Fidessa group plc
Interim results for the period ended 30th June 2015

3rd August 2015

Fidessa reports solid revenue growth and increasing opportunity

	2015	2014	Change	At constant currencies
Revenue	£145.9m	£137.1m	+6%	+3%
Adjusted operating profit[1]	£19.6m	£19.9m	-2%	-3%
Operating profit	£19.2m	£19.5m	-2%	-3%
Adjusted pre-tax profit[1]	£19.8m	£20.1m	-1%	-3%
Pre-tax profit	£19.4m	£19.7m	-1%	-3%
Adjusted diluted earnings per share[1]	38.2p	38.7p	-1%	-2%
Diluted earnings per share	37.5p	38.0p	-1%	-2%
Interim dividend per share	13.1p	13.1p	0%	
Cash	£61.6m	£57.8m	+7%	

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

Highlights for the period ended 30th June 2015:

- Solid revenue growth as market conditions improve.
- Increasing opportunity for new Fidessa services as markets enter a new phase.
- Strong growth in multi-asset revenue as derivatives programme continues.
- Strengthening pipeline across the business.
- Good international spread, with 61% of total revenue accounted for outside of Europe.
- Recurring revenue increased to 86% of total revenue.
- Strong cash generation, with £61.6 million cash balance after dividend payments of £26.7 million.

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

"During the first half of 2015 we have seen customer markets start to enter a new phase of the recovery as regulatory and structural changes begin to have an impact. This changing landscape is creating a large number of new opportunities as well as some additional challenges, resulting in a high level of new business activity alongside an increased investment pipeline. With the more stable exchange rates seen during the first half of 2015, the underlying growth we are generating within the business is now being reflected within the revenue rather than being masked by currency fluctuations. However, as anticipated in the 2014 preliminary results announcement, the increased investment pipeline resulting from the new opportunities we are seeing is having a small impact on the operating margin."

Commenting on current trading, Chris Aspinwall continued:

“As we move into the second half, we expect the themes we have seen in the first half to strengthen, with more pressure around regulatory change and more opportunities opening up, and this is reflected in the strength of our current pipeline. We also expect that as competition within our customer base increases we may see some further closures and consolidations, and whilst we anticipate similar levels of growth for the year as a whole, this may result in a higher level of headwind into 2016.

Looking further ahead, we believe that we are entering a period where significant opportunity is returning to the markets. We expect that we will make further strong progress with our multi-asset initiative and we will continue to look at the possibility of extending our asset class coverage further. We remain excited by the potential of our service-based offerings across all asset classes and believe that there are increasingly few vendors capable of meeting our customers' business requirements whilst also having the scale and infrastructure necessary to handle the latest compliance demands being made by the regulators. We believe that we will continue to play an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance, and expect that as markets stabilise we will see a return to growth rates similar to those we have seen in the past.”

Finance review

For the six months to 30th June 2015, Fidessa has seen an increase in revenue of 6% to £145.9 million (2014: £137.1 million). Recurring revenue increased by 8%, now representing 86% of overall revenue, with the sector mix being sell-side derivatives increasing 36%, sell-side equities up 7% and buy-side decreasing 3%. The strong growth for derivatives means that it now accounts for 8% of recurring revenue, up from 6% in 2014.

The revenue impact from consolidation and closures across the customer base has continued although at a lower rate than previously seen. The direct effect of these events was a reduction in revenue of 2%, which compares to a reduction of 3% in 2014 and a peak of 8%. From what is currently known, the impact from these events for the year as a whole is expected to be at a similar rate to that experienced in the first six months of the year. During the first half of 2015 there have continued to be further closures and consolidations and these are expected to have a greater impact on revenue in 2016.

On a regional basis, 61% of total revenue was accounted for outside of Europe. Asia showed the strongest growth with an increase of 18% and accounted for 20% of total revenue, whilst the Americas increased by 11% and accounted for 41% of total revenue. Europe decreased by 3% and accounted for 39% of total revenue.

The deferred revenue in the balance sheet at 30th June 2015 was £47.0 million (30th June 2014: £45.1 million). The deferred revenue balance represented 16% of annualised revenue with the majority of it expected to be recognised as revenue during the second half of the year.

Fidessa's investment programmes have continued resulting in a 5% increase in product development capitalised to £14.8 million (2014: £14.1 million). However, due to the time lag effect, the product development amortisation continues to reflect the rate of growth in capitalisation in recent years and increased by 6%. The overall effect is net capitalisation of product development reduced to £1.1 million in the period (2014: £1.2 million).

As anticipated in the preliminary results announcement in February, the additional investment has had a small impact on the operating margin. The adjusted operating profit has decreased by 2% to £19.6 million (2014: £19.9 million), being an operating margin of 13.4% (2014: 14.5%). The adjusted operating profit has been measured before the amortisation of acquired intangibles. The unadjusted operating profit was £19.2 million (2014: £19.5 million).

The headline tax rate for the year is estimated to be 25.6% (2014: 25.9%). Diluted earnings per share, adjusted to exclude the amortisation of acquired intangibles, have decreased by 1% to 38.2 pence (2014: 38.7 pence). The directors believe the adjusted measure of earnings per share provides a better long-term indication of the relative performance of the business period to period. The unadjusted diluted earnings per share were 37.5 pence (2014: 38.0 pence).

Foreign currency exchange rates have been more stable in the first half of 2015 than in 2014. Sterling was 9% weaker against the US dollar and currencies pegged to the US dollar, 7% stronger against the Japanese yen and 3% stronger against the Canadian dollar. This has resulted in a less significant variance between headline growth rates and constant currency growth rates compared to 2014.

Fidessa continued to be strongly cash generative, closing the period with a cash balance of £61.6 million and no debt (2014: £57.8 million). During the period dividends of £26.7 million (2014: £26.3 million) were paid, which included the payment of a special dividend of £17.1 million (2014: £17.0 million).

An interim dividend of 13.1 pence (2014: 13.1 pence) has been declared. It will be paid on 15th September 2015 to shareholders on the register on 21st August 2015, with an ex-dividend date of 20th August 2015.

Market review

Introduction

During the first half of 2015 the financial markets have started to enter a new phase of the recovery and this is characterised by a switch away from purely cost focused strategies within our customer base. At the heart of this switch are the increasingly imminent changes in regulation, which are coming alongside transformations in the buy-side to sell-side relationship. For the buy-side it is clear that firms will be facing greater demands for transparency around all aspects of their performance, with new regulations and new tools making it increasingly easy for comparisons to be made across a wide range of performance metrics. The obligation to achieve best execution is spreading from equities to other asset classes, and the unbundling proposed as part of MiFID II makes it increasingly difficult for the charges for different services to be combined. These changes on the buy-side are creating a new dynamic across the sell-side, requiring firms to demonstrate the value they offer, both in the breadth of their capabilities and in the depth of their expertise in particular areas. As a result of this, the sell-side is focused on technology to reduce cost in non-differentiating activities whilst at the same time investing in tools that help them to offer a differentiated service to their customers.

Fidessa's investment programmes to extend the range of asset classes it supports, expand its regional coverage and build out its global infrastructure have positioned it well as these initiatives directly address the cost of non-differentiating activities. These programmes are being extended with new applications to provide differentiating functionality, particularly in the areas of compliance and trade optimisation and measurement. Fidessa is also developing a new partnership programme which will enable carefully selected third parties to leverage its infrastructure and bring innovative applications to the Fidessa community.

Fidessa has continued to see expansion of its connectivity network reflecting the firm's continued central role within the workflow. As a result the total value of business going through Fidessa's connectivity network has continued to increase to around $1.7 trillion per month. However, the continued pressure on headcount within the finance industry has seen the total number of users drop slightly to around 23,000.

Sell-side trading

Across its sell-side business Fidessa has seen further development within its markets as firms react to the changing environment. Whilst these changes are putting Fidessa's customers under pressure, Fidessa expects the overall impact to be positive as firms seek a partner to provide the increasingly complex trading infrastructure they need to position themselves for the future. However, during the first half of 2015, there have continued to be some closures and consolidations as customers have decided that some areas of their business are not going to work for them in the new market environment. This included the wind down of Jefferies Group's Bache futures unit which was a customer for Fidessa's derivatives platform. Fidessa expects that there could be some continuation of this trend as the markets go through the next stage of transition leading to a possible increase in headwind.

Within its equities business Fidessa has continued to make good progress with a number of new deals signed across all the regions, including a major deal for a service-based global equities platform. Growth has been particularly strong across Asia, driven by a more dynamic market and interest from super-regional brokers looking to provide services across the region rather than on specific markets. Across all regions the overall theme of a market in transition is strongly in evidence with more focus around service differentiation and execution quality. With this background Fidessa has continued to expand its equity offering with the development of tools for optimised trading, including the recently announced Order Performance Monitor. These tools shift the whole process of monitoring and achieving best execution from a post trade activity into real-time, exception based monitoring, which is something traditional transaction cost analysis (TCA) tools cannot do as they are not integrated into the real-time workflow. To further assist customers to differentiate Fidessa is also investing in a new partnership programme. This programme will enable carefully selected third parties to integrate their innovative applications within the Fidessa environment, while Fidessa maintains control over the client experience both technically and commercially. Alongside these investments Fidessa is also working closely with its customers to develop a comprehensive MiFID II programme which will support the new rules currently planned to come into effect from January 2017.

With the percentage of order flow handled through low touch platforms rising to around 50%, there is an increasing requirement within the market for systems to handle this flow whilst also maintaining compliance. During the first half, Fidessa announced its new low touch, low-latency DMA platform which provides brokers with high-performance, scalable and consistent access to global equities and derivatives markets. The platform insulates customers from the ever-changing global trading landscape, allowing them to focus on innovation in their own business. Besides low-latency market access, the new service also includes frameworks around smart order routing, internalisation, algorithmic trading and risk management. These can all be seamlessly integrated into a firm's own systems and are available as a complete service or as separate modules. This enables firms to offer a tailored, differentiated service to their own customers in the most cost-efficient manner.

Fidessa has continued to make good progress with its derivatives platform delivering very strong growth within this segment. New derivatives platform deals announced in the first half of 2015 included a global platform for RBS and Fidessa also signed its first Asian client for this platform. These firms join Barclays, who signed a deal at the end of last year, in rolling out the derivatives platform during

2015. Fidessa is continuing to invest in its derivatives business and during the first half announced the launch of a new order analytics service bringing greater precision to the control and measurement of derivatives algorithms. Order execution is increasingly becoming an exception handling process as global derivatives markets become more dominated by algorithmic trading, but without the ability to monitor how orders are performing in real-time, and identify deviations, the use of algorithms can be high risk. Greater regulatory scrutiny also means that both the buy-side and the sell-side need to understand how the algorithms they are using are working, whatever the market conditions. Fidessa's new order analytics service does exactly this and enables users to monitor all orders in real-time and adjust parameters accordingly. Fidessa is also continuing to invest in its core derivatives workflow with the development of further middle office services specific to this market.

With the changing market conditions, Fidessa is continuing to look at further extensions to the asset classes it supports and during the first half of 2015 has been looking specifically at the rates segment of the fixed income market. Whilst at this stage it is too early to say whether this represents a significant opportunity Fidessa will do further research in this area during the second half.

Buy-side trading

Although market conditions are gradually improving, sentiment within the buy-side remains relatively muted with firms continuing to face the challenges of increased complexity, shrinking margins and impending global regulatory reform. During the first half of 2015 Fidessa has continued to invest across its buy-side product suite and has also focused investment into specific areas to address particular challenges seen within the industry.

The latest version of Fidessa's Investment Management System, launched late last year incorporated a range of new tools operating across all stages of workflow, from intelligent modelling to smart, compliant order routing. This new release has been very well received across Fidessa's customer base, with the majority of customers either actively engaged in an upgrade programme or in the planning stages, highlighting the importance of continual investment in this area.

Compliance has always been a key area within the buy-side workflow, and the increasing regulatory focus means this is becoming an ever stronger theme. Fidessa's Sentinel Portfolio Compliance solution is already a leading product in helping buy-side firms ensure that they are managing their portfolios correctly against their strict mandates. The new Analytic Builder which empowers business users to directly introduce new data and calculations, and an Auditing Workbench which provides internal and external auditing tools, have helped maintain this leading status and win new customers using both the traditional and the new service-based model. During the first half Fidessa has also entered into a significant development agreement with a tier 1 investment firm to extend Sentinel into the trading compliance space. This new development will increase the breadth of Sentinel further across the buy-side organisation by providing a solution to monitor and control the operational risks associated with an investment manager's trading activity. This operates at a transaction level rather than a portfolio level and can monitor the regulations, tax rules and client instructions as trading activity occurs. This development will run until the end of the year with a phased delivery into production before becoming generally available in early 2016.

With its significant coverage of the post-trade affirmation process on both the buy-side and sell-side, Fidessa is uniquely placed to drive forward the industry adoption of new open standards. In the same way that the FIX standard has transformed the order routing process, Fidessa believes a post-trade revolution is underway as these standards allow firms to directly affirm fund level trades with their brokers across multiple asset classes, rather than relying on central matching solutions. During the first half of 2015 Fidessa has continued to invest in its pioneering Affirmation Management Service

(AMS). The service has been initially developed to support domestic and international equities as well as global fixed income, with further asset classes on the road map for next year. The growing interest from both the buy-side and sell-side communities for this new approach has been very encouraging through the early part of the year and Fidessa's AMS was recognised as the best new post-trade solution for buy-side firms in the Financial Technologies Forum and FTF News Technology Innovation Awards. The service is expected to start processing significant affirmation volume during the second half of 2015, with the target of continuing to build volume and achieve critical mass.

Regulation

After long periods of consultation following the financial crisis, the overall regulatory environment is starting to become clearer, although in some parts of Asia regulation still remains opaque as individual markets compete with each other for dominance. In the US, additional compliance is focused mainly around new reporting requirements created as a result of the Jumpstart Our Business Startups Act (“JOBS Act”) along with initial preparations for the Consolidated Audit Trail (CAT) NMS plan.

In Europe, whilst the delays in defining the rules for MiFID II continue, with the date for the submission of the final regulatory technical standards by the European Securities and Markets Authority (ESMA) now pushed back to September, Fidessa is seeing more clarity around the areas that are being regulated. This clarity is also apparent to the broader financial community, and with the application date for the new rules remaining at January 2017 regardless of the delays in defining them, firms are starting to understand the extent of the changes that may be required and are looking at areas they can mitigate in advance of the rules being defined. From what Fidessa understands so far, it is clear that MiFID II is likely to have widespread implications for many market participants. Emphasis is being placed across firms to have risk checks at a number of different levels within their workflow and there are new requirements around algorithmic trading and algo identification. In addition, across the board, information security is becoming an increasing focus. Whilst individual rules are likely to be specific and complex, there is a common theme within them that means that firms will need tighter integration of all their electronic flow for risk and compliance, creating further pressure to ensure that workflow across all the regulated asset classes is well managed. It is also likely that many liquidity venues will need to upgrade their systems requiring changes from all the firms that connect to them. This will put significant pressure on in-house developments as well as raising the bar for all firms looking to provide solutions to the markets.

Outlook

Fidessa expects the themes it has seen in the first half to strengthen, with more pressure around regulatory change and more opportunities opening up, and this is reflected in the strength of its current pipeline. Fidessa also expects that as competition within its customer base increases it may see some further closures and consolidations, and whilst it anticipates similar levels of growth for the year as a whole, this may result in a higher level of headwind into 2016.

Looking further ahead, Fidessa believes that it is entering a period where significant opportunity is returning to the markets. Fidessa expects that it will make further strong progress with its multi-asset initiative and will continue to look at the possibility of extending its asset class coverage further. Fidessa remains excited by the potential of its service-based offerings across all asset classes and believes that there are increasingly few vendors capable of meeting its customers' business requirements whilst also having the scale and infrastructure necessary to handle the latest compliance demands being made by the regulators. Fidessa believes that it will continue to play an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance, and expects that as markets stabilise it will see a return to growth rates similar to those it has seen in the past.

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Condensed consolidated interim income statement

for the six months ended 30th June 2015

	Note	2015 6 months to 30th June unaudited £'000	2014 6 months to 30th June unaudited £'000	2014 12 months to 31st December audited £'000
Revenue	5	**145,860**	137,116	275,012
Operating expenses before amortisation of acquired intangibles	6	**(126,463)**	(117,378)	(235,815)
Other operating income		**198**	167	335
Operating profit before amortisation of acquired intangibles		**19,595**	19,905	39,532
Amortisation of acquired intangibles		**(365)**	(365)	(730)
Operating profit	5	**19,230**	19,540	38,802
Finance income		**174**	149	288
Profit before income tax		**19,404**	19,689	39,090
Income tax expense	7	**(4,964)**	(5,108)	(9,960)
Profit for the period attributable to owners		**14,440**	14,581	29,130
Basic earnings per share	8	**38.0p**	38.6p	77.1p
Diluted earnings per share	8	**37.5p**	38.0p	75.8p

Condensed consolidated interim statement of comprehensive income

for the six months ended 30th June 2015

	2015	2014	2014
	6 months to	6 months to	12 months to
	30th June	30th June	31st December
	unaudited	unaudited	audited
	£'000	£'000	£'000
Profit for the period from the income statement	**14,440**	14,581	29,130
Other comprehensive income			
Exchange differences arising on translation of foreign operations	**(194)**	(727)	416
Total comprehensive income for the period	**14,246**	13,854	29,546

Condensed consolidated interim balance sheet

at 30th June 2015

	Note	2015 30th June unaudited £'000	2014 30th June unaudited £'000	2014 31st December audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**23,306**	19,291	20,401
Intangible assets		**90,268**	89,890	89,564
Deferred tax assets		**7,896**	8,343	7,813
Other receivables		**2,137**	1,505	2,028
Total non-current assets		**123,607**	119,029	119,806
Current assets				
Trade and other receivables	10	**63,538**	64,859	65,636
Cash and cash equivalents		**61,646**	57,754	76,756
Total current assets		**125,184**	122,613	142,392
Total assets		**248,791**	241,642	262,198
Equity				
Issued capital		**3,824**	3,797	3,817
Share premium		**31,671**	28,597	31,017
Merger reserve		**17,938**	17,938	17,938
Cumulative translation adjustment		**786**	(163)	980
Retained earnings		**86,417**	88,191	97,747
Total equity		**140,636**	138,360	151,499
Liabilities				
Non-current liabilities				
Other payables	11	**7,811**	6,845	7,382
Provisions		**2,886**	2,723	3,141
Deferred tax liabilities		**6,480**	6,175	6,284
Total non-current liabilities		**17,177**	15,743	16,807
Current liabilities				
Trade and other payables	11	**84,666**	81,997	90,855
Provisions		**525**	785	682
Current income tax liabilities		**5,787**	4,757	2,355
Total current liabilities		**90,978**	87,539	93,892
Total liabilities		**108,155**	103,282	110,699
Total equity and liabilities		**248,791**	241,642	262,198

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 2014 (audited)		3,784	27,921	17,938	564	98,319	148,526
Total comprehensive income for the period							
Profit for the period		-	-	-	-	14,581	14,581
Other comprehensive income		-	-	-	(727)	-	(727)
		-	-	-	(727)	14,581	13,854
Transactions with owners							
Issue of shares – exercise of options		13	676	-	-	-	689
Employee share incentive charges	6	-	-	-	-	1,612	1,612
Current tax recognised direct to equity		-	-	-	-	896	896
Deferred tax recognised direct to equity		-	-	-	-	(197)	(197)
Purchase of shares by employee share trusts		-	-	-	-	(747)	(747)
Sale of shares by employee share trusts		-	-	-	-	11	11
Dividends paid	9	-	-	-	-	(26,284)	(26,284)
Balances at 30th June 2014 (unaudited)		3,797	28,597	17,938	(163)	88,191	138,360
Total comprehensive income for the period							
Profit for the period		-	-	-	-	14,549	14,549
Other comprehensive income		-	-	-	1,143	-	1,143
		-	-	-	1,143	14,549	15,692
Transactions with owners							
Issue of shares – exercise of options		20	2,420	-	-	-	2,440
Employee share incentive charges		-	-	-	-	993	993
Current tax recognised direct to equity		-	-	-	-	484	484
Deferred tax recognised direct to equity		-	-	-	-	(1,250)	(1,250)
Purchase of shares by employee share trusts		-	-	-	-	(270)	(270)
Sale of shares by employee share trusts		-	-	-	-	10	10
Dividends paid	9	-	-	-	-	(4,960)	(4,960)
Balances at 31st December 2014 (audited)		3,817	31,017	17,938	980	97,747	151,499
Total comprehensive income for the period							
Profit for the period		**-**	**-**	**-**	**-**	**14,440**	**14,440**
Other comprehensive income		**-**	**-**	**-**	**(194)**	**-**	**(194)**
		-	**-**	**-**	**(194)**	**14,440**	**14,246**
Transactions with owners							
Issue of shares – exercise of options		**7**	**654**	**-**	**-**	**-**	**661**
Employee share incentive charges	6	**-**	**-**	**-**	**-**	**1,323**	**1,323**
Current tax recognised direct to equity		**-**	**-**	**-**	**-**	**166**	**166**
Deferred tax recognised direct to equity		**-**	**-**	**-**	**-**	**(299)**	**(299)**
Purchase of shares by employee share trusts		**-**	**-**	**-**	**-**	**(300)**	**(300)**
Sale of shares by employee share trusts		**-**	**-**	**-**	**-**	**4**	**4**
Dividends paid	9	**-**	**-**	**-**	**-**	**(26,664)**	**(26,664)**
Balances at 30th June 2015 (unaudited)		**3,824**	**31,671**	**17,938**	**786**	**86,417**	**140,636**

Condensed consolidated interim cash flow statement

for the six months ended 30th June 2015

	Note	2015 6 months to 30th June unaudited £'000	2014 6 months to 30th June unaudited £'000	2014 12 months to 31st December audited £'000
Cash flows from operating activities				
Profit before income tax for the period		**19,404**	19,689	39,090
Adjustments for:				
Staff costs – share incentives	6	**1,323**	1,612	2,605
Depreciation of property, plant and equipment	6	**5,230**	5,250	10,453
Amortisation of product development	6	**13,680**	12,893	26,224
Amortisation of acquired intangibles	6	**365**	365	730
Amortisation of other intangible assets	6	**142**	431	663
Profit on sale of property, plant and equipment	6	**-**	-	(219)
Finance income		**(174)**	(149)	(288)
Cash generated from operations before changes in working capital		**39,970**	40,091	79,258
Movement in trade and other receivables		**1,988**	7,347	6,048
Movement in trade and other payables		**(5,747)**	(10,419)	(1,046)
Cash generated from operations		**36,211**	37,019	84,260
Income tax paid		**(1,553)**	(5,788)	(13,165)
Net cash generated from operating activities		**34,658**	31,231	71,095
Cash flows from investing activities				
Purchase of property, plant and equipment		**(8,529)**	(5,624)	(11,398)
Proceeds from sale of property, plant and equipment		**31**	-	222
Purchase of other intangible assets		**(116)**	(195)	(245)
Product development capitalised	6	**(14,777)**	(14,058)	(27,609)
Interest received on cash and cash equivalents		**174**	149	288
Net cash used in investing activities		**(23,217)**	(19,728)	(38,742)
Cash flows from financing activities				
Proceeds from shares issued		**661**	689	3,129
Purchase of shares by employee share trusts		**(300)**	(747)	(1,017)
Proceeds from sale of shares by employee share trusts		**4**	11	21
Dividends paid	9	**(26,664)**	(26,284)	(31,244)
Net cash used in financing activities		**(26,299)**	(26,331)	(29,111)
Net (decrease)/increase in cash and cash equivalents		**(14,858)**	(14,828)	3,242
Cash and cash equivalents at 1st January		**76,756**	73,019	73,019
Effect of exchange rate fluctuations on cash held		**(252)**	(437)	495
Cash and cash equivalents at end of period		**61,646**	57,754	76,756

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 2015 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 information relating to the year ended 31st December 2014 is an extract from the audited financial statements for that year. Those financial statements 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(2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31st December 2014 are available at www.fidessa.com/investor-relations/reports 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 LLP and its report is set out below.

Consistent with the information in the most recent annual report, the Group continues to have significant financial resources, no debt, trade profitably and be strongly cash generative. Therefore, after considering the Group's financial forecasts and potential commitments for the foreseeable future, a period of not less than 12 months from the date of this report, the Board is satisfied that the Group's funding and liquidity position means the going concern basis of preparation is appropriate in preparing these condensed consolidated interim financial statements.

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 2014.

The condensed consolidated interim financial statements were approved by the Board of Directors on 31st July 2015.

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 2014. 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 financial statements in conformity with IFRSs requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions take account of the circumstances and facts at the period end, historical experience of similar situations and other factors that are believed to be reasonable and relevant, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may ultimately 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 2014.

5 **Segment reporting**

Fidessa is structured into two business units: Sell-side and Buy-side. 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 the performance of the business units and the overall group. It monitors operating profit adjusted to exclude 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.

Six months ended 30th June 2015 (unaudited)	Sell-side	Buy-side	Total
	£'000	£'000	£'000
Recurring revenue	**117,609**	**8,274**	**125,883**
Non-recurring revenue	**17,514**	**2,463**	**19,977**
Total revenue from external customers	**135,123**	**10,737**	**145,860**
Inter-business unit revenue	**-**	**3,288**	**3,288**
Operating profit as monitored by the Operating Board	**17,124**	**1,374**	**18,498**

Six months ended 30th June 2014 (unaudited)	Sell-side	Buy-side	Total
	£'000	£'000	£'000
Recurring revenue	107,886	8,558	116,444
Non-recurring revenue	18,179	2,493	20,672
Total revenue from external customers	126,065	11,051	137,116
Inter-business unit revenue	-	3,420	3,420
Operating profit as monitored by the Operating Board	16,738	2,002	18,740

12 months ended 31st December 2014 (audited)	Sell-side	Buy-side	Total
	£'000	£'000	£'000
Recurring revenue	217,740	17,232	234,972
Non-recurring revenue	34,717	5,323	40,040
Total revenue from external customers	252,457	22,555	275,012
Inter-business unit revenue	-	6,840	6,840
Operating profit as monitored by the Operating Board	32,781	5,366	38,147

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

	2015	2014	2014
	6 months to	6 months to	12 months to
	30th June	30th June	31st December
	unaudited	unaudited	audited
	£'000	£'000	£'000
Operating profit as monitored by the Operating Board	**18,498**	18,740	38,147
Amortisation of acquired intangibles	**(365)**	(365)	(730)
Product development capitalised	**14,777**	14,058	27,609
Product development amortised	**(13,680)**	(12,893)	(26,224)
Operating profit	**19,230**	19,540	38,802
Finance income	**174**	149	288
Profit before income tax	**19,404**	19,689	39,090

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.

	2015	2014	2014
	6 months to	6 months to	12 months to
	30th June	30th June	31st December
	unaudited	unaudited	audited
	£'000	£'000	£'000
Europe	**56,744**	58,521	114,943
Americas	**60,449**	54,341	110,701
Asia	**28,667**	24,254	49,368
Total revenue	**145,860**	137,116	275,012

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

	2015 6 months to 30th June unaudited £'000	2014 6 months to 30th June unaudited £'000	2014 12 months to 31st December audited £'000
UK	**56,744**	58,521	114,943
USA	**52,877**	47,261	96,553
Hong Kong	**19,596**	15,867	32,329

6 **Operating expenses**

	2015 6 months to 30th June unaudited £'000	2014 6 months to 30th June unaudited £'000	2014 12 months to 31st December audited £'000
Staff costs – salaries	**63,536**	59,153	118,025
Staff costs – social security	**5,246**	5,187	10,264
Staff costs – pension	**2,651**	2,358	4,843
Staff costs – share incentives	**1,323**	1,612	2,605
Total staff costs	**72,756**	68,310	135,737
Amounts payable to subcontractors	**901**	727	1,426
Depreciation of property, plant and equipment	**5,230**	5,250	10,453
Amortisation of other intangible assets	**142**	431	663
Capitalisation of product development	**(14,777)**	(14,058)	(27,609)
Amortisation of product development	**13,680**	12,893	26,224
Communications and data	**20,952**	19,253	38,745
Operating lease rentals – property	**9,040**	8,523	17,189
Operating lease rentals – plant and machinery	**25**	38	83
Profit on sale of property, plant and equipment	**-**	-	(219)
Exchange loss	**702**	43	5
Other operating expenses	**17,812**	15,968	33,118
Operating expenses before amortisation of acquired intangibles	**126,463**	117,378	235,815
Amortisation of acquired intangibles	**365**	365	730
Total operating expenses	**126,828**	117,743	236,545

7 Income tax expense

The charge for tax for the six months to 30th June 2015 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 2015 is £4,964,000 (six months to 30th June 2014: £5,108,000). The tax charge equates to an effective tax rate of 25.6% (six months to 30th June 2014: 25.9%, 12 months to 31st December 2014: 25.5%).

8 Earnings per share

Earnings per share have been calculated by dividing profit attributable to owners 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 2315p (six months to 30th June 2014: 2398p, 12 months to 31st December 2014: 2330p).

	2015 6 months to 30th June unaudited £'000	2014 6 months to 30th June unaudited £'000	2014 12 months to 31st December audited £'000
Profit attributable to owners	**14,440**	14,581	29,130
Amortisation of acquired intangibles net of deferred tax	**292**	291	582
Profit attributable to owners after adjustments	**14,732**	14,872	29,712

	2015 6 months to 30th June unaudited Number '000	2014 6 months to 30th June unaudited Number '000	2014 12 months to 31st December audited Number '000
Weighted average number of shares in issue	**38,198**	37,911	37,988
Weighted average number of shares held by employee share trusts	**(219)**	(176)	(182)
Number of shares used to calculate basic earnings per share	**37,979**	37,735	37,806
Dilution due to share incentives	**561**	657	617
Number of shares used to calculate diluted earnings per share	**38,540**	38,392	38,423

	2015 6 months to 30th June unaudited Pence	2014 6 months to 30th June unaudited Pence	2014 12 months to 31st December audited Pence
Basic earnings per share	**38.0p**	38.6p	77.1p
Diluted earnings per share	**37.5p**	38.0p	75.8p
Basic earnings per share on adjustments	**0.8p**	0.8p	1.5p
Diluted earnings per share on adjustments	**0.7p**	0.7p	1.5p
Basic earnings per share after adjustments	**38.8p**	39.4p	78.6p
Diluted earnings per share after adjustments	**38.2p**	38.7p	77.3p

Basic and diluted earnings per share have been adjusted to exclude the amortisation of acquired intangibles. The directors consider that earnings per share after this adjustment provides a better period to period 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
2013 interim dividend paid 16th September 2013	12.5	4,650
2013 final dividend paid 13th June 2014	24.5	9,266
2013 special dividend paid 13th June 2014	45.0	17,018
2014 interim dividend paid 15th September 2014	13.1	4,960
2014 final dividend paid 12th June 2015	25.0	9,523
2014 special dividend paid 12th June 2015	45.0	17,141

A 2015 interim dividend of 13.1 pence per share, amounting to an expected dividend payment of £4,981,000, was declared by the directors at their meeting on 31st July 2015. This interim dividend will be payable on 15th September 2015 to shareholders on the register at the close of business on 21st August 2015, with an ex-dividend date of 20th August 2015. These condensed consolidated interim financial statements do not reflect this dividend payable.

10 Trade and other receivables

	2015 30th June unaudited £'000	2014 30th June unaudited £'000	2014 31st December audited £'000
Trade receivables	**53,079**	55,850	55,884
Prepayments	**8,741**	6,789	7,824
Accrued revenue	**1,310**	1,125	1,374
Other receivables	**408**	1,095	554
Total trade and other receivables	**63,538**	64,859	65,636

11 Trade and other payables

Current liabilities	2015 30th June unaudited £'000	2014 30th June unaudited £'000	2014 31st December audited £'000
Trade payables	**5,958**	5,998	4,037
Accrued expenses	**24,563**	24,970	30,485
Other liabilities	**3,125**	2,764	2,416
Deferred revenue	**47,041**	45,099	50,006
Other taxes and social security	**3,979**	3,166	3,911
Total current trade and other payables	**84,666**	81,997	90,855

Non-current liabilities	2015 30th June unaudited £'000	2014 30th June unaudited £'000	2014 31st December audited £'000
Accrued expenses	**611**	316	346
Other liabilities	**7,200**	6,529	7,036
Total non-current trade and other payables	**7,811**	6,845	7,382

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. A summary of these risks, which have not materially changed and are described in more detail on pages 10,11 and 12 of the 2014 annual report, is as follows:

(a) Economic conditions including instability in the world's financial markets.

(b) Service issues including failure of software and/or services for individual or multiple customers.

(c) Security and data issues including unauthorised access to and/or sabotage of systems and premises.

(d) Legal risks including contractual and intellectual property claims.

(e) Employee risks including loss of key employees and skills shortages.

(f) Financial risks including foreign exchange on transactions or balances that are denominated in a foreign currency, or collapse of financial institutions holding Fidessa's cash deposits.

(g) Bribery, corruption and fraud.

(h) Regulatory issues affecting Fidessa and/or its customers.

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

31st July 2015

Independent review report to Fidessa group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th June 2015 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. 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 set of 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 set of financial statements included in this half-yearly financial report has 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 set of 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 set of financial statements in the half-yearly financial report for the six months ended 30th June 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

John Bennett
For and on behalf of KPMG LLP
Chartered Accountants
31st July 2015

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