Fidessa group plc
Interim results for the period ended 30th June 2013

29th July 2013

Fidessa reports international growth and developing momentum

	2013	2012	Change	At constant currencies
Revenue	£139.3m	£141.3m	-1%	-1%
Adjusted operating profit[1]	£20.8m	£21.9m	-5%	-4%
Operating profit	£20.4m	£21.6m	-6%	
Adjusted pre-tax profit[1]	£20.9m	£22.1m	-5%	
Pre-tax profit	£20.5m	£21.7m	-6%	
Adjusted diluted earnings per share[1]	40.1p	42.0p	-5%	
Diluted earnings per share	39.4p	41.3p	-5%	
Interim dividend per share	12.5p	12.5p	0%	
Cash	£50.3m	£50.7m	-1%	

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

Highlights for the period ended 30th June 2013:

- Strong multi-asset revenue growth and first global roll-outs of new derivatives platform.
- New derivatives signings including one with a large US bank.
- First signs of improving conditions in customer markets.
- Good growth delivered through regional expansion, with 57% of total revenue now accounted for outside of Europe.
- Good cash generation, with £50.3 million cash balance after dividend payments of £25.8 million.

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

"Financial market conditions during the first half of 2013 have been changeable, with strong gains seen in the first quarter largely reversing during the second quarter. Trading volumes also provided mixed news, with equity trading in the first half of 2013 down on the same period last year but increased when compared to the second half of 2012. For many of our customers this has meant that whilst there has been some improvement in the conditions they face, this improvement has not been sufficiently strong or sustained to enable them to make investment decisions with confidence. As a result, we have seen some continuation of the attrition and price pressure we saw last year. Despite this pressure we have sustained and increased our investment programme, expanding our capabilities across assets, services and regions, and continued to win new deals. This expansion has allowed us to maintain our recurring revenues whilst we have seen a reduction in consultancy revenue as customers continue to manage discretionary spending tightly. The increase in our investment programme, particularly around our derivatives initiative as we roll-out our first global platforms, has had a small impact on margin."

Commenting on current trading, Chris Aspinwall continued:

"Whilst the first six months have clearly seen an improvement in market sentiment, it is still too early to know whether we have reached a turning point. However, the headwind that we have been seeing from closures and consolidations in the industry has reduced during the first half and we have a strong pipeline giving an indication that improving conditions may be starting to filter through. We continue to believe that a floor will be reached in the decline of equity markets which will allow our core end markets to return to a more stable state. This will 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. As indicated before, it is not clear that this process will start this year and, combined with our continued investment programme, this means that we expect performance in second half of 2013 to be similar to that seen in the first half.

Looking further ahead, we expect that we will see stability and opportunity returning to the markets and believe that we may already be starting to see both of these develop. This will reduce the headwinds we are currently experiencing and, 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."

Financial Summary

For the six months to 30th June 2013, Fidessa has seen a small decrease in revenue of 1% to £139.3 million (2012: £141.3 million). There has been no significant effect on revenue from changes in foreign currency exchange rates and at constant currency the reduction was consistent at 1%. Underlying the movement in revenue was continued pressure from the difficult conditions in the equity markets which offset the strong growth achieved in derivatives revenue, which represented 4% of total revenue (2012: 2% of total revenue). Further strong growth is expected in the derivatives revenue throughout 2013.

There has been further consolidation, restructuring and closures across the customer base and the direct effect of these events on revenue for the period was an impact of five percentage points, down from the seven percentage points impact experienced in 2012. From what is currently known, the impact from these events for the year as a whole is expected to be at similar rate to that experienced in the first six months of the year. The rate at which such new events have occurred has been consistent with recent periods but has been concentrated in the smaller customers.

Recurring revenue increased slightly and represented 85% of total revenue, being £118.6 million (2012: £118.2 million). The split of recurring revenue generated by market sector was £70 million (2012: £71 million) from sell-side trading, £8 million (2012: £8 million) from buy-side trading, £27 million (2012: £26 million) from connectivity and £13 million (2012: £13 million) from market data.

On a regional basis, 57% of total revenue is now accounted for outside of Europe. The Americas showed the strongest growth with an increase of 6% and accounted for 40% of total revenue, whilst Asia was flat and accounted for 17% of total revenue. Europe decreased by 8% and accounted for 43% of total revenue. The performance in Asia consisted of a decline in Japan, mostly due to the Yen weakening, that offset strong growth in the remainder of Asia.

The deferred revenue in the balance sheet at the end of June was £50.3 million (30th June 2012: £47.0 million, 31st December 2012: £50.4 million). The deferred revenue balance represented 18% of annualised revenue and was consistent with the level in recent results.

EBITDA (earnings before interest, tax, depreciation and amortisation) has decreased by 5% to £25.4 million (2012: £26.7 million). Adjusted operating profit has also decreased by 5% to £20.8 million (2012: £21.9 million), being an operating margin of 14.9%. Changes in foreign currency exchange rates have had a small adverse effect on adjusted operating profit in the period and at constant currency the decrease in operating profit would have been 4%. The adjusted operating profit has been measured before the amortisation of acquired intangibles. The unadjusted operating profit was £20.4 million (2012: £21.6 million), a decrease of 6%. The investment in the derivatives opportunity continued and as expected the expenditure on product development increased resulting in a 13% uplift in the value capitalised, being £14.1 million (2012: £12.5 million).

The underlying tax rate has improved to 26.7% (2012: 27.6%) due predominantly to the decrease in the UK corporation tax rate. Subsequent to the balance sheet date lower UK corporation tax rates were enacted for future years and the adjustment to deferred tax assets and liabilities that will arise from these rates is expected to result in a further reduction in the effective tax rate for 2013 of approximately one percentage point. Diluted earnings per share, adjusted to exclude the amortisation of acquired intangibles, was down 5% to 40.1 pence (2012: 42.0 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 down 5% at 39.4 pence (2012: 41.3 pence).

The business continued to be cash generative, closing the period with a cash balance of £50.3 million and no debt (2012: £50.7 million). During the period dividends of £25.8 million (2012: £25.6 million) were paid, which included the payment of a special dividend of £16.7 million (2012: £16.6 million).

The interim dividend has been maintained at 12.5 pence (2012: 12.5 pence) and will be paid on 16th September 2013 to shareholders on the register on 16th August 2013, with an ex-dividend date of 14th August 2013.

Market Review[2]

Introduction

Whilst the equity markets have seen some improvement during the first half of 2013 when compared to the second half of 2012, overall market conditions have been changeable. The improvement, which has particularly been evident in results posted recently by some larger firms, has led to a welcome reduction in the headwind resulting from consolidations and business closures within Fidessa's customer base, with this headwind reducing from 7% to 5% of revenue. However, the changeable conditions in the market have made it difficult for Fidessa's customers to be confident in making significant investment decisions. This, coupled with slow progress in the introduction of new regulation, has meant that Fidessa has yet to see a significant change of sentiment within its customer base.

Against this backdrop, Fidessa has continued its programme of investment, extending the range of asset classes it supports, expanding its regional coverage and building out its global infrastructure. Fidessa's sophisticated infrastructure and data services, coupled with its growing 24 hour global support capability, allow it to operate complex platforms for its largest customers in a very cost effective manner. Fidessa believes that this ability is becoming increasingly compelling to both buy-

[2]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.

side and sell-side firms and expects that more customers will look to Fidessa to operate their platforms on this basis.

Overall, across the business, new customer wins have offset the losses due to consolidation and business failures so that the number of customers using Fidessa services has remained broadly stable, with the overall number of users standing at just under 25,000.

Buy-side Trading

Although there are signs that market conditions for buy-side firms are improving, with assets under management reaching their highest level since the beginning of the financial crisis, it is too early for this to be meaningfully reflected in buy-side sentiment. As a result, during the first half, there has been little appetite for new, large-scale investment management deployments. However, against this backdrop there is an openness to explore operating models that will allow firms to enhance their existing systems, improve efficiencies and reduce costs. Fidessa’s history of providing service-based solutions, along with its global technology infrastructure and consulting services, are consequently particularly important assets and allow it to engage with clients looking at these new ways of working.

Fidessa has continued to work closely with its existing customers, using its business expertise to help them implement best practice throughout their workflows and easing the burden of regulatory compliance, as well as rolling-out additional services. This work included the completion of a substantial deployment of Fidessa's latest buy-side enterprise suite, and also incorporated a delivery of Fidessa's new global trading service (see below) as part of this project. Fidessa’s core investment management product suite remains highly regarded and widely used across the industry, and this was recognised at the Markets Media Choice Awards in February when it won the Best Buy-side Order Management System award.

Fidessa has been evolving the solutions it offers to the buy-side, leveraging its investment and capabilities in delivering service-based solutions, so that it can address the growing cost-control and efficiency needs the buy-side is facing. During the first half of 2013, Fidessa has signed a number of new clients for its buy-side global trading service. This service-based solution enables firms to take much greater control over how and where they trade, without the need to maintain any technology or connectivity infrastructure. Fully integrated with Fidessa’s global network, the service provides access to a broad range of venues and broker services around the world covering foreign exchange, fixed income, futures, options and equities, as well as providing a suite of analytics and performance benchmarking tools. Accessing a wide range of trading venues, dark pools and crossing networks across multiple asset classes worldwide is now essential to most buy-side firms, and Fidessa believes that the only way it can be achieved efficiently is by leveraging an independent, venue-neutral managed trading service.

Compliance has also remained a key area of focus for the buy-side, as firms prepare for the anticipated flow of new regulations such as MiFID II and Dodd Frank, as well as cope with more complex mandates and instructions from their own customers. These customers are also far more aware of regulations, and often require that their fund managers can demonstrate that they are meeting their compliance obligations in a timely and accurate manner. Increasingly, compliance is no longer seen as simply a burden, but also as a key part of winning and maintaining business as well as creating competitive edge. Fidessa’s multi award-winning solution, Sentinel, has continued its track record of being a market leading product in this area. Available on a software licence basis for many years, it is now available as a fully service-based solution, providing global regulatory rule analysis, coding and monitoring, for both pre- and post-trade compliance.

Many buy-side firms are also challenged by the increasingly broad range of multi-asset broker services, crossing engines and post-trade systems around the world that they need to connect to, and the complex technology and connectivity that is required to achieve this. Fidessa's ability to leverage its existing data centre and network infrastructure, and so look after the hosting, operation and management of its customers' technology and connectivity needs, has enabled firms to combat this challenge. This provides buy-side firms with a simple, cost-effective solution which operates globally across multiple asset classes and removes the cost and management overheads of looking after and maintaining their own systems.

The buy-side business is 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

Fidessa's global, multi-asset community includes not only the clients that take its platform solutions, but also an increasingly broad universe of buy-sides, sell-sides, trading venues and partners who need to link to one another across the world. Providing connectivity between participants to facilitate routing of order flow to markets, as well as handling a wide range of pre- and post-trade activities in support of the electronic trading process, has enabled the Fidessa network to become an indispensable service for firms operating in the financial marketplace.

Although market volumes have reduced over the last few years, the global marketplace remains fragmented and complex, with new dark and lit trading venues, as well as partnerships between and changes within existing markets, creating an evolving trading landscape. Coupled with regulations which create obligations to search venues for liquidity and the inevitable focus on managing risk, this continues to drive demand for fast, reliable electronic connectivity solutions to a broad range of global markets.

During the first half of 2013, Fidessa's global network continued to grow and now serves around 775 brokers, 3,600 buy-sides and 200 trading venues across the globe. The value of activity going across Fidessa's global network grew by about 5% reaching around $1 trillion per month. Increasingly the Fidessa network is being used to handle new asset classes which are fuelling this growth and this is a trend which is expected to continue. Fidessa's recent successes in providing global derivatives trading solutions to brokers, as well as enhanced fixed income and foreign exchange connectivity solutions to the buy-side, have been significant contributors to driving these new flows.

Fidessa's network continues to extend its foothold into emerging regions of the world supporting both local and global firms who need to connect to and participate in these markets. In support of this, Fidessa announced a partnership with six Asian brokers to provide a simple, immediate one-stop-shop trading service for the Fidessa community across the ASEAN region. The ASEAN region covers a group of high-profile established and emerging South East Asian markets that are proving increasingly attractive to international investors.

Fidessa's community of buy-side and sell-side firms places it in a unique position to work across the financial marketplace and help drive strategic discussion. During the first half, Fidessa has continued with various initiatives that leverage its community, including looking at ways to remove complexity and reduce costs in post-trade processing. As a result of this, Fidessa is now offering a new FIX-based service allowing buy-sides and sell-sides to perform post-trade confirmation and allocation processing in a more efficient and cost-effective manner. The solution operates through a central hub utilising Fidessa's widely used post-trade workflow software and, through using the FIX open and free protocol, removes the need for proprietary alternatives that typically charge on a per message basis. This initiative, which can significantly reduce operating costs for Fidessa's customers, is another example of how Fidessa is able to add centralised services to its network to benefit its community.

Fidessa's coverage of real-time and reference data for global markets was expanded further, in line with its trading venue expansion, with a number of new derivatives markets coming on stream. Fidessa's suite of bespoke, value-added information services also continued to expand. These are typically web delivered as well as being integrated into its trading solutions and have proved popular with a wide range of market participants. Subscribers to these web-based services have now reached over 4,000[3]. These initiatives help create valuable proprietary information and strengthen the value members get from being a part of the Fidessa community.

Sell-side Trading

Fidessa's sell-side customers have experienced changeable market conditions during the first half of 2013. Whilst there has clearly been some improvement when compared to the second half of 2012, volumes have still been relatively low compared to historic levels and there has been continued pressure on commissions coupled with ongoing regulatory uncertainty. As a result, Fidessa's sell-side customers continue to be heavily focused on cost and are taking a cautious approach to new developments whilst waiting to see whether markets become more stable.

Against this backdrop, Fidessa has continued to invest and progress in a number of key areas. In expanding its multi-asset solution Fidessa has been rolling-out the first deliveries of its large-scale global derivatives platform, whilst continuing to sign new deals including one with a large US bank. Fidessa has continued to invest in its ability to deliver service-based solutions to all tiers of its client base and is seeing increased interest in this delivery model from larger customers. In addition, Fidessa has maintained its regional expansion, particularly in Asia with the extension of its product set in Japan to support proprietary trading and strong growth throughout the rest of the Asia region.

In support of its multi-asset class expansion, Fidessa has been focused on the delivery of its first large-scale global derivatives platforms. These platforms, which are already supporting 1.7 million tradable instruments across hundreds of end users while also handling substantial electronic flows, represent a major step forward in the products available to service this market, and create what Fidessa believes will become a new industry standard. Whilst accepting that any programme of this scale will see some issues, these roll-outs have been very well received with extremely positive feedback from both Fidessa's customers and importantly from the customers of Fidessa's customers who access the platform as part of the service they receive. During the first half Fidessa has increased its level of investment in the derivatives programme in order to strengthen its position in this new sector. This investment has been focused in the areas of increased support levels across the globe, strengthening Fidessa's infrastructure, improving data quality and bringing forward the development of new components of software. Fidessa's revenue from the derivatives platform has continued to grow very strongly, and a good pipeline of prospects interested in this new and innovative platform has developed.

Fidessa has continued to build on its global infrastructure enabling it to offer its customers a cost-effective, service-based multi-asset platform. Much of the core infrastructure is now in place and Fidessa has been focusing its investment on increasing capacity and coverage and building out its

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[3] Not included in overall Fidessa user numbers

multi-asset support offering to allow it to provide 24 hour support on a global basis. The development of the support offering involves the deployment of a global service desk with capability to pass calls and issues seamlessly between all regions. This capability is used throughout Fidessa's service-based solutions but is particularly important in the derivatives area where many regional markets operate around the clock in order to capture business from all areas of the world. Fidessa is seeing continued demand for its service-based solutions, particularly with the current focus on cost efficiency and potential regulatory change, and continues to believe that this model will prove the most compelling model for firms in all tiers of the market.

Across the regions Fidessa has continued to make progress, with the first deployment of its new service-based proprietary trading platform in Japan, and strong growth across the rest of Asia. The Japanese market has seen a difficult period with firms under long term pressure as a result of many years of stagnation. However, the recent changes resulting from "Abenomics" have seen a revival in segments of the Japanese financial markets. In particular this has provided a boost to the proprietary trading operations within a number of Japanese firms and Fidessa has been able to benefit from this by offering a service-based Japanese proprietary trading platform alongside its agency platform and one that can compete very successfully against domestic built competition. Outside of Japan, Fidessa has seen very strong growth across the Asia region with significant new wins in the Chinese banking sector, extensions into Indonesia and the development of an ASEAN market trading service in partnership with a number of key Asian regional brokers.

Regulation

Fidessa's customers are still facing an uncertain regulatory situation with much of the new regulation that was proposed following the financial crisis in 2008 being delayed. There are, however, some areas where it is clear that regulation will play a larger role. This is particularly around the areas of reporting and transparency with over-the-counter (OTC) instruments being a focus for increased reporting requirements and the introduction of Swap Execution Facilities (SEFs) which will make trading standardised contracts more transparent. Trading through dark pools is also seeing increased regulation and greater transparency requirements. Whilst these changes are likely to result in more requirements for automated workflow, in most cases it is still too early for Fidessa to develop products to support them until the details of the regulations have been finalised. The regulatory bodies are still making slow progress with defining new regulations, but Fidessa is hopeful that the coming months will see tangible progress in a number of areas.

In a further area of regulatory change, there is some evidence that the Chinese market may be starting to open up further to foreign firms. The limit on foreign investment under the Qualified Foreign Institutional Investor (QFII) programme has almost doubled and changes are being made allowing foreign firms to invest more easily. Proposals are also in place to make it easier for foreign banks to set up subsidiaries in mainland China.

Fidessa will continue to keep a close watch on all the areas of regulatory change as they progress and expects that these will gradually create significant new opportunities.

First Half Important Events

During the first half of 2013 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 perform 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, invested in the infrastructure required to deliver service-based solutions, provided solutions allowing its customers to participate within the 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, delivery risk of complex platforms, 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

Whilst the first six months have clearly seen an improvement in market sentiment, it is still too early for Fidessa to know whether a turning point has been reached. However, the headwind that Fidessa has been seeing from closures and consolidations in the industry has reduced during the first half and Fidessa has a strong pipeline giving an indication that improving conditions may be starting to filter through. Fidessa continues to believe that a floor will be reached in the decline of equity markets which will allow its core end markets to return to a more stable state. This will enable the growth it is generating through sales of its derivatives platforms, service-based platforms and regional expansion, to flow through into overall revenue growth rather than being masked by the decline in traditional equities. As indicated before, it is not clear that this process will start this year and, combined with Fidessa's continued investment programme, means that Fidessa expects performance in second half of 2013 to be similar to that seen in the first half.

Looking further ahead, Fidessa expects that it will see stability and opportunity returning to the markets and believes that it may already be starting to see both of these develop. This will reduce the headwinds Fidessa is currently experiencing and, coupled with further openings as its multi-asset initiative gains momentum, will enable it to return to growth levels closer to those that have been 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.

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Condensed consolidated interim income statement

for the six months ended 30th June 2013

	Note	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Revenue	5	**139,291**	141,276	278,626
Operating expenses before amortisation of acquired intangibles	6	**(118,573)**	(119,524)	(236,417)
Other operating income		**58**	194	226
Operating profit before amortisation of acquired intangibles		**20,776**	21,946	42,435
Amortisation of acquired intangibles		**(365)**	(365)	(730)
Operating profit		**20,411**	21,581	41,705
Finance income		**122**	157	279
Profit before income tax		**20,533**	21,738	41,984
Income tax expense	7	**(5,485)**	(6,223)	(11,578)
Profit for the period attributable to owners of the Company		**15,048**	15,515	30,406
Basic earnings per share	8	**40.6p**	42.2p	82.5p
Diluted earnings per share	8	**39.4p**	41.3p	80.9p

Condensed consolidated interim statement of comprehensive income

for the six months ended 30th June 2013

	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Profit for the period from the income statement	**15,048**	15,515	30,406
Other comprehensive income			
Exchange differences arising on translation of foreign operations	**591**	(1,230)	(2,167)
Total comprehensive income for the period	**15,639**	14,285	28,239

Condensed consolidated interim balance sheet

at 30th June 2013

	Note	2013 30th June unaudited £'000	2012 30th June unaudited £'000	2012 31st December audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**20,331**	23,410	20,640
Intangible assets		**87,609**	84,473	85,745
Deferred tax assets		**6,506**	5,528	5,299
Other receivables		**2,053**	2,068	2,004
Total non-current assets		**116,499**	115,479	113,688
Current assets				
Trade and other receivables	10	**78,959**	75,060	73,168
Cash and cash equivalents		**50,272**	50,684	72,078
Total current assets		**129,231**	125,744	145,246
Total assets		**245,730**	241,223	258,934
Equity				
Issued capital		**3,732**	3,708	3,715
Share premium		**25,300**	23,298	23,838
Merger reserve		**17,938**	17,938	17,938
Cumulative translation adjustment		**2,946**	3,292	2,355
Retained earnings		**84,129**	81,260	92,279
Total equity		**134,045**	129,496	140,125
Liabilities				
Non-current liabilities				
Other payables	11	**8,522**	6,717	8,742
Provisions		**3,502**	3,800	3,536
Deferred tax liabilities		**5,180**	5,236	5,870
Total non-current liabilities		**17,204**	15,753	18,148
Current liabilities				
Trade and other payables	11	**86,191**	87,774	92,807
Provisions		**395**	113	314
Current income tax liabilities		**7,895**	8,087	7,540
Total current liabilities		**94,481**	95,974	100,661
Total liabilities		**111,685**	111,727	118,809
Total equity and liabilities		**245,730**	241,223	258,934

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 2012 (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
Total comprehensive income for the period							
Profit for the period		-	-	-	-	14,891	14,891
Other comprehensive income		-	-	-	(937)	-	(937)
		-	-	-	(937)	14,891	13,954
Transactions with owners of the Company							
Issue of shares – exercise of options		7	540	-	-	-	547
Employee share incentive charges		-	-	-	-	676	676
Current tax recognised direct to equity		-	-	-	-	397	397
Deferred tax recognised direct to equity		-	-	-	-	(196)	(196)
Purchase of own shares by employee share trust		-	-	-	-	(238)	(238)
Sale of own shares by employee share trust		-	-	-	-	104	104
Dividends paid	9	-	-	-	-	(4,615)	(4,615)
Balances at 31st December 2012 (audited)		3,715	23,838	17,938	2,355	92,279	140,125
Total comprehensive income for the period							
Profit for the period		**-**	**-**	**-**	**-**	**15,048**	**15,048**
Other comprehensive income		**-**	**-**	**-**	**591**	**-**	**591**
		-	**-**	**-**	**591**	**15,048**	**15,639**
Transactions with owners of the Company							
Issue of shares – exercise of options		**17**	**1,462**	**-**	**-**	**-**	**1,479**
Employee share incentive charges	6	**-**	**-**	**-**	**-**	**1,000**	**1,000**
Current tax recognised direct to equity		**-**	**-**	**-**	**-**	**441**	**441**
Deferred tax recognised direct to equity		**-**	**-**	**-**	**-**	**1,661**	**1,661**
Purchase of own shares by employee share trust		**-**	**-**	**-**	**-**	**(508)**	**(508)**
Sale of own shares by employee share trust		**-**	**-**	**-**	**-**	**33**	**33**
Dividends paid	9	**-**	**-**	**-**	**-**	**(25,825)**	**(25,825)**
Balances at 30th June 2013 (unaudited)		**3,732**	**25,300**	**17,938**	**2,946**	**84,129**	**134,045**

Condensed consolidated interim cash flow statement

for the six months ended 30th June 2013

	Note	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Cash flows from operating activities				
Profit before income tax		**20,533**	21,738	41,984
Adjustments for:				
Staff costs – share incentives	6	**1,000**	772	1,448
Depreciation of property, plant and equipment	6	**6,651**	6,775	13,336
Amortisation of product development	6	**11,541**	10,121	20,919
Amortisation of acquired intangibles	6	**365**	365	730
Amortisation of other intangible assets	6	**610**	396	965
Profit on sale of property, plant and equipment	6	**-**	-	(4)
Finance income		**(122)**	(157)	(279)
Cash generated from operations before changes in working capital		**40,578**	40,010	79,099
Movement in trade and other receivables		**(5,777)**	(4,750)	(2,269)
Movement in trade and other payables		**(6,998)**	(8,151)	(1,099)
Cash generated from operations		**27,803**	27,109	75,731
Income tax paid		**(4,925)**	(3,975)	(8,817)
Net cash generated from operating activities		**22,878**	23,134	66,914
Cash flows from investing activities				
Purchase of property, plant and equipment		**(5,844)**	(4,440)	(8,720)
Proceeds from sale of property, plant and equipment		**-**	-	4
Purchase of other intangible assets		**(215)**	(813)	(1,345)
Product development capitalised	6	**(14,149)**	(12,497)	(24,983)
Interest received on cash and cash equivalents		**122**	157	279
Net cash used in investing activities		**(20,086)**	(17,593)	(34,765)
Cash flows from financing activities				
Proceeds from shares issued		**1,479**	842	1,389
Purchase of own shares by employee share trust		**(508)**	(544)	(782)
Sale of own shares by employee share trust		**33**	36	140
Dividends paid	9	**(25,825)**	(25,612)	(30,227)
Net cash used in financing activities		**(24,821)**	(25,278)	(29,480)
Net (decrease)/increase in cash and cash equivalents		**(22,029)**	(19,737)	2,669
Cash and cash equivalents at 1st January		**72,078**	70,885	70,885
Effect of exchange rate fluctuations on cash held		**223**	(464)	(1,476)
Cash and cash equivalents at end of period		**50,272**	50,684	72,078

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 2013 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 2012 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 2012 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 Conduct 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 2012.

The condensed consolidated interim financial statements were approved by the Board of Directors on 26th July 2013.

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 2012. 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 2012.

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 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 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 acquired 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 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 2013 (unaudited)	Enterprise	Hosted	Buy-side	Total
	£'000	£'000	£'000	£'000
Recurring revenue	**41,631**	**68,188**	**8,780**	**118,599**
Non-recurring revenue	**15,642**	**1,970**	**3,080**	**20,692**
Total revenue from external customers	**57,273**	**70,158**	**11,860**	**139,291**
Inter-business unit revenue	**30**	**8,363**	**2,643**	**11,036**
Business unit profit contribution	**29,035**	**25,343**	**9,073**	**63,451**

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

12 months ended 31st December 2012 (audited)	Enterprise	Hosted	Buy-side	Total
	£'000	£'000	£'000	£'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

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

	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Business unit profit contribution	**63,451**	63,727	126,802
Core product development	**(16,713)**	(14,969)	(30,195)
Central staff costs	**(12,727)**	(13,387)	(25,713)
Building costs	**(10,092)**	(9,525)	(19,037)
Other unallocated costs	**(5,751)**	(6,276)	(13,486)
Operating profit as monitored by the Operating Board	**18,168**	19,570	38,371
Amortisation of acquired intangibles	**(365)**	(365)	(730)
Product development capitalised	**14,149**	12,497	24,983
Product development amortised	**(11,541)**	(10,121)	(20,919)
Operating profit	**20,411**	21,581	41,705
Finance income	**122**	157	279
Profit before income tax	**20,533**	21,738	41,984

Revenue is attributed to a country based on the ownership of the customer contract and where the work is being performed. The revenue by region is detailed below.

	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Europe	**59,477**	64,311	125,004
Americas	**55,645**	52,729	105,514
Asia	**24,169**	24,236	48,108
Total revenue	**139,291**	141,276	278,626

Within the regional analysis the following individual countries have attributed revenue accounting for 10% or more of total revenue.

	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
UK	**59,477**	64,311	125,004
USA	**47,432**	44,845	89,636
Hong Kong	**15,083**	12,640	26,224

6 **Operating expenses**

	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Staff costs – salaries	**61,442**	62,526	119,796
Staff costs – social security	**5,589**	5,637	10,007
Staff costs – pension	**2,083**	1,302	2,910
Staff costs – share incentives	**1,000**	772	1,448
Total staff costs	**70,114**	70,237	134,161
Amounts payable to subcontractors	**1,031**	1,149	2,327
Depreciation of property, plant and equipment	**6,651**	6,775	13,336
Amortisation of other intangible assets	**610**	396	965
Capitalisation of product development	**(14,149)**	(12,497)	(24,983)
Amortisation of product development	**11,541**	10,121	20,919
Communications and data	**18,838**	19,564	38,240
Operating lease rentals – property	**9,547**	8,348	17,189
Operating lease rentals – plant and machinery	**80**	1	5
Profit on sale of property, plant and equipment	**-**	-	(4)
Exchange (gain)/loss	**(569)**	(245)	206
Other operating expenses	**14,879**	15,675	34,056
Operating expenses before amortisation of acquired intangibles	**118,573**	119,524	236,417
Amortisation of acquired intangibles	**365**	365	730
Total operating expenses	**118,938**	119,889	237,147

7 **Income tax expense**

The charge for tax for the six months to 30th June 2013 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 2013 is £5,485,000 (six months to 30th June 2012: £6,223,000). The tax charge includes an overseas charge of £3,432,000 (six months to 30th June 2012: £3,118,000). The tax charge equates to an effective tax rate of 26.7% (six months to 30th June 2012: 28.6%, 12 months to 31st December 2012: 27.6%).

At the balance sheet date the UK government had proposed reducing the UK corporation tax rate by 2% per annum effective from 1st April 2014 and a further 1% per annum affective from 1st April 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. These rates have subsequently been enactment and the adjustment to deferred tax assets and liabilities that will arise from these rates is expected to result in a further reduction in the effective tax rate for 2013 of approximately one percentage point.

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 1808p (six months to 30th June 2012: 1587p, 12 months to 31st December 2012: 1508p).

	2013 6 months to 30th June unaudited £'000	2012 6 months to 30th June unaudited £'000	2012 12 months to 31st December audited £'000
Profit attributable to owners of the Company	**15,048**	15,515	30,406
Add amortisation of acquired intangibles net of deferred tax	**280**	277	551
Profit attributable to owners of the Company after adjustments	**15,328**	15,792	30,957

	2013 6 months to 30th June unaudited Number '000	2012 6 months to 30th June unaudited Number '000	2012 12 months to 31st December audited Number '000
Weighted average number of shares in issue	**37,238**	37,006	37,054
Weighted average number of shares held by employee share trusts	**(175)**	(199)	(190)
Shares used to calculate basic earnings per share	**37,063**	36,807	36,864
Dilution due to share options	**1,144**	759	721
Shares used to calculate diluted earnings per share	**38,207**	37,566	37,585

	2013 6 months to 30th June unaudited Pence	2012 6 months to 30th June unaudited Pence	2012 12 months to 31st December audited Pence
Basic earnings per share	**40.6p**	42.2p	82.5p
Diluted earnings per share	**39.4p**	41.3p	80.9p
Basic earnings per share on adjustments	**0.8p**	0.7p	1.5p
Diluted earnings per share on adjustments	**0.7p**	0.7p	1.5p
Basic earnings per share after adjustments	**41.4p**	42.9p	84.0p
Diluted earnings per share after adjustments	**40.1p**	42.0p	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.

9 Dividends

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

	Dividend per share Pence	Dividend value £'000
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
2012 interim dividend paid 24th September 2012	12.5	4,615
2012 final dividend paid 10th June 2013	24.5	9,104
2012 special dividend paid 10th June 2013	45.0	16,721

A 2013 interim dividend of 12.5p per share, amounting to an expected dividend payment of £4,633,000, was declared by the directors at their meeting on 26th July 2013. This interim dividend will be payable on 16th September 2013 to shareholders on the register at the close of business on 16th August 2013, with an ex-dividend date of 14th August 2013. These condensed consolidated interim financial statements do not reflect this dividend payable.

10 Trade and other receivables

	2013 30th June unaudited £'000	2012 30th June unaudited £'000	2012 31st December audited £'000
Trade receivables	**70,625**	68,197	64,784
Prepayments	**6,974**	5,028	6,700
Accrued revenue	**1,133**	754	939
Other receivables	**227**	1,081	745
Total trade and other receivables	**78,959**	75,060	73,168

11 Trade and other payables

Current liabilities	2013 30th June unaudited £'000	2012 30th June unaudited £'000	2012 31st December audited £'000
Trade payables	**7,110**	4,458	7,367
Accrued expenses	**23,153**	28,874	30,008
Other liabilities	**1,741**	2,815	553
Deferred revenue	**50,255**	46,971	50,426
Other taxes and social security	**3,932**	4,656	4,453
Total trade and other payables	**86,191**	87,774	92,807

Non-current liabilities	2013	2012	2012
	30th June	30th June	31st December
	unaudited	unaudited	audited
	£'000	£'000	£'000
Accrued expenses	**979**	735	462
Other liabilities	**7,543**	5,982	8,280
Total other payables	**8,522**	6,717	8,742

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

26th July 2013

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 2013 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 Conduct Authority ("the UK FCA"). 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 FCA.

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 2013 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Michael Harper (Senior Statutory Auditor)
For and on behalf of
KPMG Audit Plc (Statutory Auditor)
Chartered Accountants
26th July 2013

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