Fidessa group plc

Preliminary results for the year ended 31st December 2012

11th February 2013

Fidessa reports solid performance in challenging markets

	2012	2011	Change	At constant currencies
Revenue	£278.6m	£278.3m	0%	-1%
Adjusted operating profit[1]	£42.4m	£42.9m	-1%	-3%
Operating profit	£41.7m	£42.1m	-1%	
Adjusted pre-tax profit[1]	£42.7m	£43.2m	-1%	
Pre-tax profit	£42.0m	£42.5m	-1%	
Adjusted diluted earnings per share[1]	82.4p	82.4p	0%	
Diluted earnings per share	80.9p	81.0p	0%	
Annual dividend per share	37.0p	36.5p	+1%	
Special dividend per share	45.0p	45.0p	0%	
Cash	£72.1m	£70.9m	+2%	

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

Highlights for the year ended 31st December 2012:

- Multi-asset revenue more than doubled as derivatives programme bears fruit.
- Further growth in recurring revenue to 84% of total revenues.
- Good revenue growth from enterprise customers.
- Strong growth delivered by regional expansion, particularly in Asia and Latin America.
- Good cash generation, with £72.1 million cash balance after dividend payments of £30.2 million.
- Total dividends of 82p proposed for year.

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

“For the financial markets, conditions in 2012 were more difficult than expected with the global value of equity trading falling by around 20% on top of the already depressed levels seen in 2011. This has meant further stress for our customers resulting in continued attrition and price pressure, therefore making it challenging for us to deliver the growth levels we have been used to. Despite these pressures we have continued our investment programme, expanding our capability across assets, services and regions and winning significant new deals. This, combined with the very strong growth that we have achieved for our new derivatives offering, has enabled us to continue to deliver growth in

recurring revenue. However, the more discretionary consultancy revenue has suffered as customers seek to reduce their costs and this reduction has offset the growth in recurring revenue."

Commenting on current trading, Chris Aspinwall continued:

“In recent months there has been a marked and positive change of sentiment in the market, with the weekly flow of funds into the equity markets reaching one of the highest levels ever recorded. Whilst it is clearly too early to know whether this represents a turning point, it reinforces our view that a floor will eventually be reached in the decline of equity markets which will allow our core end markets to gradually return to a more stable state. This would enable the growth we are generating through sales of our derivatives platforms, our service based platforms and our regional expansion to flow through into overall revenue growth rather than being masked by the decline in traditional equities. Although we expect that we may see this process start during 2013, we do not believe that it will happen quickly enough to have a material benefit to 2013 revenue. This combined with our continued investment programme means that we expect performance in 2013 to be similar to that seen in 2012.

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 remain excited by the potential of our service based offerings across all asset classes and believe that we will continue to play an important role as the markets focus on efficiency, transparency, compliance and performance. We maintain our commitment to the financial industry and to developing the solutions it needs over the coming years throughout the regions.”

Financial Summary

In 2012, Fidessa achieved revenue of £278.6 million, consistent with that delivered in the prior year (2011: £278.3 million). The changes in foreign currency exchange rates provided a small benefit to revenue and at constant currency it would have reduced by 1%. Underlying the flat revenue was continued impact from the difficult conditions in the equity markets which impacted consultancy and this offset the growth achieved in recurring revenue. The revenue generated from derivatives has more than doubled and represented almost 3% of total revenue for the year. Further strong growth is expected in the derivatives revenue throughout 2013.

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 year was seven percentage points. These events were concentrated in the smaller customers and the rate of events was constant throughout the year. From what is currently known, this turbulence will have a continued impact in the current year although at a slightly lesser level than that seen in 2012.

Recurring revenue increased by 2% and represented 84% of total revenue, being £233.6 million (2011: £228.7 million). The breakdown of recurring revenue generated by market sector was £139 million (2011: £139 million) from sell-side trading, £16 million (2011: £15 million) from buy-side trading, £53 million (2011: £50 million) from connectivity and £26 million (2011: £24 million) from market data. Consultancy revenue continued to be impacted by the difficult market conditions and non-recurring revenue decreased by 9%, being £45.0 million (2011: £49.6 million).

On a regional basis, Asia showed the strongest revenue growth with an increase of 12% and accounted for 17% of total revenue, whilst the Americas grew by 5% and accounted for 38% of total revenue and Europe decreased by 7% and accounted for 45% of total revenue.

The deferred revenue in the balance sheet at the end of the year was £50.4 million (2011: £48.2 million), an increase of 5%. The deferred revenue balance represented 18% of annualised revenue.

At the beginning of last year Fidessa flagged that increased expenditure on expertise and infrastructure was expected in 2012 as part of the investment in the derivatives opportunity. In the year expenditure on data centres, the global network and provision of data increased by approximately £3.0 million. Also, as expected, the expenditure on product development increased resulting in a 12% uplift in the value capitalised, being £25.0 million (2011: £22.3 million). Overall, operating costs increased slightly to £236.4 million (2011: £235.8 million).

EBITDA (earnings before interest, tax, depreciation and amortisation) was the same as for 2011 at £52.7 million, being an EBITDA margin of 18.9%. Both adjusted and unadjusted operating profits decreased by 1% in 2012. Adjusted operating profit was £42.4 million (2011: £42.9 million), this being measured before acquired intangibles amortisation. The unadjusted operating profit was £41.7 million (2011: £42.1 million). The operating profit benefited from changes in foreign currency exchange rates and at constant currency the operating profit would have decreased by 3%. The investment in the derivatives opportunity resulted in a fall in the operating margin to 15.2% (2011: 15.4%), the impact of this being more marked in the second half of the year when the operating margin was 14.9%.

The effective tax rate has improved to 27.6% (2011: 29.5%) due to the decrease in the UK corporation tax rate and the strongest growth arising in Asia. Further decreases in the UK corporation tax rate have been announced and these are expected to provide a further reduction in the effective tax rate in 2013.

Diluted earnings per share, adjusted to exclude acquired intangibles amortisation, was the same as 2011 at 82.4 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 consistent with 2011 at 80.9 pence (2011: 81.0 pence).

The business continued to be strongly cash generative, closing the year with a cash balance of £72.1 million and no debt (2011: £70.9 million and no debt). During the year, annual and special dividends totalling £30.2 million (2011: £28.8 million) were paid and capital expenditure of £10.1 million represented 3.6% of revenue (2011: £15.6 million, 5.6% of revenue). As reported in the interim results, cash collection in the first half of the year was slow due to the difficult market conditions. The collections improved as the year progressed with much of the shortfall being recovered. The net cash generated from operating activities was £66.9 million (2011: £70.5 million), representing an operating cash conversion rate of 159% (2011: 166%).

The ordinary dividend for the full year is being increased to 37.0 pence (2011: 36.5 pence). The final dividend, if approved by shareholders, will be 24.5 pence, to be paid on 10th June 2013 to shareholders on the register on 10th May 2013, with an ex-dividend date of 8th May 2013. In addition, a special dividend of 45.0 pence (2011: 45.0 pence) is proposed and, if approved by shareholders, will be paid at the same time as the final dividend.

Market Review[2]

Introduction

During 2012, the difficult conditions in the financial markets continued, with widespread uncertainty about the state of the global economy and an uncertain regulatory environment. This resulted in significantly reduced levels of activity across the financial markets with the total value of equities traded on exchanges and alternative platforms down by around 20% compared to the previous year across all major regions. Inevitably, this resulted in further pressure across Fidessa's customer base with it 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 believes this ability is becoming increasingly important in the markets and is an area which it is particularly well placed to serve. Fidessa's market share has continued to grow with deals signed for over 90 new buy-side or sell-side platforms. Fidessa has also pushed forward with its multi-asset platform where it is rapidly growing its market share. In this area it has signed 11 new deals including substantial global ones with Newedge and Nomura adding to the global deal signed with Citi in 2011. Fidessa's growing presence in the derivatives segment of the market was also acknowledged by the industry when Fidessa was voted Independent Software Vendor of the Year at the Futures & Options World magazine awards for the first time.

Overall, across the business, new customer 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 by around 4% to just over 25,000.

Buy-side Trading

Sentiment within the buy-side community has remained mixed, with many firms focused on streamlining their businesses and controlling costs to keep them aligned with reduced fee income. Coupled with concerns about the increasing regulatory burden, this has meant that there has been little appetite from the buy-side for new large-scale investment management deployments. However, to achieve efficiencies and keep abreast of compliance needs, firms are keen to leverage and enhance their existing systems. Fidessa has worked closely with its buy-side customers over the year to ensure they have access to the latest features of its software and to roll-out additional services. This has included helping a number of tier 1 asset managers that have expanded into additional regions and increased asset class coverage, as well as using Fidessa's business expertise to redesign and implement industry best practices across trading flows and regulatory compliance.

Saving cost and improving operational efficiency is high on customers' agendas and this is leading to an openness to explore new operating models. Fidessa's history in delivering and managing large,

---

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

complex installations on a service managed basis, along with its technology infrastructure and consulting services, are consequently particularly important assets and allow Fidessa to engage with customers looking at this more cost-effective operating model.

Buy-side firms are also increasingly facing a connectivity challenge as access to a broad range of multi-asset broker services, hubs, crossing engines and post-trade systems all around the world is becoming commonplace. Leveraging its existing data centre and network infrastructure, Fidessa transformed the connectivity service it offers to the buy-side during 2012 to combat this challenge, by taking over the hosting, management and operational aspects of their FIX and non-FIX based connectivity and technology. This provides buy-side firms with a simple, cost-effective solution which operates globally across multiple asset classes and removes the costs and management overheads of looking after and maintaining their own systems.

With more regulation, such as MiFID II and Dodd-Frank, expected across the industry, and compliance increasingly under the spotlight, there has been a focus by buy-side firms on these areas. The buy-side's own customers are also far more aware of regulations as well, and often demand that their fund managers demonstrate that they are meeting their compliance obligations in an accurate and timely manner. For this reason buy-side firms increasingly see compliance as being an instrumental part of them both winning and maintaining business, and no longer look at it as solely a regulatory burden but also see it as fundamental to achieving competitive edge. As a result, Fidessa’s Sentinel compliance product has become an even more important element of its buy-side product suite. During the year this product was extensively overhauled so that it could be made available as a fully-managed, service based business solution covering global regulatory rule analysis, coding and monitoring for pre- and post-trade compliance. Winning Best Asset Management Solution at the 2012 Compliance Register awards as well as Best Compliance Product for the fifth year running at the Buy-side Technology awards, Sentinel provides firms with the protection they need and helps them to automate and enhance their compliance process.

During the year work has continued to evolve and enhance Fidessa’s award winning Buy-side Workstation product, which offers an out-of-the-box, SaaS (Software as a Service) order routing and trading service. This system has seen a fundamental overhaul of its look and feel, as well as the addition of improved analytics and performance benchmarking tools. Fully integrated with Fidessa’s global connectivity network, the product has also had major enhancements to extend its multi-asset capabilities, along with the expansion of global venues available for trading foreign exchange, fixed income, futures, options and equities. Fidessa expects to see further expansion in the number of alternate trading venues, dark pools and crossing networks across all asset classes around the world, and consequently believes the only way buy-sides can keep pace is by leveraging an independent, venue-neutral, SaaS trading service.

Fidessa’s valuable community of both buy-side and sell-side firms places it in a unique position to gather information and help drive strategic discussion. In 2012 Fidessa started a number of buy-side focused initiatives that leverage this community with the aim of delivering innovative solutions to them for the real business challenges they face. During the year Fidessa has worked closely with the industry looking at the efficiencies of allocation processing in light of the industry moving towards FIX and SWIFT confirmations; liquidity discovery in the current challenging conditions that exist in the fixed income and equity markets; and real-time position keeping to address the challenges of using existing fund accounting systems to assist front office investment decision, cash utilisation and risk control. Being able to leverage the full breadth of its community to help individual segments, such as the buy-side, is testament to the strong position that Fidessa now holds within the financial markets space.

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 still face the industry, the ability to offer new delivery models allows Fidessa to address the key challenges that buy-side firms face, enabling them to reduce their total cost of ownership for investment management solutions and do more with the assets that they have in place.

Global Connectivity and Market Data

Despite the overall decline in trading volumes during the year, the pressure on trading firms to operate more efficiently has continued to drive more flow onto the leading electronic connectivity networks. This trend has benefited Fidessa which has seen the value traded across its network increase by 6% during 2012. Fidessa's global, multi-asset community includes not only the customers that take Fidessa's platform solutions, but also the ever-increasing universe of buy-sides, sell-sides, trading venues and partners that link to one another across its worldwide connectivity network. Connecting investment firms to brokers, routing order flow to markets and handling a broad range of pre- and post-trade activities in support of the electronic trading process, has enabled the Fidessa network to become a key element of the market infrastructure.

During 2012 Fidessa's global connectivity network community continued to grow with over 750 brokers, 3,500 buy-sides and 200 trading venues generating around $850 billion of transactions per month. Increasingly the network is being used to handle a greater diversity of asset classes, with derivatives as well as fixed income and foreign exchange transactions becoming more significant. Fidessa's recent successes in providing global derivatives trading solutions, as well as providing enhanced connectivity solutions to buy-side firms, are helping to drive these new flows.

Electronic trading is also extending its foothold in emerging regions of the world and this inevitably brings interest from firms wishing to participate in those markets, as well as from local players looking for global reach. In support of this, Fidessa's network has been expanded with new data centres opening in Brazil, to support the Latin American marketplace, Chicago, in support of the derivatives market, and in India. New trading destinations have also been added during the year, primarily in the derivatives space, and Fidessa's global infrastructure was upgraded providing resilient, high-performance, low-latency connectivity across the globe that is capable of scaling to handle the capacity requirements expected in the future.

As well as connectivity to the world's financial markets, Fidessa also provides fast, reliable and comprehensive market data to its customers supporting their trading activities. Fidessa's network delivers both real-time and reference data for global markets, and in 2012 the breadth of this coverage was expanded further in line with the trading venue expansion with a number of new derivatives markets coming on stream. Fidessa's suite of value-added information services also expanded throughout the year, some delivered through its corporate web-site with others fully integrated into its trading solutions. A Japanese language version of its web-based liquidity Fragmentation Index service was launched, as well as a real-time version of its award-winning Fragulator® tool. In addition, a new Regulation Matters web-site was launched to inform and garner discussion from Fidessa's growing community around the likely impact of the range of new regulations that are currently being proposed and discussed. These initiatives create valuable proprietary information and strengthen the value members get from being a part of the Fidessa community, and Fidessa is committed to expanding and enhancing these services.

Fidessa believes the trading landscape will continue to evolve, driven by new regulations, regional expansion and cost pressures across the industry. New venues and new interfaces to existing venues will continue to appear and these, along with ever-increasing requirements for information and

reporting, mean the development of the network technology and data warehouse is an ongoing activity. Fidessa plans to continue to invest in its offerings in this area to allow it to create and deliver new services to its customers, and to ensure that it continues to meet the evolving needs of the expanding and valuable community it has created.

Sell-side Trading

Fidessa's sell-side customers have seen particularly difficult conditions during 2012 with the unstable global markets resulting in lower values of trading, pressure on commissions further hitting their revenue and an uncertain regulatory environment. As a result, Fidessa's sell-side customers are especially focused on cost, with many carrying out extensive reviews of their operations. In some cases these reviews have resulted in firms pulling out from the markets altogether, sometimes pulling out of certain regions but in many cases they have resulted in a simple focus on the efficiency of their operations.

Against this backdrop, Fidessa has made progress in a number of key areas. In expanding its multi-asset solution Fidessa has seen a strong take-up with 11 additional customers signed for its derivatives solution and related revenues have more than doubled as more customers deploy the platform. Fidessa has also seen strong interest from larger customers for service based solutions which has helped to drive a 5% increase in Fidessa's revenue from this area of the market. In addition, Fidessa has also been successful in supporting the regional expansion of its customers, particularly in Asia and Latin America.

In expanding its multi-asset class support, Fidessa has continued to make progress with its support for derivatives. This progress included signing two large global deals with Newedge and Nomura which, added to the deal signed with Citi in October 2011, confirms Fidessa's position as a formidable global competitor in this space. This position was further acknowledged by the industry at the Futures & Options World magazine awards where Fidessa was voted Futures Commission Merchants' Independent Software Vendor of the Year. The global developments required to support sophisticated derivatives workflows have been progressing well, with hubs now live in five major centres providing seamless routing for derivatives transactions across the world. The platform also allows full global risk management and includes support for around 50 member markets around the world with additional markets available for non-member trading.

Fidessa has continued to develop its global infrastructure to enable it to offer its largest customers a cost-effective multi-asset platform on a fully service managed basis. Building out the new infrastructure has involved the addition of new markets, data services and data warehouse facilities, and has also included additional data centre and network capacity, particularly across Asia and Latin America. This infrastructure investment, which has been critical to Fidessa winning the new derivatives deals at Citi, Newedge and Nomura, has also resulted in significant extensions with large customers in the cash equity space. One example has been a deal with CIMB, a Malaysian bank covering the ASEAN area, which acquired the operations of RBS in the region. The deal will see Fidessa's service based trading platform, which was already used by CIMB, extended to cover Thailand, Indonesia, Taiwan, Korea and India to deliver a consolidated pan-Asian sell-side trading solution. This deal, which is viewed by CIMB as strategic and helps them build on their acquisition of RBS's assets while they advance their position, demonstrates Fidessa's ability to support large-scale, multi-region platforms effectively. In today's markets, with the heavy burden of rapid change and prospect of increasing regulation, the focus that Fidessa can bring to delivering these complex global trading services much faster, more reliably and more cost-effectively than traditional enterprise solutions makes this a compelling proposition.

Fidessa has continued to be successful in its expansion across the regions, in particular seeing strong growth from its operations in Asia and Latin America. Whilst some smaller customers who have attempted to set up regional operations have found conditions difficult, a number of larger firms have used the extensibility of Fidessa's platform to access more markets and build out their global operations. For example, Daiwa, a Japanese bank, extended its use of the Fidessa trading platform into Korea supporting both its domestic and international order flow. The move was part of a broader initiative that will see Fidessa provide Daiwa with a single trading platform across its Asian operations including Hong Kong, Singapore and Taiwan. A number of other Japanese firms extended their use of Fidessa into the multi-asset proprietary trading space alongside their existing agency trading platforms. In Latin America Fidessa has continued to deploy new platforms with the first customer going live in its new São Paulo data centre.

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 are still only a very small number of areas, such as the French Financial Transaction Tax, where there are defined rules that can be implemented within software. Until more rules are defined, Fidessa's ability to develop products to help its customers in this area will remain restricted. Further regulations still seem to be progressing very slowly with timescales likely to stretch well into 2013 and beyond. However, 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, particularly with respect to greater transparency across asset classes, 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, creating some new opportunities.

2012 Important Events

During 2012 the key event in the Group's development has been the implementation of the Group's business plan against the background of difficult markets and an unstable macroeconomic environment. The unpredictable nature of the markets has increased the level of risk faced by the Group compared to prior years. Despite this environment, the Group has continued to deliver a solid performance through focus on market requirements, delivering lower cost of ownership whilst still allowing customers to maintain their position in the market. In particular, the Group has expanded its multi-asset class offerings, provided solutions allowing its customers to participate within the more fragmented liquidity environment, expanded its data services, provided increased connectivity to electronic trading flows and extended its support within new regions.

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

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 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, regulatory issues affecting Fidessa and/or its customers, customers' financial stability and ability to pay, 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, 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 the Group's performance for 2013 is the challenging macroeconomic environment caused by the global financial crisis and its impact on Fidessa's customers, which could have a material impact on the Group's performance over the year and could cause actual results to differ materially from expected and historical results. A continued 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

In recent months there has been a marked and positive change of sentiment in the market, with the weekly flow of funds into the equity markets reaching one of the highest levels ever recorded. Whilst it is clearly too early to know whether this represents a turning point, it reinforces Fidessa's view that a floor will eventually be reached in the decline of equity markets which will allow its core end markets to gradually return to a more stable state. This would enable the growth generated through sales of Fidessa's derivatives platforms, its service based platforms and its regional expansion to flow through into overall revenue growth rather than being masked by the decline in traditional equities. Although it is expected that this process may start during 2013, Fidessa does not believe that it will happen quickly enough to have a material benefit to 2013 revenue. This combined with Fidessa's continued investment programme means that performance in 2013 is expected to be similar to that seen in 2012.

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 it has seen in the past. Fidessa remains excited by the potential of its service based offerings across all asset classes and believes that it will continue to play an important role as the markets focus on efficiency, transparency, compliance and performance. Fidessa will maintain its commitment to the financial industry and to developing the solutions the industry needs over the coming years throughout the regions.

Enquiries:

Chris Aspinwall, Chief Executive

Andy Malpass, Finance Director

Ed Bridges, FTI Consulting

www.fidessa.com

Tel:: +44 (0) 20 7105 1000

Fax: +44 (0) 20 7105 1001

Email: eu.info@fidessa.com

Tel: +44 (0) 20 7831 3113

Fax: +44 (0) 20 7831 6341

Consolidated income statement

for the year ended 31st December 2012

	Note	**2012 £'000**	2011 £'000
Revenue	2	**278,626**	278,264
Operating expenses before amortisation of acquired intangibles	3	**(236,417)**	(235,791)
Other operating income		**226**	388
Operating profit before amortisation of acquired intangibles		**42,435**	42,861
Amortisation of acquired intangibles		**(730)**	(730)
Operating profit		**41,705**	42,131
Finance income		**279**	321
Profit before income tax		**41,984**	42,452
Income tax expense	5	**(11,578)**	(12,526)
Profit for the year attributable to owners of the Company		**30,406**	29,926
Basic earnings per share	6	**82.5p**	82.2p
Diluted earnings per share	6	**80.9p**	81.0p

Consolidated statement of comprehensive income

for the year ended 31st December 2012

	2012 £'000	2011 £'000
Profit for the year from the income statement	**30,406**	29,926
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(2,167)**	517
Total comprehensive income for the year	**28,239**	30,443

Consolidated balance sheet

at 31st December 2012

	Note	**2012** **£'000**	2011 £'000
Assets			
Non-current assets			
Property, plant and equipment		**20,640**	26,021
Intangible assets		**85,745**	82,045
Deferred tax assets		**5,299**	5,710
Other receivables		**2,004**	2,166
Total non-current assets		**113,688**	115,942
Current assets			
Trade and other receivables	8	**73,168**	70,604
Income tax receivable		**-**	248
Cash and cash equivalents		**72,078**	70,885
Total current assets		**145,246**	141,737
Total assets		**258,934**	257,679
Equity			
Issued capital		**3,715**	3,698
Share premium		**23,838**	22,466
Merger reserve		**17,938**	17,938
Cumulative translation adjustment		**2,355**	4,522
Retained earnings		**92,279**	90,964
Total equity		**140,125**	139,588
Liabilities			
Non-current liabilities			
Other payables	9	**8,742**	9,705
Provisions		**3,536**	3,649
Deferred tax liabilities		**5,870**	5,134
Total non-current liabilities		**18,148**	18,488
Current liabilities			
Trade and other payables	9	**92,807**	93,107
Provisions		**314**	95
Current income tax liabilities		**7,540**	6,401
Total current liabilities		**100,661**	99,603
Total liabilities		**118,809**	118,091
Total equity and liabilities		**258,934**	257,679

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
Balances at 1st January 2011		3,617	20,289	17,938	4,005	88,046	133,895
Total comprehensive income for the year							
Profit for the year		-	-	-	-	29,926	29,926
Other comprehensive income		-	-	-	517	-	517
		-	-	-	517	29,926	30,443
Transactions with owners of the Company							
Issue of shares - exercise of options		81	2,177	-	-	-	2,258
Employee share incentive charges	3	-	-	-	-	1,696	1,696
Current tax recognised direct to equity		-	-	-	-	2,588	2,588
Deferred tax recognised direct to equity		-	-	-	-	(2,653)	(2,653)
Sale of Company shares by employee share trusts		-	-	-	-	185	185
Dividends paid	7	-	-	-	-	(28,824)	(28,824)
Balances at 31st December 2011		3,698	22,466	17,938	4,522	90,964	139,588
Total comprehensive income for the year							
Profit for the year		**-**	**-**	**-**	**-**	**30,406**	**30,406**
Other comprehensive income		**-**	**-**	**-**	**(2,167)**	**-**	**(2,167)**
		-	**-**	**-**	**(2,167)**	**30,406**	**28,239**
Transactions with owners of the Company							
Issue of shares - exercise of options		**17**	**1,372**	**-**	**-**	**-**	**1,389**
Employee share incentive charges	3	**-**	**-**	**-**	**-**	**1,448**	**1,448**
Current tax recognised direct to equity		**-**	**-**	**-**	**-**	**780**	**780**
Deferred tax recognised direct to equity		**-**	**-**	**-**	**-**	**(450)**	**(450)**
Purchase of Company shares by employee share trusts		**-**	**-**	**-**	**-**	**(782)**	**(782)**
Sale of Company shares by employee share trusts		**-**	**-**	**-**	**-**	**140**	**140**
Dividends paid	7	**-**	**-**	**-**	**-**	**(30,227)**	**(30,227)**
Balances at 31st December 2012		**3,715**	**23,838**	**17,938**	**2,355**	**92,279**	**140,125**

Consolidated cash flow statement

for the year ended 31st December 2012

	Note	**2012 £'000**	2011 £'000
Cash flows from operating activities			
Profit before income tax for the year		**41,984**	42,452
Adjustments for:			
Staff costs - share incentives	3	**1,448**	1,696
Depreciation of property, plant and equipment	3	**13,336**	12,676
Amortisation of product development	3	**20,919**	18,523
Amortisation of acquired intangibles	3	**730**	730
Amortisation of other intangible assets	3	**965**	944
Profit on sale of property, plant and equipment	3	**(4)**	(198)
Finance income		**(279)**	(321)
Cash generated from operations before changes in working capital		**79,099**	76,502
Movement in trade and other receivables		**(2,269)**	(2,720)
Movement in trade and other payables		**(1,099)**	7,835
Cash generated from operations		**75,731**	81,617
Income tax paid		**(8,817)**	(11,110)
Net cash generated from operating activities		**66,914**	70,507
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8,720)**	(14,536)
Proceeds from sale of property, plant and equipment		**4**	741
Purchase of other intangible assets		**(1,345)**	(1,113)
Product development capitalised		**(24,983)**	(22,311)
Interest received on cash and cash equivalents		**279**	321
Net cash used in investing activities		**(34,765)**	(36,898)
Cash flows from financing activities			
Proceeds from shares issued		**1,389**	2,258
Purchase of Company shares by employee share trusts		**(782)**	-
Proceeds from sale of Company shares by employee share trusts		**140**	185
Dividends paid	7	**(30,227)**	(28,824)
Net cash used in financing activities		**(29,480)**	(26,381)
Net increase in cash and cash equivalents		**2,669**	7,228
Cash and cash equivalents at 1st January		**70,885**	62,988
Effect of exchange rate fluctuations on cash held		**(1,476)**	669
Cash and cash equivalents at 31st December		**72,078**	70,885

Notes to the consolidated financial statements

1 Preparation of the Preliminary Announcement

The preliminary results announcement for the year ended 31st December 2012 has been prepared by the directors based upon the results and position which are reflected in the statutory accounts. The statutory accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (Adopted IFRS).

The financial information for the year to 31st December 2012 and 2011 do not constitute statutory accounts and has been extracted from the Company's consolidated accounts for the year to 31st December 2012.

Statutory accounts for 2011 have been delivered to the Registrar of Companies, and those for 2012 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; its report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain statements under section 498(2) or 498(3) Companies Act 2006.

2 Segment reporting

The Market Review accompanying these annual 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 customers to deliver a complete solution. The Hosted business unit is focused on the software as a service delivery model allowing rapid deployment of complex workflow across a wide sell-side customer base. The Buy-side business unit is focused on providing tailored solutions for buy-side customers, packaging and integrating Fidessa products, services and consultancy and working with 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 market data services. In prior years the Hosted business unit had responsibility for the provision of connectivity services to both sell-side and buy-side customers but in 2012 the responsibility for connectivity services to buy-side customers moved to the Buy-side business unit. 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 5% or more of the Group's 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.

For the year ended 31st December 2012	Enterprise £'000	Hosted £'000	Buy-side £'000	Total £'000
Recurring revenue	**71,211**	**145,338**	**17,100**	**233,649**
Non-recurring revenue	**32,242**	**4,647**	**8,088**	**44,977**
Total revenue from external customers	**103,453**	**149,985**	**25,188**	**278,626**
Inter-business unit revenue	**-**	**19,074**	**4,921**	**23,995**
Business unit profit contribution	**50,620**	**57,574**	**18,608**	**126,802**

For the year ended 31st December 2011	Enterprise £'000	Hosted restated £'000	Buy-side restated £'000	Total £'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	5,136	20,208
Business unit profit contribution	50,627	59,979	15,207	125,813

The inter-business unit revenue for the Buy-side business unit and the contribution from the Hosted and Buy-side business units have been restated due to the change of responsibility for connectivity services to buy-side customers.

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

	2012 £'000	2011 £'000
Business unit profit contribution	**126,802**	125,813
Core product development	**(30,195)**	(27,485)
Central staff costs	**(25,713)**	(26,619)
Building costs	**(19,037)**	(18,678)
Other unallocated costs	**(13,486)**	(13,958)
Operating profit as monitored by the Operating Board	**38,371**	39,073
Amortisation of acquired intangibles	**(730)**	(730)
Product development capitalised	**24,983**	22,311
Product development amortised	**(20,919)**	(18,523)
Operating profit	**41,705**	42,131
Finance income	**279**	321
Profit before income tax	**41,984**	42,452

Other segmental disclosures:

	Enterprise	Hosted	Buy-side	Not allocated	Total
	£'000	£'000	£'000	£'000	£'000
For the year ended 31st December 2012					
Depreciation of property, plant and equipment	**-**	**7,998**	**-**	**5,338**	**13,336**
Amortisation of intangible assets	**-**	**-**	**730**	**21,884**	**22,614**
Balances at 31st December 2012					
Property, plant and equipment	**-**	**12,346**	**-**	**8,294**	**20,640**
Intangible assets	**-**	**-**	**48,060**	**37,685**	**85,745**

	Enterprise	Hosted	Buy-side	Not allocated	Total
		restated	restated		
	£'000	£'000	£'000	£'000	£'000
For the year ended 31st December 2011					
Depreciation of property, plant and equipment	-	7,305	-	5,371	12,676
Amortisation of intangible assets	-	-	730	19,467	20,197
Balances at 31st December 2011					
Property, plant and equipment	-	15,096	-	10,925	26,021
Intangible assets	-	-	48,790	33,255	82,045

The intangible assets relating to the Hosted and Buy-side business units has been restated due to the change of responsibility for connectivity services to buy-side customers.

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.

	UK	USA	Asia	Other	Total
	£'000	£'000	£'000	£'000	£'000
For the year ended 31st December 2012					
Revenue	**125,004**	**89,636**	**48,108**	**15,878**	**278,626**
Balances at 31st December 2012					
Property, plant and equipment	**9,325**	**6,696**	**3,316**	**1,303**	**20,640**
Intangible assets	**85,472**	**210**	**60**	**3**	**85,745**

	UK	USA	Asia	Other	Total
	£'000	£'000	£'000	£'000	£'000
For the year ended 31st December 2011					
Revenue	134,728	89,725	43,044	10,767	278,264
Balances at 31st December 2011					
Property, plant and equipment	12,537	9,619	2,502	1,363	26,021
Intangible assets	81,872	48	125	-	82,045

3 Operating expenses

	2012	2011
	£'000	£'000
Staff costs – salaries	**119,796**	120,208
Staff costs – social security	**10,007**	11,123
Staff costs – pension	**2,910**	2,243
Staff costs – share incentives	**1,448**	1,696
Total staff costs	**134,161**	135,270
Amounts payable to subcontractors	**2,327**	2,289
Depreciation of property, plant and equipment	**13,336**	12,676
Amortisation of other intangible assets	**965**	944
Capitalisation of product development	**(24,983)**	(22,311)
Amortisation of product development	**20,919**	18,523
Communications and data	**38,240**	37,900
Operating lease rentals – property	**17,189**	15,443
Operating lease rentals – plant and machinery	**5**	22
Profit on sale of property, plant and equipment	**(4)**	(198)
Exchange loss	**206**	1
Other operating expenses	**34,056**	35,232
Operating expenses before amortisation of acquisition intangibles	**236,417**	235,791
Amortisation of acquired intangibles	**730**	730
Total operating expenses	**237,147**	236,521

4 Staff numbers

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

	2012	2011
	Number	Number
Europe	**885**	870
The Americas	**579**	567
Asia	**274**	244
Total average staff numbers in the year	**1,738**	1,681

The number of people employed by the Group at 31st December each year was as follows:

	2012	2011
	Number	Number
Technical	**897**	918
Product development	**456**	424
Sales and marketing	**165**	169
Management and administration	**249**	237
Total staff numbers at 31st December	**1,767**	1,748

5 Income tax expense

	2012	2011
	£'000	£'000
Current tax		
Current year domestic tax	**5,599**	5,899
Current year foreign tax	**6,280**	7,305
Adjustments for prior years	**(504)**	(412)
Total current tax	**11,375**	12,792
Deferred tax		
Origination and reversal of temporary differences	**(452)**	313
Benefit and utilisation of tax losses	**1,217**	278
Adjustments for prior years – tax rate change	**(260)**	(464)
Adjustments for prior years – other	**(302)**	(393)
Total deferred tax	**203**	(266)
Total income tax in income statement	**11,578**	12,526

	2012	**2012**	2011	2011
		£'000		£'000
Profit before tax		**41,984**		42,452
Income tax using the domestic corporation tax rate	**24.5%**	**10,286**	26.5%	11,250
Effective tax rates in foreign jurisdictions		**1,988**		2,198
Expenses not deductible for tax purposes		**1,479**		1,523
Tax incentives		**(1,080)**		(1,149)
Non-taxable items		**(29)**		(27)
Adjustment relating to prior years		**(1,066)**		(1,269)
Total income tax and effective tax rate for the year	**27.6%**	**11,578**	29.5%	12,526

On 1st April 2012 the UK corporation tax rate reduced from 26% to 24%, resulting in a headline UK corporation tax rate for the year of 24.5%. The UK government has reduced the UK corporation tax rate to 23% with effect from 1st April 2013 and this reduction has been reflected in the measurement of deferred tax

balances. The UK government has proposed a further reduction of 2% effective 1st April 2014. However, this rate reduction has not been substantively enacted at the balance sheet date and its effect is not included in these financial statements. The enactment of this change is not expected to have a material impact on the deferred tax assets and liabilities of the Group.

Tax recognised direct to equity	**2012**	2011
	£'000	£'000
Current tax credit relating to equity-settled share incentives	**(780)**	(2,588)
Deferred tax debit relating to equity-settled share incentives	**450**	2,653

6 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 1508p (2011: 1693p) for the year.

	2012	2011
	£'000	£'000
Profit attributable to owners of the Company	**30,406**	29,926
Amortisation of acquired intangibles net of deferred tax	**551**	537
Profit attributable to owners of the Company after adjustments	**30,957**	30,463

	2012	2011
	Number '000	Number '000
Weighted average number of shares in issue	**37,054**	36,640
Weighted average number of shares held by employee share trusts	**(190)**	(246)
Number of shares used to calculate basic earnings per share	**36,864**	36,394
Dilution due to share incentives	**721**	568
Number of shares used to calculate diluted earnings per share	**37,585**	36,962

	2012	2011
	Pence	Pence
Basic earnings per share	**82.5p**	82.2p
Diluted earnings per share	**80.9p**	81.0p
Basic earnings per share on adjustments	**1.5p**	1.5p
Diluted earnings per share on adjustments	**1.5p**	1.4p
Basic earnings per share after adjustments	**84.0p**	83.7p
Diluted earnings per share after adjustments	**82.4p**	82.4p

Basic and diluted earnings per share have been adjusted to exclude the amortisation of acquired intangibles.

Management consider that earnings per share after this adjustment provide a better year to year comparison of performance.

7 Dividends paid and proposed

	2012	2011
	£'000	£'000
Declared and paid during the year		
Interim 2012 dividend of 12.5 pence per share (interim 2011 dividend of 12.0 pence per share)	**4,615**	4,391
Final 2011 dividend of 24.5 pence per share (final 2010 dividend of 22.0 pence per share)	**9,029**	8,023
Special 2011 dividend of 45.0 pence per share (special 2010 dividend of 45.0 pence per share)	**16,583**	16,410
	30,227	28,824

The directors propose a final dividend of 24.5 pence per share, amounting to an expected dividend payment of £9,064,000, and a special dividend of 45.0 pence per share, amounting to an expected dividend payment of £16,648,000. These will be payable on 10th June 2013 to shareholders on the register at the close of business on 10th May 2013, with an ex-dividend date of 8th May 2013. These dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements.

8 Trade and other receivables

	2012	2011
	£'000	£'000
Trade receivables	**64,784**	64,057
Prepayments	**6,700**	4,414
Accrued revenue	**939**	1,208
Other receivables	**745**	925
Total trade and other receivables	**73,168**	70,604

9 Trade and other payables

Current liabilities	**2012**	2011
	£'000	£'000
Trade payables	**7,367**	7,174
Accrued expenses	**30,008**	30,864
Other liabilities	**553**	2,099
Deferred revenue	**50,426**	48,219
Other taxes and social security	**4,453**	4,751
Total current trade and other payables	**92,807**	93,107

Non-current liabilities	**2012**	2011
	£'000	£'000
Accrued expenses	**462**	2,041
Other liabilities	**8,280**	7,664
Total non-current trade and other payables	**8,742**	9,705