as a real-time version of its award winning Fragulator® tool. These kinds of proprietary information and tools give Fidessa a unique position in the market and it intends to continue to expand on these areas going forward.

Fidessa believes the trading landscape will continue to evolve and change, driven by new regulations, new venues, increasingly global markets and the continued need for competitive edge. As a result Fidessa believes its connectivity network has an increasingly important role to play and plans to continue to invest in its network infrastructure. In 2012 Fidessa opened new data centres in Mumbai and Chicago in support of client demands, particularly relating to their derivatives markets needs. Its new low-latency, high-bandwidth global network is also now fully operational offering improved levels of flexibility, scalability, reliability, performance and monitoring. In the second half of the year Fidessa plans to expand the network further with new data centres in São Paulo and expanded capacity in Asia. New venues and new interfaces to existing venues also continue to appear, and these, along with ever-increasing rates and volumes of data, mean the development of the network technology and infrastructure is an on-going activity. Fidessa plans to continue to invest in its global connectivity and data offerings going forward to allow it to create and deliver new services to its clients, and to ensure the network continues to meet the evolving needs of the financial community.

## Sell-side Trading

For Fidessa's sell-side clients, market conditions have remained challenging with lower volumes, coupled with an uncertain regulatory environment across the markets, resulting in much reduced commissions. As a result, in order to remain competitive, most clients are either looking to build on their scale or focus on their specialisation and so Fidessa has continued to develop tools to help its clients improve and differentiate their service in these areas. For clients looking to develop through scale, Fidessa has continued to expand its global footprint and infrastructure providing a more cost-effective route to achieving a truly global service. For clients looking to focus on their specialisation, Fidessa is continuing to develop a range of tools including pre- and post-trade Trader Intelligence, enhanced Retail Service Provider functionality, improved basket trading services, specialist proprietary trading functionality for the Japanese market as well as extending its multi-asset class support.

In expanding its multi-asset class support, Fidessa has continued to make progress with its support for derivatives, and the number of clients making use of elements of this programme has increased by around 30%. The global developments required to support sophisticated derivatives workflows have been progressing well, with hubs now live in four major centres providing seamless routing for derivatives transactions across the world. In addition to the major derivatives deal signed with Citi, which was announced in October last year, Fidessa has also announced a second large global deal with Newedge, one of the leading forces in multi-asset execution globally[2]. The new platform will provide Newedge with a multi-asset, trading workflow solution across their front and middle-office operations incorporating global order management, access to Newedge's trading algorithms, FIX connectivity and smart order routing tools. Fidessa will also supply comprehensive, global market data as well as low-latency gateways to access over 100 derivatives and cash equity markets. Delivery of this new platform has progressed rapidly with the first phase of the project, covering trading hubs in London and Chicago already live and subsequent phases seeing the platform rolled out across other hubs in Asia this year. The pipeline for further deals in the derivatives markets remains good with a number of deals which are expected to close this year.

In parallel to expanding its global derivatives coverage, Fidessa continues to work with all its customers to enable them to leverage its global infrastructure. For smaller firms that already use systems managed within Fidessa's network in one region, this enables them to look at global expansion of their business in a cost-effective manner. For larger firms who have traditionally run their software in-house, Fidessa is now able to offer the opportunity for these platforms to be outsourced at an enterprise level. This requires Fidessa to develop both its underlying infrastructure and also provide a world class enterprise service delivery capability. Fidessa already has strong capability in the second of these and is continuing to expand its global footprint and infrastructure to provide the former. In addition to bringing on new markets, data services and data warehouse facilities, this infrastructure investment also includes plans for further data centre and network capacity in Latin America and Asia.

In order to help its customers understand their trading performance and identify new trading opportunities, Fidessa is continuing to expand on its range of “Fidessa Intelligence” services. These services leverage the wealth of information which is stored within Fidessa’s network and are designed to enable its customers to combine this information alongside their own data to understand their clients’ interests and so grow their revenues through more effective and targeted client relationships. Once this is achieved, real-time Fidessa Intelligence services then allow customers to analyse their trading performance intra-day, enabling them to deliver a better service to their clients. Lastly, post-trade intelligence services allow firms to demonstrate the effectiveness of their strategies and understand the contribution that individual clients and/or trading desks have made to overall profitability.

Fidessa’s customers still face an uncertain regulatory situation with much of the new regulation that was proposed following the financial crisis in 2008 being further delayed. At this time there is still very little that has actually resulted in defined rules that can be implemented and this restricts Fidessa’s ability to develop products to help its customers in this area. Despite the delays, there does now seem to be a more general acceptance that new rules are likely to come into force during the next 24 months and Fidessa is starting to see some areas where these might feed into products. Fidessa will continue to keep a close involvement with these discussions as they progress and expects that the regulatory environment will gradually start to get clearer and create new opportunities.

# First Half Important Events

During the first half of 2012 the key event in Fidessa's development has been the implementation of its business plan against the background of uncertainty in the world's financial markets. The unpredictable nature of the markets has increased the level of risk compared to prior years. Despite this environment, Fidessa has continued to deliver growth through focus on market requirements, delivering lower cost of ownership whilst still allowing customers to maintain their position in the market. In particular, Fidessa has provided multi-asset solutions allowing its customers to participate within the more fragmented liquidity environment, increase their connectivity to electronic trading flows and develop their operations within new regions.

Other important events are as noted elsewhere in this results announcement.

# Risk Factors

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

The principal risks and uncertainties facing Fidessa include: the current state of the world’s financial markets, regulatory issues affecting Fidessa and/or its customers, customers’ financial stability and ability to pay, merger and restructuring 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, volatile exchange rates, 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 Fidessa's performance for 2012 is the challenging macroeconomic environment caused by the global financial crisis, which could have a material impact on its performance and could cause actual results to differ materially from expected and historical results. A downturn in buy-side trading or in company market valuations, or an increase in discount rates, could result in an impairment to the carrying value of goodwill from the LatentZero acquisition.

## Outlook

The challenges in the financial markets have gone on longer than most observers were expecting and it seems unlikely that there will be significant improvement in the short-term. Fidessa will continue to develop opportunities and execute its growth strategy and push further into the multi-asset arena, but the on-going pressure within the markets means that Fidessa's growth for the full year is likely to be modest. As highlighted in the preliminary results announcement in February, in order to develop the opportunities within the derivatives markets Fidessa is increasing its development spend, both in terms of actual product development and also in terms of investment in the infrastructure and expertise required to support it. As a result of this investment and the on-going market conditions, Fidessa believes that margin is likely to be slightly below that seen in recent years.

Looking further ahead, Fidessa believes that it will see stability and opportunity returning to the markets and that reduced headwinds, coupled with further openings as its multi-asset initiative gains momentum, will enable it to return to growth levels closer to those seen in the past. Fidessa will maintain its strategy of investment in the business to make sure that it brings the right solutions and services to its customers across all the regions in which it operates.

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## Condensed consolidated interim income statement

**for the six months ended 30th June 2012**

| | Note | 2012<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>12 months to<br>31st December<br>audited<br>£'000 |
|---|---|---|---|---|
| Revenue | 5 | **141,276** | 137,027 | 278,264 |
| Operating expenses before amortisation of acquisition intangibles | 6 | **(119,524)** | (116,138) | (235,791) |
| Other operating income | | **194** | 194 | 388 |
| Operating profit before amortisation of acquisition intangibles | | **21,946** | 21,083 | 42,861 |
| Amortisation of acquisition intangibles | | **(365)** | (365) | (730) |
| Operating profit | | **21,581** | 20,718 | 42,131 |
| Finance income | | **157** | 154 | 321 |
| Profit before income tax | | **21,738** | 20,872 | 42,452 |
| Income tax expense | 7 | **(6,223)** | (6,210) | (12,526) |
| Profit for the period attributable to owners of the Company | | **15,515** | 14,662 | 29,926 |
| Basic earnings per share | 8 | **42.2p** | 40.5p | 82.2p |
| Diluted earnings per share | 8 | **41.3p** | 39.7p | 81.0p |

## Condensed consolidated interim statement of comprehensive income

**for the six months ended 30th June 2012**

| | 2012<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>12 months to<br>31st December<br>audited<br>£'000 |
|---|---|---|---|
| Profit for the period from the income statement | **15,515** | 14,662 | 29,926 |
| Other comprehensive income | | | |
| Exchange differences arising on translation of foreign operations | **(1,230)** | (835) | 517 |
| Total comprehensive income for the period | **14,285** | 13,827 | 30,443 |

# Condensed consolidated interim balance sheet

**at 30th June 2012**

| | Note | 2012 30th June unaudited £'000 | 2011 30th June unaudited £'000 | 2011 31st December audited £'000 |
|---|---|---|---|---|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | **23,410** | 23,230 | 26,021 |
| Intangible assets | | **84,473** | 80,053 | 82,045 |
| Deferred tax assets | | **5,528** | 6,803 | 5,710 |
| Other receivables | | **2,068** | 2,153 | 2,166 |
| Total non-current assets | | **115,479** | 112,239 | 115,942 |
| Current assets | | | | |
| Trade and other receivables | 10 | **75,060** | 69,361 | 70,604 |
| Income tax receivable | | **-** | 260 | 248 |
| Cash and cash equivalents | | **50,684** | 54,454 | 70,885 |
| Total current assets | | **125,744** | 124,075 | 141,737 |
| Total assets | | **241,223** | 236,314 | 257,679 |
| Equity | | | | |
| Issued capital | | **3,708** | 3,677 | 3,698 |
| Share premium | | **23,298** | 21,512 | 22,466 |
| Merger reserve | | **17,938** | 17,938 | 17,938 |
| Cumulative translation adjustment | | **3,292** | 3,170 | 4,522 |
| Retained earnings | | **81,260** | 80,192 | 90,964 |
| Total equity | | **129,496** | 126,489 | 139,588 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Other payables | 11 | **6,717** | 4,711 | 9,705 |
| Provisions | | **3,800** | 2,788 | 3,649 |
| Deferred tax liabilities | | **5,236** | 4,988 | 5,134 |
| Total non-current liabilities | | **15,753** | 12,487 | 18,488 |
| Current liabilities | | | | |
| Trade and other payables | 11 | **87,774** | 91,339 | 93,107 |
| Provisions | | **113** | - | 95 |
| Current income tax liabilities | | **8,087** | 5,999 | 6,401 |
| Total current liabilities | | **95,974** | 97,338 | 99,603 |
| Total liabilities | | **111,727** | 109,825 | 118,091 |
| Total equity and liabilities | | **241,223** | 236,314 | 257,679 |

## Condensed consolidated interim 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 |
|---|---|---|---|---|---|---|---|
| Balances at 1st January 2011 (audited) | | 3,617 | 20,289 | 17,938 | 4,005 | 88,046 | 133,895 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | | - | - | - | - | 14,662 | 14,662 |
| Other comprehensive income | | - | - | - | (835) | - | (835) |
| | | - | - | - | (835) | 14,662 | 13,827 |
| Transactions with owners of the Company | | | | | | | |
| Issue of shares – exercise of options | | 60 | 1,223 | - | - | - | 1,283 |
| Employee share incentive charges | 6 | - | - | - | - | 902 | 902 |
| Current tax recognised direct to equity | | - | - | - | - | 1,410 | 1,410 |
| Deferred tax recognised direct to equity | | - | - | - | - | (574) | (574) |
| Sale of own shares by employee share trust | | - | - | - | - | 179 | 179 |
| Dividends paid | 9 | - | - | - | - | (24,433) | (24,433) |
| Balances at 30th June 2011 (unaudited) | | 3,677 | 21,512 | 17,938 | 3,170 | 80,192 | 126,489 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | | - | - | - | - | 15,264 | 15,264 |
| Other comprehensive income | | - | - | - | 1,352 | - | 1,352 |
| | | - | - | - | 1,352 | 15,264 | 16,616 |
| Transactions with owners of the Company | | | | | | | |
| Issue of shares – exercise of options | | 21 | 954 | - | - | - | 975 |
| Employee share incentive charges | | - | - | - | - | 794 | 794 |
| Current tax recognised direct to equity | | - | - | - | - | 1,178 | 1,178 |
| Deferred tax recognised direct to equity | | - | - | - | - | (2,079) | (2,079) |
| Sale of own shares by employee share trust | | - | - | - | - | 6 | 6 |
| Dividends paid | 9 | - | - | - | - | (4,391) | (4,391) |
| Balances at 31st December 2011 (audited) | | 3,698 | 22,466 | 17,938 | 4,522 | 90,964 | 139,588 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | | **-** | **-** | **-** | **-** | **15,515** | **15,515** |
| Other comprehensive income | | **-** | **-** | **-** | **(1,230)** | **-** | **(1,230)** |
| | | **-** | **-** | **-** | **(1,230)** | **15,515** | **14,285** |
| Transactions with owners of the Company | | | | | | | |
| Issue of shares – exercise of options | | **10** | **832** | **-** | **-** | **-** | **842** |
| Employee share incentive charges | 6 | **-** | **-** | **-** | **-** | **772** | **772** |
| Current tax recognised direct to equity | | **-** | **-** | **-** | **-** | **383** | **383** |
| Deferred tax recognised direct to equity | | **-** | **-** | **-** | **-** | **(254)** | **(254)** |
| Purchase of own shares by employee share trust | | **-** | **-** | **-** | **-** | **(544)** | **(544)** |
| Sale of own shares by employee share trust | | **-** | **-** | **-** | **-** | **36** | **36** |
| Dividends paid | 9 | **-** | **-** | **-** | **-** | **(25,612)** | **(25,612)** |
| Balances at 30th June 2012 (unaudited) | | **3,708** | **23,298** | **17,938** | **3,292** | **81,260** | **129,496** |

## Condensed consolidated interim cash flow statement

**for the six months ended 30th June 2012**

| | Note | 2012<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>12 months to<br>31st December<br>audited<br>£'000 |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Profit before income tax | | **21,738** | 20,872 | 42,452 |
| Adjustments for: | | | | |
| Staff costs – share incentives | 6 | **772** | 902 | 1,696 |
| Depreciation of property, plant and equipment | 6 | **6,775** | 6,203 | 12,676 |
| Amortisation of product development | 6 | **10,121** | 8,963 | 18,523 |
| Amortisation of acquisition intangibles | 6 | **365** | 365 | 730 |
| Amortisation of other intangible assets | 6 | **396** | 578 | 944 |
| (Profit) on sale of property, plant and equipment | 6 | **-** | - | (198) |
| Finance income | | **(157)** | (154) | (321) |
| Cash generated from operations before changes in working capital | | **40,010** | 37,729 | 76,502 |
| Movement in trade and other receivables | | **(4,750)** | 1,193 | (2,720) |
| Movement in trade and other payables | | **(8,151)** | (1,984) | 7,835 |
| Cash generated from operations | | **27,109** | 36,938 | 81,617 |
| Income tax paid | | **(3,975)** | (5,853) | (11,110) |
| Net cash generated from operating activities | | **23,134** | 31,085 | 70,507 |
| | | | | |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | | **(4,440)** | (5,246) | (14,536) |
| Proceeds from sale of property, plant and equipment | | **-** | - | 741 |
| Purchase of other intangible assets | | **(813)** | (321) | (1,113) |
| Product development capitalised | 6 | **(12,497)** | (10,826) | (22,311) |
| Interest received on cash and cash equivalents | | **157** | 154 | 321 |
| Net cash used in investing activities | | **(17,593)** | (16,239) | (36,898) |
| | | | | |
| Cash flows from financing activities | | | | |
| Proceeds from shares issued | | **842** | 1,284 | 2,258 |
| Purchase of own shares by employee share trust | | **(544)** | - | - |
| Sale of own shares by employee share trust | | **36** | 179 | 185 |
| Dividends paid | 9 | **(25,612)** | (24,433) | (28,824) |
| Net cash used in financing activities | | **(25,278)** | (22,970) | (26,381) |
| | | | | |
| Net (decrease)/increase in cash and cash equivalents | | **(19,737)** | (8,124) | 7,228 |
| Cash and cash equivalents at 1st January | | **70,885** | 62,988 | 62,988 |
| Effect of exchange rate fluctuations on cash held | | **(464)** | (410) | 669 |
| Cash and cash equivalents at end of period | | **50,684** | 54,454 | 70,885 |

# Notes to the condensed consolidated interim financial statements

## 1 Reporting entity

Fidessa group plc (the “Company”) is a company incorporated in England and Wales. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30th June 2012 comprise the Company and its subsidiaries (together the “Group”). These condensed consolidated interim financial statements are presented in Pounds Sterling, rounded to the nearest thousand.

The comparative figures for the financial year ended 31st December 2011 are not the Company’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31st December 2011 are available at www.fidessa.com or upon request from the Company’s registered office at Dukes Court, Duke Street, Woking, Surrey GU21 5BH.

These condensed consolidated interim financial statements are unaudited but have been reviewed by KPMG Audit Plc and their report is set out below.

The Board has reviewed the Group’s financial forecasts and remains satisfied that the Group’s funding and liquidity position means the going concern basis of preparation continues to be appropriate.

## 2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with the International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting* as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31st December 2011.

The condensed consolidated interim financial statements were approved by the Board of Directors on 27th July 2012.

## 3 Significant accounting policies

The accounting policies and presentation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2011. There are no new standards effective for the first time in the current financial period with significant impact on the Group's consolidated results or financial position.

## 4 Estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting 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 of 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were in the same areas as those that applied to the consolidated financial statements as at and for the year ended 31st December 2011.

## 5 Segment reporting

The Market Review accompanying these condensed consolidated interim financial statements reports on the marketplace that Fidessa addresses and therefore the sub-headings within that section of the report reflect the structure of the marketplace. The segment reporting reflects the structure of the business operations which are focused on the method of delivery to the marketplace.

The business is structured into three business units: Enterprise, Hosted and Buy-side. Shared and support services such as core product development, office costs and overhead functions, are controlled and monitored centrally. The primary management and performance monitoring is undertaken by the Operating Board which comprises the heads of the business units and global functional heads.

The Enterprise business unit is focused on providing tailored solutions for large sell-side customers, packaging and integrating Fidessa products, services and consultancy and working with the customers to deliver a complete solution. The Hosted business unit is focused on the software as a service (SaaS) delivery model allowing rapid deployment of complex workflow across a wide sell-side customer base. The Buy-side business unit is primarily focused on providing tailored solutions for large buy-side customers, packaging and integrating Fidessa products, services and consultancy and working with the customers to deliver a complete solution. All segments leverage Fidessa products in the areas of connectivity and market data across the sell-side and buy-side customer base. The Hosted business unit has responsibility for the provision of the connectivity and market data services. The inter-business unit revenue relates to the provision of the connectivity and market data services and the provision of components of the hosted service for implementation to enterprise customers.

Revenue and direct costs are reported by business unit to present a profit contribution for each unit, such revenue and costs being measured and reported to the Operating Board. The Operating Board monitors overall operating profit excluding amortisation of acquisition intangibles and product development capitalisation and amortisation, which is not an IFRS measure. Finance income, assets and liabilities are not reported by business unit.

No single external customer accounts for 10% or more of the Group revenue. Recurring revenue reflects the periodic fees for software and related services that is charged on a rental or subscription basis. Non-recurring revenue comprises the consultancy fees for implementation, configuration and ongoing support activity.

| Six months ended 30th June 2012 (unaudited) | Enterprise | Hosted | Buy-side | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Recurring revenue | **35,424** | **74,023** | **8,767** | **118,214** |
| Non-recurring revenue | **16,713** | **2,611** | **3,738** | **23,062** |
| Total revenue from external customers | **52,137** | **76,634** | **12,505** | **141,276** |
| Inter-business unit revenue | **-** | **9,524** | **2,389** | **11,913** |
| Business unit profit contribution | **25,509** | **29,516** | **8,702** | **63,727** |

| Six months ended 30th June 2011 (unaudited) | Enterprise | Hosted | Buy-side | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Recurring revenue | 32,435 | 72,683 | 7,685 | 112,803 |
| Non-recurring revenue | 17,781 | 2,111 | 4,332 | 24,224 |
| Total revenue from external customers | 50,216 | 74,794 | 12,017 | 137,027 |
| Inter-business unit revenue | - | 6,998 | 1,831 | 8,829 |
| Business unit profit contribution | 27,428 | 27,929 | 7,201 | 62,558 |

| 12 months ended 31st December 2011 (audited) | Enterprise | Hosted | Buy-side | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Recurring revenue | 63,704 | 149,393 | 15,608 | 228,705 |
| Non-recurring revenue | 35,115 | 6,285 | 8,159 | 49,559 |
| Total revenue from external customers | 98,819 | 155,678 | 23,767 | 278,264 |
| Inter-business unit revenue | - | 15,072 | 4,179 | 19,251 |
| Business unit profit contribution | 50,627 | 60,936 | 14,250 | 125,813 |

A reconciliation of business unit profit contribution to profit before income tax is provided as follows:

| | 2012 | 2011 | 2011 |
|---|---|---|---|
| | 6 months to | 6 months to | 12 months to |
| | 30th June | 30th June | 31st December |
| | unaudited | unaudited | audited |
| | £'000 | £'000 | £'000 |
| Business unit profit contribution | **63,727** | 62,558 | 125,813 |
| Core product development | **(14,969)** | (13,561) | (27,485) |
| Central staff costs | **(13,387)** | (13,089) | (26,619) |
| Building costs | **(9,525)** | (9,312) | (18,678) |
| Other unallocated costs | **(6,276)** | (7,376) | (13,958) |
| Operating profit as monitored by the Operating Board | **19,570** | 19,220 | 39,073 |
| Amortisation of acquisition intangibles | **(365)** | (365) | (730) |
| Product development capitalised | **12,497** | 10,826 | 22,311 |
| Product development amortised | **(10,121)** | (8,963) | (18,523) |
| Operating profit | **21,581** | 20,718 | 42,131 |
| Finance income | **157** | 154 | 321 |
| Profit before income tax | **21,738** | 20,872 | 42,452 |

Individual countries within Asia do not meet the disclosure requirements of IFRS8 *Operating Segments* but in aggregate their revenues are sufficiently material that disclosure has been made. Revenue is attributed to a country based on the ownership of the customer contract and where the work is being performed.

| | 2012 6 months to 30th June unaudited £'000 | 2011 6 months to 30th June unaudited £'000 | 2011 12 months to 31st December audited £'000 |
|---|---|---|---|
| UK | **64,311** | 68,520 | 134,728 |
| USA | **44,845** | 43,174 | 89,725 |
| Asia | **24,236** | 20,520 | 43,044 |
| Other | **7,884** | 4,813 | 10,767 |
| Total revenue | **141,276** | 137,027 | 278,264 |

## 6 Operating expenses

| | 2012 6 months to 30th June unaudited £'000 | 2011 6 months to 30th June unaudited £'000 | 2011 12 months to 31st December audited £'000 |
|---|---|---|---|
| Staff costs – salaries | **62,526** | 58,534 | 120,208 |
| Staff costs – social security | **5,637** | 6,019 | 11,123 |
| Staff costs – pension | **1,302** | 1,061 | 2,243 |
| Staff costs – share incentives | **772** | 902 | 1,696 |
| Total staff costs | **70,237** | 66,516 | 135,270 |
| Amounts payable to subcontractors | **1,149** | 1,250 | 2,289 |
| Depreciation of property, plant and equipment | **6,775** | 6,203 | 12,676 |
| Amortisation of other intangible assets | **396** | 578 | 944 |
| Capitalisation of product development | **(12,497)** | (10,826) | (22,311) |
| Amortisation of product development | **10,121** | 8,963 | 18,523 |
| Communications and data | **19,564** | 18,714 | 37,900 |
| Operating lease rentals – property | **8,348** | 7,514 | 15,443 |
| Operating lease rentals – plant and machinery | **1** | 12 | 22 |
| Profit on sale of property, plant and equipment | **-** | - | (198) |
| Exchange loss | **(245)** | 747 | 1 |
| Other operating expenses | **15,675** | 16,467 | 35,232 |
| Operating expenses before amortisation of acquisition intangibles | **119,524** | 116,138 | 235,791 |
| Amortisation of acquisition intangibles | **365** | 365 | 730 |
| Total operating expenses | **119,889** | 116,503 | 236,521 |

7 **Income tax expense**

The charge for tax for the six months to 30th June 2012 has been calculated based on the estimate of the weighted average annual income tax rate expected for the full year. Differences between the anticipated effective tax rate and the statutory rate include, but are not limited to, the effect of tax rates in foreign jurisdictions, non-deductible expenses, tax incentives, tax deductions not recognised in the income statement and under or over provisions in previous periods.

The total tax charge for the six months to 30th June 2012 is £6,223,000 (six months to 30th June 2011: £6,210,000). The tax charge includes an overseas charge of £3,118,000 (six months to 30th June 2011: £3,032,000). The tax charge equates to an effective tax rate of 28.6% (six months to 30th June 2011: 29.8%, 12 months to 31st December 2011: 29.5%).

At the balance sheet date the UK government had proposed reducing the UK corporation tax rate by a further 1% per annum effective from 1st April 2013 through to 31st March 2015. However, these rate reductions had not been substantively enacted at the balance sheet date and their effects are not included in these financial statements. The enactment of these changes is not expected to have a material impact on the deferred tax assets and liabilities of the Group.

8 **Earnings per share**

Earnings per share have been calculated by dividing profit attributable to owners of the Company by the weighted average number of shares in issue during the period, details of which are below. The diluted earnings per share have been calculated using an average share price of 1587p (six months to 30th June 2011: 1734p, 12 months to 31st December 2011: 1693p).

| | 2012<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>6 months to<br>30th June<br>unaudited<br>£'000 | 2011<br>12 months to<br>31st December<br>audited<br>£'000 |
|---|---|---|---|
| Profit attributable to owners of the Company | **15,515** | 14,662 | 29,926 |
| Add amortisation of acquisition intangibles net of deferred tax | **277** | 270 | 537 |
| Profit attributable to owners of the Company after adjustments | **15,792** | 14,932 | 30,463 |

| | 2012<br>6 months to<br>30th June<br>unaudited<br>Number '000 | 2011<br>6 months to<br>30th June<br>unaudited<br>Number '000 | 2011<br>12 months to<br>31st December<br>audited<br>Number '000 |
|---|---|---|---|
| Weighted average number of shares in issue | **37,006** | 36,438 | 36,640 |
| Weighted average number of shares held by employee share trusts | **(199)** | (267) | (246) |
| Shares used to calculate basic earnings per share | **36,807** | 36,171 | 36,394 |
| Dilution due to share options | **759** | 752 | 568 |
| Shares used to calculate diluted earnings per share | **37,566** | 36,923 | 36,962 |

| | 2012<br>6 months to<br>30th June<br>unaudited<br>Pence | 2011<br>6 months to<br>30th June<br>unaudited<br>Pence | 2011<br>12 months to<br>31st December<br>audited<br>Pence |
|---|---|---|---|
| Basic earnings per share | **42.2p** | 40.5p | 82.2p |
| Diluted earnings per share | **41.3p** | 39.7p | 81.0p |
| Basic earnings per share on adjustments | **0.7p** | 0.8p | 1.5p |
| Diluted earnings per share on adjustments | **0.7p** | 0.7p | 1.4p |
| Basic earnings per share after adjustments | **42.9p** | 41.3p | 83.7p |
| Diluted earnings per share after adjustments | **42.0p** | 40.4p | 82.4p |

Basic and diluted earnings per share have been adjusted to exclude the amortisation of acquisition intangibles. Management consider that earnings per share after this adjustment provide a better year to year comparison of performance.

## 9 Dividends

The dividends paid in the periods covered by these condensed consolidated interim financial statements are detailed below.

| | Dividend per share<br>Pence | Dividend value<br>£'000 |
|---|---|---|
| 2010 interim dividend paid 27th September 2010 | 11.0 | 3,926 |
| 2010 final dividend paid 13th June 2011 | 22.0 | 8,023 |
| 2010 special dividend paid 13th June 2011 | 45.0 | 16,410 |
| 2011 interim dividend paid 26th September 2011 | 12.0 | 4,391 |
| 2011 final dividend paid 28th May 2012 | 24.5 | 9,029 |
| 2011 special dividend paid 28th May 2012 | 45.0 | 16,583 |

A 2012 interim dividend of 12.5p per share, amounting to an expected dividend payment of £4,608,000, was declared by the directors at their meeting on 27th July 2012. This interim dividend will be payable on 24th September 2012 to shareholders on the register at the close of business on 24th August 2012, with an ex-dividend date of 22nd August 2012. These condensed consolidated interim financial statements do not reflect this dividend payable.

10 **Trade and other receivables**

| | 2012<br>30th June<br>unaudited<br>£'000 | 2011<br>30th June<br>unaudited<br>£'000 | 2011<br>31st December<br>audited<br>£'000 |
|---|---|---|---|
| Trade receivables | **68,197** | 63,813 | 64,057 |
| Prepayments | **5,028** | 3,831 | 4,414 |
| Accrued revenue | **754** | 1,097 | 1,208 |
| Other receivables | **1,081** | 620 | 925 |
| Total trade and other receivables | **75,060** | 69,361 | 70,604 |

11 **Trade and other payables**

| Current liabilities | 2012<br>30th June<br>unaudited<br>£'000 | 2011<br>30th June<br>unaudited<br>£'000 | 2011<br>31st December<br>audited<br>£'000 |
|---|---|---|---|
| Trade payables | **4,458** | 5,534 | 7,174 |
| Accrued expenses | **28,874** | 30,393 | 30,864 |
| Other liabilities | **2,815** | 4,010 | 2,099 |
| Deferred revenue | **46,971** | 46,223 | 48,219 |
| Other taxes and social security | **4,656** | 5,179 | 4,751 |
| Total trade and other payables | **87,774** | 91,339 | 93,107 |

| Non-current liabilities | 2012<br>30th June<br>Unaudited<br>£'000 | 2011<br>30th June<br>Unaudited<br>£'000 | 2011<br>31st December<br>audited<br>£'000 |
|---|---|---|---|
| Accrued expenses | **735** | 322 | 2,041 |
| Other liabilities | **5,982** | 4,389 | 7,664 |
| Total other payables | **6,717** | 4,711 | 9,705 |

## Responsibility statement of the directors in respect of the interim financial report

We confirm that to the best of our knowledge:

(a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements; and a description of principal risks and uncertainties for the remaining six months of the year; and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Andy Malpass

Director

27th July 2012

## Independent review report to Fidessa group plc

**Introduction**

We have been engaged by the Company to review the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30th June 2012 which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Comprehensive Income, the Condensed Consolidated Interim Balance Sheet, the Condensed Consolidated Interim Statement of Changes in Shareholders' Equity, the Condensed Consolidated Interim Cash Flow Statement and the related explanatory notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review.

**Scope of review**

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

**Review conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30th June 2012 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Mike Harper (Senior Statutory Auditor)
For and on behalf of
KPMG Audit Plc (Statutory Auditor)
Chartered Accountants
27th July 2012

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