Fidessa group plc

Preliminary results for the year ended 31st December 2013

17th February 2014

Fidessa reports good progress and improving markets

	2013	2012	Change	At constant currencies
Revenue	£279.0m	£278.6m	0%	+1%
Adjusted operating profit[1]	£41.6m	£42.4m	-2%	-1%
Operating profit	£42.9m	£41.7m	+3%	
Adjusted pre-tax profit[1]	£41.8m	£42.7m	-2%	
Pre-tax profit	£43.1m	£42.0m	+3%	
Adjusted diluted earnings per share[1]	81.8p	82.4p	-1%	
Diluted earnings per share	83.5p	80.9p	+3%	
Annual dividend per share	37.0p	37.0p	0%	
Special dividend per share	45.0p	45.0p	0%	
Cash	£73.0m	£72.1m	+1%	

[1] Adjusted to remove the effect of gain on property sale and acquired intangibles amortisation.

Highlights for the year ended 31st December 2013:

- Improving conditions in all customer markets.
- Multi-asset revenue more than doubled as derivatives programme bears fruit.
- Good base of new derivatives signings including two large banks.
- Increased interest in service-based solutions on both the buy-side and the sell-side.
- Good international spread, with 57% of total revenue now accounted for outside of Europe.
- Growth in recurring revenues, now accounting for 85% of total revenues.
- Normal strong cash generation, with £73.0 million cash balance after dividend payments of £30.5 million

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

“2013 has seen the first real improvement in the trading conditions faced by our customers since the start of the financial crisis over five years ago. As reported with the interim results, and consistent with the duration and depth of the downturn, this improvement has been somewhat uneven and means that many of our customers are still not able to make investment decisions with confidence. As a result, during 2013 we continued to see some attrition and price pressure although this was at a lower level than that seen during the previous year. Despite this pressure, we have sustained and increased our investment programme, expanding our capabilities across asset classes, services and regions, and

continued to win new business. Our success in taking market share has allowed us to grow our important recurring revenues whilst our customers' tight focus on managing discretionary spending has meant that we have seen a reduction in consultancy revenue. As predicted in the interim results, the increase in our investment programme, particularly around our derivatives initiative as we build out our functional offering and roll out our first global platforms, has had a small impact on margin."

Commenting on current trading, Chris Aspinwall continued:

“Coming into 2014, we are seeing continued improvement across the markets in which we operate and this is reflected in our current deal pipeline. As this improvement starts to take effect, it should gradually result in a reduction in the headwinds we face, allowing 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 equities. Whilst we expect to see a positive effect from this in 2014, our recurring revenue model has the effect that some of the impact from the attrition in 2013 will flow through into 2014, and this means that we expect modest constant currency growth in 2014.

Looking further ahead, we believe that as stability and opportunity return to the markets, the headwind reduction, 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 segments of our market and believe that we will continue to play an important role as customers focus on efficiency, transparency, compliance and performance.”

Finance review

In 2013, Fidessa achieved revenue of £279.0 million, fractionally ahead of that delivered in the prior year (2012: £278.6 million). 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 5% of total revenue for the year. Further strong growth is expected in the derivatives revenue in 2014. The recurring revenue from derivatives solutions has also shown strong growth, having more than doubled in the year, and represented almost 4% of recurring revenue.

The consolidation, restructuring and closures across the customer base continued, and the direct effect of these events was a reduction in revenue of 5% (2012: 7%). From what is currently known, this turbulence will have a continued impact in the current year although it is hoped that the steadily improving market conditions will result in a slightly lesser level than that seen in 2013.

Recurring revenue increased by 2% and represented 85% of total revenue, being £238.5 million (2012: £233.6 million). Sell-side recurring revenue has increased by 2% to £220.7 million (2012: £216.6 million) whilst from the buy-side recurring revenue has increased by 5% to £17.9 million (2012: £17.1 million). Consultancy revenue continued to be impacted by the difficult market conditions and non-recurring revenue decreased by 10%, being £40.5 million (2012: £45.0 million).

On a regional basis, 57% of 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 increased by 1% and accounted for 17% of total revenue. Europe decreased by 5% and accounted for 43% of total revenue. The performance in Asia consisted of a decline in Japan, almost entirely due to the Yen weakening, that offset strong growth in the remainder of Asia. Excluding the Yen currency effect, Asia would have been the strongest growing region.

The deferred revenue in the balance sheet at the end of the year was £51.8 million (2012: £50.4 million), an increase of 3%. The deferred revenue balance represented 19% of annualised revenue. Consistent with 2012, the accrued revenue balance was minimal.

EBITDA (earnings before interest, tax, depreciation and amortisation) has decreased by 1% to £52.3 million (2012: £52.7 million). Adjusted operating profit has decreased by 2% to £41.6 million (2012: £42.4 million), being an operating margin of 14.9%. In the year, a gain was realised on sale of property of £2.0 million. The adjusted operating profit has been measured before the gain on property sale and amortisation of acquired intangibles. The unadjusted operating profit was £42.9 million (2012: £41.7 million), an increase of 3%. The investment in the derivatives opportunity continued and as expected the expenditure on product development increased, resulting in a 15% uplift in the value capitalised to £28.8 million (2012: £25.0 million).

The headline effective tax rate has improved to 26.3% (2012: 27.6%). The headline rate includes the exceptional gain on property sale and, removing this, the underlying effective tax rate was 25.5%. The decrease in tax rate was due to the lower UK corporation tax rate and the strongest growth arising in Asia (excluding Japan). Further decreases in the UK corporation tax rate have been announced and these are expected to provide another reduction in the effective tax rate in 2014.

Diluted earnings per share, adjusted to exclude the gain on property sale and acquired intangibles amortisation, decreased by 1% to 81.8 pence (2012: 82.4 pence). Fidessa believes this measure of earnings per share provides a better long-term indication of underlying performance. The unadjusted diluted earnings per share increased by 3% to 83.5 pence (2012: 80.9 pence).

Fidessa continued to be cash generative, closing the year with a cash balance of £73.0 million and no debt (2012: £72.1 million and no debt). During the year, annual and special dividends totalling £30.5 million (2012: £30.2 million) were paid and capital expenditure of £12.1 million represented 4.3% of revenue (2012: £10.1 million, 3.6% of revenue). The net cash generated from operating activities increased by 2% to £68.0 million (2012: £66.9 million), representing an operating cash conversion rate of 163% (2012: 159%).

The ordinary dividend for the full year has been maintained at 37.0 pence (2012: 37.0 pence). The final dividend, if approved by shareholders, will be 24.5 pence, to be paid on 13th June 2014 to shareholders on the register on 16th May 2014, with an ex-dividend date of 14th May 2014. In addition, a special dividend of 45.0 pence (2012: 45.0 pence) is proposed and, if approved by shareholders, will be paid at the same time as the final dividend.

In 2013 the changes in foreign currency exchange rates resulted in a small impact to revenue and operating profit. On a constant currency basis both would have been 1 percentage point better than the headline numbers, with revenue increasing by 1% and operating profit decreasing by 1%. In recent months Sterling has strengthened materially against the foreign currencies in which Fidessa operates and, if these exchange rates persist through 2014, the effect could offset any underlying growth generated across the business.

Market review

Introduction

The improvements seen in the financial markets during the first half of 2013 have continued, although overall market conditions still remained changeable with volumes in some of the larger markets relatively flat and mixed results being reported by our customers across the sector. However, the market improvement 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. Changes in the regulatory environment have remained slow to come through although some elements are now starting to move into place, particularly in the areas of transparency and reporting. 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. The market conditions mean that Fidessa's customers continue to be very focused on cost, and this has led to increased interest in service-based solutions. These solutions allow customers to make use of Fidessa's sophisticated infrastructure, data services and global support capability to operate a platform on their behalf, in a very cost effective manner. This shift in approach is already showing through in revenue, where around 70% of recurring revenue is now generated by service-based solutions. However, as the number of larger platforms has increased, financial pressure and headcount reductions within smaller workstation customers have given Fidessa's user base a slightly different profile. As a result the total number of Fidessa users has dropped slightly, to around 24,000, whilst the total value of business going through Fidessa's connectivity network has increased by over 15% to around $1 trillion per month.

Sell-side trading

Fidessa's sell-side business has started to see some improvement in line with market conditions. In particular, there has been a reduction in both price pressure and in the number of closures and consolidations within Fidessa's customer base, with some firms beginning to look at a potential expansion in the services they take. Fidessa has also seen an increase in the number of sell-side equity trading platforms and trader workstations sold, with 31 new deals signed, and these deals well distributed across the regions. These new signings included customers who had previously taken solutions from other vendors but are now looking to put in place a more sophisticated offering in order to support the range of functionality they will need in the future and to ensure they can meet their ongoing compliance obligations.

Excluding Japan, Fidessa has seen very strong growth across the Asia region with 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. The new signings in Asia included China Securities International (CSCI), who selected Fidessa to support their Hong Kong institutional equities business, as they opened their first wholly-owned subsidiary outside mainland China. This major Chinese broker takes the number of significant Chinese firms using Fidessa for their international operations to seven and positions Fidessa well for future opportunities in this market. In Japan, Fidessa has continued to make progress with its new proprietary trading platform which included a new deal with one of the leading domestic proprietary trading firms. However, the local Japanese market has remained challenging and, coupled with an adverse currency movement in the Yen, this has masked the progress Fidessa has been making in the Asia region.

Across all the regions, the cost pressures within sell-side firms are expected to continue despite improvements in market conditions. This is causing Fidessa's customers to look increasingly at a service-based model as the most cost effective way to operate their platform. This model has already been widely used by Fidessa's smaller equities customers and across Fidessa's derivatives customer base. However, this approach is now gaining traction within larger equity firms as well and, as a result, Fidessa is becoming involved in looking at the feasibility of this model for some of these larger firms and, in some cases, is undertaking consultancy to examine the possibility in more detail.

Fidessa's derivatives programme has made good progress during the year with revenue more than doubling and an additional nine firms taking elements of this programme. This includes deals with two large US banks and another significant firm in derivatives trading. Good progress has also been made

in rolling out Fidessa's first large-scale global derivatives platforms, with very good feedback being received from customers and a number of industry awards won. The delivery of these platforms required a significant focus during 2013, with an increased level of investment to strengthen Fidessa's position in this important new sector. This additional investment was focused in the areas of increased support levels across the globe, a strengthening of Fidessa's global infrastructure, improving data quality and bringing forward the development of new components of software. The new derivatives platforms, which are now live across Fidessa's first three global customers, are already handling substantial business and represent a major step forward in the products available to service this market. This successful roll out achieves a key goal for Fidessa's derivatives business and gives Fidessa a platform that can be fully referenced, and has led to increased interest and an increased pipeline of deals coming into 2014. During the coming year Fidessa will continue to build on its derivatives platform, extending into further areas such as middle office and hedge management services. Both of these last two areas also leverage Fidessa's experience and technology in equities which will enable it to rapidly deliver market leading solutions to meet these requirements.

Fidessa has continued to invest in its ability to deliver connectivity across all the regions in which its customers operate. Fidessa's global network now serves around 800 brokers, 4,000 buy-sides and 200 trading venues worldwide. The value of activity going across Fidessa's global network grew by over 15% to around $1 trillion per month. During the year, Fidessa has continued to bring on new markets, such as the DGCX in Dubai, enabling its customers to trade directly on these markets. Fidessa has also continued to invest in more low latency and co-location solutions as it builds out its market leading execution service. This investment will continue with further expansion of data centre, co-location and network facilities.

Fidessa's sell-side solutions continue to win awards around the world including for best equities trading platform and best derivatives sell-side platform with these awards spread across America, Europe and Asia.

Buy-side trading

During 2013 there have been signs that market conditions have improved for the buy-side, with assets under management reaching their highest level since the beginning of the financial crisis. The sentiment within the buy-side community remains mixed, although the appetite for new, large-scale, enterprise investment management deployments is slowly returning. The market conditions and financial pressures experienced by the buy-side still mean that there is a strong focus on finding ways to reduce cost and improve efficiency.

Although the speed of regulatory change remains slow, buy-side firms are preparing for the anticipated flow of new regulations, such as MiFID II and Dodd-Frank, and with more complex customer mandates and instructions, the need for comprehensive and flexible compliance systems remains strong. Historically compliance was seen as a post-trade function, checking and adjusting trading positions as necessary the following day. More recently this has been changing towards interactive checks so fund managers can use compliance limits when constructing orders and this real-time, pre-trade activity requires more sophisticated compliance systems. Fidessa's multi award-winning compliance solution, Sentinel, continues to be a market leader in this area. Available for many years on a software licence basis, Fidessa has now signed its first customer for its service-based version of Sentinel. This new service leverages Fidessa's global Software as a Service (SaaS) capability to allow the solution to be provided to customers in a highly efficient and cost effective manner and opens up a new potential customer base for Sentinel by allowing a broader range of firms to benefit from its market leading compliance capabilities.

The focus on cost and efficiency within buy-side firms is also allowing Fidessa to leverage its proven service-based delivery capabilities more broadly across its buy-side product suite. This has resulted in the first customer signing for a fully service-based implementation of Fidessa's enterprise investment management suite. In current market conditions Fidessa expects further customers to look seriously at this option, and believes Fidessa's track record of providing service-based solutions, along with its global infrastructure and consulting services, will allow it to engage successfully with these customers.

With its unique knowledge of both the buy-side and the sell-side, Fidessa is able to utilise its position to deliver innovative services which help both sides to work together more effectively. Fidessa has already been doing this for some time in the area of connectivity, allowing the buy-side and sell-side to interact with each other to manage Orders, Indications Of Interest (IOIs), Request for Quotes (RFQs) and Streaming Quotes. More recently Fidessa has introduced its Global Trading Service which provides buy-side firms with a flexible, service-based solution, fully integrated into Fidessa’s global network, allowing broad access to venues and broker services around the world. The service covers foreign exchange, fixed income, futures, options and equities, as well as providing a suite of analytics and performance benchmarking tools, and is becoming an increasingly popular choice for buy-side firms looking to reduce the complexity of their operations.

Another example where Fidessa is able to leverage its knowledge of both the buy-side and the sell-side is in the area of post-trade confirmations and affirmations. In August, Fidessa announced the availability of its Post-trade Confirmation Hub which allows buy-side and sell-side firms to confirm trades between themselves via the industry standard FIX protocol. Fidessa has been working with some of the largest global asset managers helping to pioneer this work, enabling them to send and receive allocation and confirmation instructions to their brokers via this open, low cost protocol thereby removing the need for expensive, proprietary alternatives. Fidessa will continue working with the buy-side and sell-side community to establish a low cost, best practice for direct broker affirmation, which will simplify post-trade workflow for customers and remove unnecessary cost.

Fidessa’s buy-side solutions continue to win awards including for best buy-side order management system and for compliance services with these awards spread across America and Europe.

Regulation

Fidessa’s customers are still facing an uncertain and changing regulatory environment with much of the new regulation that was proposed following the financial crisis in 2008 still to be fully defined. There are, however, some areas where progress has been made, particularly in the areas of reporting and transparency. This has seen the establishment of the Swap Execution Facilities (SEFs) and potentially some restrictions on unlit trading venues (dark pools).

In a further area of regulatory change, there has been 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 almost doubled and proposals are in place to make it easier for foreign banks to set up subsidiaries in mainland China. Some of Fidessa’s customers are becoming more optimistic about their prospects in China but Fidessa does not expect this process to proceed quickly.

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.

Board changes

Andy Malpass, Finance Director, has informed the Board of his intention to retire in 2015. Andy has been with Fidessa for nearly 20 years, having joined in 1995. The Board will now commence the

process of identifying a suitable replacement. Andy has committed to continue to work with Fidessa for as long as is necessary to ensure an orderly handover takes place.

Outlook

Coming into 2014, Fidessa is seeing an improvement across the markets in which it operates and this is reflected in its current deal pipeline. As this improvement starts to take effect, it should gradually result in a reduction in the headwinds faced by Fidessa, allowing the growth being generated through sales of its 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 equities. Whilst Fidessa expects to see a positive effect from this in 2014, its recurring revenue model has the effect that some of the impact from the attrition in 2013 will flow through into 2014, and this means that it expects modest constant currency growth in 2014.

Looking further ahead, Fidessa believes that as stability and opportunity return to the markets, the headwind reduction, 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 for its service-based offerings across all asset classes and segments of its market and believes that it will continue to play an important role as customers focus on efficiency, transparency, compliance and performance.

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Consolidated income statement

for the year ended 31st December 2013

	Note	**2013 £'000**	2012 £'000
Revenue	2	**279,018**	278,626
Operating expenses before gain on property sale and amortisation of acquired intangibles	3	**(237,615)**	(236,417)
Other operating income		**207**	226
Operating profit before gain on property sale and amortisation of acquired intangibles		**41,610**	42,435
Gain on property sale	3	**2,032**	-
Amortisation of acquired intangibles		**(730)**	(730)
Operating profit		**42,912**	41,705
Finance income		**234**	279
Profit before income tax		**43,146**	41,984
Income tax expense on ordinary activities		**(10,480)**	(11,578)
Income tax expense on property sale		**(849)**	-
Total income tax expense	5	**(11,329)**	(11,578)
Profit for the year attributable to owners		**31,817**	30,406
Basic earnings per share	6	**85.5p**	82.5p
Diluted earnings per share	6	**83.5p**	80.9p

Consolidated statement of comprehensive income

for the year ended 31st December 2013

	2013 £'000	2012 £'000
Profit for the year from the income statement	**31,817**	30,406
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(1,791)**	(2,167)
Total comprehensive income for the year	**30,026**	28,239

Consolidated balance sheet

at 31st December 2013

	Note	**2013** **£'000**	2012 £'000
Assets			
Non-current assets			
Property, plant and equipment		**19,104**	20,640
Intangible assets		**89,327**	85,745
Deferred tax assets		**8,251**	5,299
Other receivables		**905**	2,004
Total non-current assets		**117,587**	113,688
Current assets			
Trade and other receivables	8	**72,806**	73,168
Cash and cash equivalents		**73,019**	72,078
Total current assets		**145,825**	145,246
Total assets		**263,412**	258,934
Equity			
Issued capital		**3,784**	3,715
Share premium		**27,921**	23,838
Merger reserve		**17,938**	17,938
Cumulative translation adjustment		**564**	2,355
Retained earnings		**98,319**	92,279
Total equity		**148,526**	140,125
Liabilities			
Non-current liabilities			
Other payables	9	**7,280**	8,742
Provisions		**2,655**	3,536
Deferred tax liabilities		**6,340**	5,870
Total non-current liabilities		**16,275**	18,148
Current liabilities			
Trade and other payables	9	**91,578**	92,807
Provisions		**1,158**	314
Current income tax liabilities		**5,875**	7,540
Total current liabilities		**98,611**	100,661
Total liabilities		**114,886**	118,809
Total equity and liabilities		**263,412**	258,934

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 2012		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							
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 shares by employee share trusts		-	-	-	-	(782)	(782)
Sale of shares by employee share trusts		-	-	-	-	140	140
Dividends paid	7	-	-	-	-	(30,227)	(30,227)
Balances at 1st January 2013		3,715	23,838	17,938	2,355	92,279	140,125
Total comprehensive income for the year							
Profit for the year		**-**	**-**	**-**	**-**	**31,817**	**31,817**
Other comprehensive income		**-**	**-**	**-**	**(1,791)**	**-**	**(1,791)**
		-	**-**	**-**	**(1,791)**	**31,817**	**30,026**
Transactions with owners							
Issue of shares - exercise of options		**69**	**4,083**	**-**	**-**	**-**	**4,152**
Employee share incentive charges	3	**-**	**-**	**-**	**-**	**2,128**	**2,128**
Current tax recognised direct to equity		**-**	**-**	**-**	**-**	**1,960**	**1,960**
Deferred tax recognised direct to equity		**-**	**-**	**-**	**-**	**1,308**	**1,308**
Purchase of shares by employee share trusts		**-**	**-**	**-**	**-**	**(749)**	**(749)**
Sale of shares by employee share trusts		**-**	**-**	**-**	**-**	**51**	**51**
Dividends paid	7	**-**	**-**	**-**	**-**	**(30,475)**	**(30,475)**
Balances at 31st December 2013		**3,784**	**27,921**	**17,938**	**564**	**98,319**	**148,526**

Consolidated cash flow statement

for the year ended 31st December 2013

	Note	**2013** **£'000**	2012 £'000
Cash flows from operating activities			
Profit before income tax for the year		**43,146**	41,984
Adjustments for:			
Staff costs - share incentives	3	**2,128**	1,448
Depreciation of property, plant and equipment	3	**12,578**	13,336
Amortisation of product development	3	**23,764**	20,919
Amortisation of acquired intangibles	3	**730**	730
Amortisation of other intangible assets	3	**1,120**	965
Profit on sale of property, plant and equipment	3	**(2,040)**	(4)
Finance income		**(234)**	(279)
Cash generated from operations before changes in working capital		**81,192**	79,099
Movement in trade and other receivables		**(528)**	(2,269)
Movement in trade and other payables		**(435)**	(1,099)
Cash generated from operations		**80,229**	75,731
Income tax paid		**(12,263)**	(8,817)
Net cash generated from operating activities		**67,966**	66,914
Cash flows from investing activities			
Purchase of property, plant and equipment		**(11,704)**	(8,720)
Proceeds from sale of property, plant and equipment		**2,316**	4
Purchase of other intangible assets		**(417)**	(1,345)
Product development capitalised		**(28,781)**	(24,983)
Interest received on cash and cash equivalents		**234**	279
Net cash used in investing activities		**(38,352)**	(34,765)
Cash flows from financing activities			
Proceeds from shares issued		**4,152**	1,389
Purchase of shares by employee share trusts		**(749)**	(782)
Proceeds from sale of shares by employee share trusts		**51**	140
Dividends paid	7	**(30,475)**	(30,227)
Net cash used in financing activities		**(27,021)**	(29,480)
Net increase in cash and cash equivalents		**2,593**	2,669
Cash and cash equivalents at 1st January		**72,078**	70,885
Effect of exchange rate fluctuations on cash held		**(1,652)**	(1,476)
Cash and cash equivalents at 31st December		**73,019**	72,078

Notes to the consolidated financial statements

1 Preparation of the preliminary announcement

The preliminary results announcement for the year ended 31st December 2013 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 years to 31st December 2013 and 2012 does not constitute statutory accounts and has been extracted from the Company's consolidated accounts for the year to 31st December 2013.

Statutory accounts for 2012 have been delivered to the Registrar of Companies, and those for 2013 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

During 2013 the business has restructured with the former Enterprise and Hosted business units combining to form the sell-side business unit. This change reflects the marketplace trend for larger customers to want to take more of their solution on a managed service basis. The primary management and performance monitoring continues to be undertaken by the Operating Board which comprises the heads of the business units and global functional heads.

The sell-side business unit provides solutions and tools to support the trading of cash equities and derivatives globally. The solutions are scalable from the largest to the smallest operations in the sector. The buy-side business unit provides the systems to cover every stage of the investment process for all asset classes. The systems are used by the largest investment managers in the world, as well as some of the boutiques and hedge funds. Both business units leverage the connectivity and market data infrastructure.

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 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.

The following segment information for 2012 has been restated to reflect the new business structure.

For the year ended 31st December 2013	Sell-side £'000	Buy-side £'000	Total £'000
Recurring revenue	**220,653**	**17,882**	**238,535**
Non-recurring revenue	**34,225**	**6,258**	**40,483**
Total revenue from external customers	**254,878**	**24,140**	**279,018**
Inter-business unit revenue	**-**	**5,285**	**5,285**
Operating profit	**31,767**	**4,826**	**36,593**

For the year ended 31st December 2012	Sell-side restated £'000	Buy-side restated £'000	Total restated £'000
Recurring revenue	216,549	17,100	233,649
Non-recurring revenue	36,889	8,088	44,977
Total revenue from external customers	253,438	25,188	278,626
Inter-business unit revenue	-	4,921	4,921
Operating profit	34,324	4,047	38,371

A reconciliation of the operating profit reported to the Operating Board to profit before income tax is provided as follows:

	2013 £'000	2012 restated £'000
Operating profit as monitored by the Operating Board	**36,593**	38,371
Amortisation of acquired intangibles	**(730)**	(730)
Gain on property sale	**2,032**	-
Product development capitalised	**28,781**	24,983
Product development amortised	**(23,764)**	(20,919)
Operating profit	**42,912**	41,705
Finance income	**234**	279
Profit before income tax	**43,146**	41,984

Other segmental disclosures:

	Sell-side £'000	Buy-side £'000	Total £'000
For the year ended 31st December 2013			
Depreciation of property, plant and equipment	**12,578**	**-**	**12,578**
Amortisation of intangible assets	**20,943**	**4,671**	**25,614**
Balances at 31st December 2013			
Property, plant and equipment	**19,104**	**-**	**19,104**
Intangible assets	**34,981**	**54,346**	**89,327**

	Sell-side restated £'000	Buy-side restated £'000	Total £'000
For the year ended 31st December 2012			
Depreciation of property, plant and equipment	13,336	-	13,336
Amortisation of intangible assets	18,504	4,110	22,614
Balances at 31st December 2012			
Property, plant and equipment	20,640	-	20,640
Intangible assets	31,760	53,985	85,745

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	2012
	£'000	£'000
Europe	**118,733**	125,004
The Americas	**111,725**	105,514
Asia	**48,560**	48,108
Total revenue	**279,018**	278,626

3 Operating expenses

	2013	2012
	£'000	£'000
Staff costs – salaries	**120,944**	119,796
Staff costs – social security	**10,255**	10,007
Staff costs – pension	**4,419**	2,910
Staff costs – share incentives	**2,128**	1,448
Total staff costs	**137,746**	134,161
Amounts payable to subcontractors	**2,005**	2,327
Depreciation of property, plant and equipment	**12,578**	13,336
Amortisation of other intangible assets	**1,120**	965
Capitalisation of product development	**(28,781)**	(24,983)
Amortisation of product development	**23,764**	20,919
Communications and data	**38,565**	38,240
Operating lease rentals – property	**17,706**	17,189
Operating lease rentals – plant and machinery	**110**	5
Profit on sale of property, plant and equipment	**(8)**	(4)
Exchange (gain)/loss	**(74)**	206
Other operating expenses	**32,884**	34,056
Operating expenses before gain on property sale and amortisation of acquired intangibles	**237,615**	236,417
Gain on property sale	**(2,032)**	-
Amortisation of acquired intangibles	**730**	730
Total operating expenses	**236,313**	237,147

In 2013 a gain of £2,032,000 was realised on the sale of property in the US. The property was purchased in 1998.

4 Staff numbers

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

	2013	2012
	Number	Number
Europe	**846**	885
The Americas	**550**	579
Asia	**306**	274
Total average staff numbers in the year	**1,702**	1,738

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

	2013	2012
	Number	Number
Delivery	**502**	537
Support	**342**	331
Core development and research	**435**	443
Operations	**136**	141
Sales	**70**	79
Marketing	**43**	78
Management and administration	**143**	158
Total staff numbers at 31st December	**1,671**	1,767

5 Income tax expense

	2013	2012
	£'000	£'000
Current tax		
Current year domestic tax	**2,559**	5,599
Current year foreign tax	**10,406**	6,280
Adjustments for prior years	**79**	(504)
Total current tax	**13,044**	11,375
Deferred tax		
Origination and reversal of temporary differences	**(325)**	(452)
Benefit and utilisation of tax losses	**67**	1,217
Adjustments for prior years – tax rate change	**(522)**	(260)
Adjustments for prior years – other	**(935)**	(302)
Total deferred tax	**(1,715)**	203
Total income tax in income statement	**11,329**	11,578

	2013	2013 £'000	2012	2012 £'000
Profit before tax		**43,146**		41,984
Income tax using the domestic corporation tax rate	**23.25%**	**10,031**	24.5%	10,286
Effective tax rates in foreign jurisdictions		**3,554**		1,988
Expenses not deductible for tax purposes		**435**		1,479
Tax incentives		**(1,294)**		(1,080)
Non-taxable items		**(19)**		(29)
Adjustment relating to prior years		**(1,378)**		(1,066)
Total income tax and effective tax rate for the year	**26.3%**	**11,329**	27.6%	11,578

On 1st April 2013 the UK corporation tax rate reduced from 24% to 23%, resulting in a headline UK corporation tax rate for the year of 23.25%. The UK government has reduced the UK corporation tax rate to 21% with effect from 1st April 2014 and to 20% with effect from 1st April 2015 and these reductions have been reflected in the measurement of deferred tax balances.

Tax recognised direct to equity	2013 £'000	2012 £'000
Current tax credit relating to equity-settled share incentives	**(1,960)**	(780)
Deferred tax (credit)/debit relating to equity-settled share incentives	**(1,308)**	450

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 1949p (2012: 1508p) for the year.

	2013 £'000	2012 £'000
Profit attributable to owners	**31,817**	30,406
Gain on property sale net of income tax	**(1,183)**	-
Amortisation of acquired intangibles net of deferred tax	**560**	551
Profit attributable to owners after adjustments	**31,194**	30,957

	2013	2012
	Number '000	Number '000
Weighted average number of shares in issue	**37,374**	37,054
Weighted average number of shares held by employee share trusts	**(175)**	(190)
Number of shares used to calculate basic earnings per share	**37,199**	36,864
Dilution due to share incentives	**918**	721
Number of shares used to calculate diluted earnings per share	**38,117**	37,585

	2013	2012
	Pence	Pence
Basic earnings per share	**85.5p**	82.5p
Diluted earnings per share	**83.5p**	80.9p
Basic earnings per share on adjustments	**(1.6)p**	1.5p
Diluted earnings per share on adjustments	**(1.7)p**	1.5p
Basic earnings per share after adjustments	**83.9p**	84.0p
Diluted earnings per share after adjustments	**81.8p**	82.4p

Basic and diluted earnings per share have been adjusted to exclude the gain on property sale and the amortisation of acquired intangibles. The directors consider that earnings per share after these adjustments provide a better year to year comparison of performance.

7 Dividends paid and proposed

	2013	2012
	£'000	£'000
Declared and paid during the year		
Interim 2013 dividend of 12.5 pence per share (interim 2012 dividend of 12.5 pence per share)	**4,650**	4,615
Final 2012 dividend of 24.5 pence per share (final 2011 dividend of 24.5 pence per share)	**9,104**	9,029
Special 2012 dividend of 45.0 pence per share (special 2011 dividend of 45.0 pence per share)	**16,721**	16,583
	30,475	30,227

The directors propose a final dividend of 24.5 pence per share, amounting to an expected final dividend payment of £9,228,000, and a special dividend of 45.0 pence per share, amounting to an expected special dividend payment of £16,949,000. These will be payable on 13th June 2014 to shareholders on the register at the close of business on 16th May 2014, with an ex-dividend date of 14th May 2014. 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

	2013	2012
	£'000	£'000
Trade receivables	**63,285**	64,784
Prepayments	**6,994**	6,700
Accrued revenue	**967**	939
Other receivables	**1,560**	745
Total trade and other receivables	**72,806**	73,168

9 Trade and other payables

Current liabilities	**2013**	2012
	£'000	£'000
Trade payables	**5,226**	7,367
Accrued expenses	**28,981**	30,008
Other liabilities	**1,948**	553
Deferred revenue	**51,825**	50,426
Other taxes and social security	**3,598**	4,453
Total current trade and other payables	**91,578**	92,807

Non-current liabilities	**2013**	2012
	£'000	£'000
Accrued expenses	**625**	462
Other liabilities	**6,655**	8,280
Total non-current trade and other payables	**7,280**	8,742