Fidessa group plc
Preliminary results for the year ended 31st December 2015

15th February 2016

Fidessa reports solid revenue growth despite market volatility

	2015	2014	Change
Revenue[1]	£295.5m	£275.0m	+7%
Adjusted operating profit[2]	£39.5m	£39.5m	0%
Operating profit	£38.8m	£38.8m	0%
Adjusted pre-tax profit[2]	£39.8m	£39.8m	0%
Pre-tax profit	£39.1m	£39.1m	0%
Adjusted diluted earnings per share[2]	78.0p	77.3p	+1%
Diluted earnings per share	76.5p	75.8p	+1%
Final dividend per share	25.4p	25.0p	+2%
Special dividend per share	45.0p	45.0p	0%
Cash	£78.3m	£76.8m	+2%

[1]On a constant currency basis, revenue growth for the year was 4%.

[2]Adjusted to remove the effect of acquired intangibles amortisation. The directors believe the adjusted measures provide a better long-term indication of the relative performance of the business period to period.

Highlights for the period ended 31st December 2015:

- Solid revenue growth despite volatile conditions in financial markets.
- Fidessa's end markets continue to improve with increasing opportunity for new services.
- Strong growth in multi-asset revenue as derivatives programme continues.
- Strengthening pipeline across the business.
- Recurring revenue increased 7% to £252.5 million (85% of total revenue).
- 61% of total revenue accounted for outside of Europe.
- Strong cash generation, with £78.3 million cash balance after dividend payments of £31.7 million.
- Final and special dividends declared, bringing the total 2015 pay out to 83.5p per share.

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

"During 2015, while financial markets remained volatile, we saw a continued improvement in our end markets as they entered a new phase of the recovery, with structural and regulatory changes starting to have an impact. These improvements have resulted in new opportunities and high levels of new business activity, enabling us to deliver solid revenue growth in 2015 and building on that achieved in

2014. As anticipated in the 2014 preliminary results announcement, the increased investment pipeline resulting from the new opportunities has had a small impact on the operating margin. During 2015 the restructuring within our customer base meant that we saw some further closures and consolidations, however the headwind resulting from these during 2015 remained within expectations."

Commenting on current trading, Chris Aspinwall continued:

"As we move into 2016 the recent movements in the financial markets clearly demonstrate the challenging environment in which our customers are still operating. Despite this, we still expect that the themes we have seen in 2015 will continue, with more opportunities opening up as our customers position their businesses for the future. Whilst further delays in the introduction of some of the proposed regulatory changes have recently been announced, we do not believe this will have a significant impact on the opportunities that we see and believe that the investments we have made during the downturn leave us well positioned to benefit from these opportunities. The closures and consolidations we have seen within our customer base during 2015 mean that we are anticipating a higher level of headwind in 2016, and while we expect to see some further closures and consolidations during 2016, we believe this will reduce as markets stabilise. Despite the increased headwind, we still expect 2016 constant currency growth to be at a similar level to that which we have seen in 2015 with good single-digit growth in our core equities business and continued double-digit growth in recurring derivatives revenues."

With regard to Fidessa's dividend policy Chris Aspinwall continued:

"For many years we have had the objective of providing strong returns for shareholders through both capital growth and dividend returns and this continues to be a core part of our strategy. For 2015 we are pleased to confirm both final and special dividends, bringing the total 2015 dividend pay out to 83.5p per share. Furthermore, we do not believe that our current investment programme, including any potential investment in a new fixed income platform, is likely to have a material impact on our ability to pay further special dividends in the future."

Commenting on the longer term outlook, Chris Aspinwall continued:

"Looking further ahead, we believe that we are entering a period where opportunity is returning to the markets. We expect that we will make further strong progress with our multi-asset initiative and believe we are on track to achieve profitability within our derivatives business within the next three years. We will continue to look at the possibility of extending our asset class coverage further, and will update the market as progress is made. We believe that across all asset classes, the market is moving towards service-based offerings 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 are committed to playing an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance, and expect that as markets stabilise this will provide us with significant opportunities for further growth."

Finance review

In 2015 Fidessa achieved revenue of £295.5 million which represents growth on a reported basis of 7% (2014: £275.0 million) and compares with a reduction of 1% in 2014. On a constant currency basis, revenue growth of 4% compares with 3% in 2014. Recurring revenue of £252.5 million (85% of total revenue) grew 7% in the year (2014: £235.0 million and 85% of total revenue). Sell-side equities grew 4% during the year and buy-side declined 3%. The sell-side derivatives business accounted for £36.0 million or 12% of total revenue in the year, up from 8% of total revenue in 2014. The ongoing revenue for the derivatives business was £20.4 million or 8% of recurring revenue in the year, up from 7% of recurring revenue in 2014.

The negative impact from consolidation, restructuring and closures across the customer base was a reduction in revenue of 2% in 2015, which compares to a reduction of 3% in 2014 and a peak of 8%. The closure of the Jefferies Group's Bache futures unit and the Standard Chartered global equities business during 2015 will result in an increased impact from consolidation, restructuring and closures on revenue in 2016.

On a regional basis, 61% of total revenue was accounted for outside of Europe. The Americas grew 12% on a reported basis (6% on a constant currency basis) and was the largest region accounting for 42% of total revenue. Asia grew 16% on a reported basis (12% on a constant currency basis) and accounted for 19% of total revenue. Europe decreased 1% and accounted for 39% of total revenue.

The deferred revenue in the balance sheet at the end of the year was £54.6 million (2014: £50.0 million) and represented 19% of annualised revenue. Consistent with previous years, the accrued revenue balance was minimal.

During 2015 we have seen a continued improvement in our end markets as they enter a new phase of the recovery, with structural and regulatory changes starting to have an impact. These improvements have resulted in new opportunities and high levels of new business activity. This is the primary driver of the increase in total operating expenses for the year which grew 9% to £257.1 million (2014: £236.5 million). Of this increase, £12.0 million relates to an increase in total staff costs and £4.4 million to an increase in communications and data costs. The number of employees at the end of the year was 1,757, an increase of 5% compared to 1,670 at the end of 2014. The development expenditure capitalised of £30.3 million increased £2.7 million or 10% during the year (2014: £27.6 million) and reflected the 10% growth during the year in core development and research headcount. Net capitalisation of development expenditure increased to £2.5 million in the period (2014: £1.4 million).

The adjusted operating profit of £39.5 million is in line with the prior year, being an operating margin of 13.4% (2014:14.4%). As anticipated at the start of the year, the additional investment has had a small impact on the operating margin. Adjusted operating profit has been measured before the amortisation of acquired intangibles. Unadjusted operating profit of £38.8 million is unchanged from the prior year.

The underlying effective tax rate for the year of 24.5% has reduced one percentage point from the prior year and primarily reflects changes in the headline corporation tax rates in the UK and Japan.

Diluted earnings per share, adjusted to exclude the amortisation of acquired intangibles, have increased by 1% to 78.0 pence (2014: 77.3 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 76.5 pence (2014: 75.8 pence).

During 2015, sterling was 7% weaker against the US dollar and currencies pegged to the US dollar and 6% stronger against the Japanese yen. As a result, the constant currency revenue growth rate of 4% was lower than the 7% reported growth rate.

Fidessa continued to be strongly cash generative, closing the period with a cash balance of £78.3 million and no debt (2014: £76.8 million). During the year dividends of £31.7 million (2014: £31.2 million) were paid. The net cash generated from operating activities increased by 6% to £75.5 million (2014: £71.1 million). The ordinary dividend for the year has increased 1% to 38.5 pence (2014: 38.1 pence). The final dividend, if approved by shareholders, will be 25.4 pence and payable on 10th June 2016 to shareholders on the register on 13th May 2016, with an ex-dividend date of 12th May 2016. In addition, a special dividend of 45.0 pence (2014: 45.0 pence) is proposed and, if approved by shareholders, will be paid at the same time as the final dividend.

Market review

Introduction

During 2015 the financial markets started to enter a new phase of the recovery and this has been characterised by a switch away from purely cost focused strategies within Fidessa's customer base. This change in focus has centred on three specific drivers:

- Differentiation, where firms are looking to focus their offerings to deliver unique benefits to their customers in order to secure competitive position.
- Cost efficiency, where firms are increasingly looking at outsourcing and service-based platforms as well as making broader use of their technology in order to reduce the total cost of ownership.
- Compliance, where firms are looking for ways to meet their increasingly complex regulatory and information security requirements in the most cost efficient manner possible.

Throughout the financial crisis Fidessa has invested to extend the range of asset classes it supports, expand its regional coverage and build out its global infrastructure. These investments have positioned Fidessa well in helping its customers to address the cost of non-differentiating activities through a robust, multi-asset, service-based delivery platform. During 2015 these programmes have been further extended with new applications to enhance the level of differentiating functionality customers can achieve with Fidessa whilst also broadening Fidessa's compliance offerings. These enhancements have principally been focused in the areas of trade optimisation and measurement, alongside a new partnership programme enabling carefully selected third parties to leverage Fidessa's infrastructure and bring innovative applications to the Fidessa community. Further initiatives address compliance, for both monitoring and reporting as well as information security at all levels across both buy-side and sell-side. Fidessa has also put in place initiatives to enable its customers to extend their use of Fidessa more widely across their organisations, automating more business processes and helping them to further improve efficiency. These investments, across both buy-side and sell-side, will help secure Fidessa's central position within the financial markets over the longer term and provide a strong base for further growth.

Fidessa's connectivity network has maintained its central position within the market with flow of 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 increasing opportunity as customers react to the changing environment. Whilst both the volatility and the changes within the markets are putting Fidessa's customers under pressure, Fidessa believes the overall impact of the changes creates an opportunity as firms seek a partner who can provide the complex trading infrastructure they need, as a cost effective service. This enables them to deal with the upcoming regulatory challenges and focus on the unique elements of their business model whilst keeping a tight control on costs. This effect has already been a key driver in the establishment of Fidessa's derivatives platform and is now also noticeable within Fidessa's existing equity business. Within this business there has been a marked increase in interest for larger service-based equity platforms and this has led to new deals for large equity platforms being signed across Europe, the Americas and Asia during 2015.

Within the regions, 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. In particular, Fidessa has continued to make progress within the ASEAN region with the expansion of its office in Singapore and deliveries to large regional brokers such as Maybank Kim Eng and RHB Investment Bank. These deliveries have demonstrated the ability of Fidessa's expanded coverage and infrastructure to support the risk checks and local compliance rules required in this region, which currently has some of the most stringent regulations anywhere in the world. Progress in Asia has also continued in the mature Asian markets with a number of new deals signed in Japan, including for a large service-based equity platform. This has further strengthened Fidessa's position in Japan with six of the top eight domestic brokers now using Fidessa for agency trading, as well as many of the country's mid-tier brokers. Fidessa has also signed additional deals with Chinese brokers operating out of Hong Kong, further strengthening its position in this segment.

Whilst Asia has seen the strongest growth, Fidessa has also seen good growth across the Americas. There has been further expansion in Latin America, particularly with opportunities in Mexico and Chile, but there has also been good growth across North America. In this region Fidessa has been able to expand its relationship with existing customers as well as win new customers. Moving into 2016 Fidessa is seeing a more forward looking approach developing within its North American customer base and this is expected to lead to continued opportunity within this region.

During 2015, Fidessa announced its new low touch, low-latency Direct Market Access (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. This type of platform is fast becoming a commodity that firms have to be able to offer, with their customers expecting them to "own their execution" so they are in full control of the execution service they offer. Besides low-latency market access, the service also includes frameworks around smart order routing, internalisation, algorithmic trading and risk management. This platform is an ideal area for Fidessa, utilising its core strengths of ability to handle global scale combined with strong technical performance alongside proven delivery. As a result, this is a particularly exciting area for Fidessa and one in which the pipeline is developing rapidly.

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 Order Performance Monitor and Fidessa Prospector tools. These tools shift the whole process of monitoring and achieving best execution from a post-trade activity into real-time, exception based monitoring. This is something which 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 has also established a new partnership programme. This programme enables 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. In this way Fidessa is able to offer a route for innovative companies to access the Fidessa community and to meet the complex compliance and information security requirements mandated by regulators. For Fidessa's customers they are able to benefit from an even greater diversity of applications within their Fidessa platform helping them to differentiate their business. The first partner for this programme went live during 2015.

Fidessa has continued to make good progress with its derivatives platform delivering strong growth within this segment. New derivatives platform deals announced during 2015 included a global platform for the Royal Bank of Scotland and a new platform for CIMB in Asia. These firms joined Barclays in rolling out the derivatives platform during 2015. Across the market Fidessa is seeing growing demand for platforms to support exchange based derivatives trading and Fidessa is also broadening into further segments of this market by providing platforms for Commodity Trading Firms (CTFs). Fidessa has continued its investment in the derivatives platform, with extensions into the middle office and further extension into hedge management is planned for 2016. Fidessa has continued to receive accolades for its innovative derivatives platform, winning Futures and Options World's (FOW) sell-side trading system of the year for both their International awards and also their Asia awards, both wins for the third time in a row. Citi, a Fidessa customer for the derivatives trading platform, was also named 'Best Bank of the Year' at the same FOW awards. The level of investment Fidessa is making in the derivatives platform is now starting to normalise as it achieves scale, and Fidessa’s derivatives business is currently on track to achieve profitability within three years. In addition to being a valuable business in its own right, the derivatives business also provides Fidessa with a natural entry point into further asset classes within the sell-side.

With the changing market conditions, Fidessa has been investigating the potential of further extensions to the asset classes it supports and during 2015 has been looking specifically at the rates segment of the fixed income market. This research is continuing, with the delays to MiFID II allowing some additional flexibility in the approaches that can be taken. Fidessa expects to continue its investigation into this area during 2016.

Buy-side trading

Whilst 2015 saw a gradual improvement in market conditions, sentiment within the buy-side remained relatively muted. Fidessa saw a slightly higher headwind from consolidation, restructuring and closures within the buy-side than was seen within the sell-side and there were also some instances where mid-tier buy-side firms looked to outsource their operations to larger buy-side firms. Whilst these factors resulted in a 3% drop in buy-side revenues during 2015, Fidessa expects that they will reduce during 2016 resulting in an improved performance. During 2015 Fidessa has maintained its buy-side investment, focusing this into specific areas to address particular challenges seen within the industry.

Compliance has always been a key area within the buy-side workflow, and the increasing regulatory focus on buy-side firms means this is becoming an ever-stronger theme. Fidessa's Sentinel portfolio compliance solution is already established as a leading product in helping buy-side firms ensure that they are managing their portfolios correctly against their strict mandates. Recent enhancements include a 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. These additions have helped win new customers for both enterprise and service-based solutions in 2015, and were also recognised by the industry when Sentinel won best buy-side compliance solution at the Compliance Register Platinum Awards, and best compliance product at the Buy-side Technology Awards.

During 2015, Fidessa also delivered against a significant compliance development agreement with a tier-one investment firm. This agreement has seen Sentinel extended into the ‘trading compliance’ space to address the evolving needs of asset managers who are increasingly focused on trading control and operational risk, driven by the cost of unwinding trading errors and the reputational damage caused by adverse publicity associated with poor trading practices. Sentinel Trading Compliance operates at a transaction level, rather than a portfolio level, and can monitor regulations, tax rules and client instructions as trading activity occurs. It also provides a uniform, single, centralised control framework that imposes a consistent approach, regardless of the system being used or the region or asset class involved.

The roll-out of the latest version of Fidessa's Investment Management System continued over the year, with the majority of clients now either upgraded or actively engaged in the process. This version incorporates a range of new tools operating across all stages of workflow, from intelligent modelling to smart order routing and maintains Fidessa's strong position in the centre of the buy-side workflow for larger firms.

With its significant coverage of the post-trade affirmation process on both the buy-side and sell-side, Fidessa is uniquely positioned to drive forward the adoption of new open standards within the industry. In the same way that the FIX standard has transformed the order routing process, Fidessa's Affirmation Management Service (AMS) is looking to do the same in the post-trade space. AMS was launched into production in the second half of 2015 and is already processing thousands of transactions between a number of firms across North America, Europe and Asia. This level of activity is expected to build as more firms use the system to process their post-trade affirmations and as adoption within the buy-side community expands.

The AMS service was also recognised as the best new post-trade solution for buy-side firms at the FTF News Technology Innovation Awards. The service currently supports global equity and fixed income instruments, with further asset classes planned for 2016.

Regulation

The regulatory environment around the world remains complex, with significant amounts of detailed regulation still under discussion and subject to change. However, despite the delays there is an increasing consensus across the markets about the areas that will be affected and the changes that firms will have to make to accommodate them. As this is happening, Fidessa is working closely with its customers to develop a comprehensive programme which will support the new rules and help them maintain their compliance across all regions.

In Europe, despite a level of uncertainty around the rules and the European Commission's proposal for a further one year delay to the MiFID II timeline, Fidessa is seeing market participants press on with their MiFID programmes. Firms have already started to understand the extent of the changes that are likely to be required and are taking advantage of the delay to progress some of these areas. From what Fidessa understands so far, it is clear that MiFID II will have widespread implications for many market participants. Emphasis is being placed across firms on having risk checks at a number of different levels within their workflow along with new requirements around algorithmic trading and algo identification. In addition, across the board, information security is becoming an increasing focus and the EU Network and Information Security (NIS) Directive, which aims at improving national cyber security capabilities, reached political agreement in December 2015. It is clear that firms will remain under increasing pressure to have tighter integration of all their electronic flow for risk and compliance, and to ensure that workflow across all the regulated asset classes is well managed. Despite the delays, liquidity venues are starting to share their upgrade plans for MiFID II, requiring changes from all the firms that connect to them.

In the US, additional compliance continues to be focused mainly around new reporting and functionality requirements associated with the Tick Size Pilot along with initial preparations for the Consolidated Audit Trail (CAT) NMS plan. The Tick Size Pilot, created as a result of the Jumpstart Our Business Startups Act ("JOBS Act"), is a programme aimed at improving liquidity in smaller quoted companies. At the end of 2015 a proposal to move forward with Regulation Automated Trading (RegAT) was unanimously approved by the Commodity Futures Trading Commission (CFTC). Once finalised, RegAT seeks to create a more defined risk and trading regime for all futures contracts traded algorithmically on exchanges in the US.

The Asia Pacific region saw a surge of regulatory scrutiny in 2015, especially around pre-trade risk checks in relation to electronic trading. This is forcing many sell-sides and buy-sides to re-evaluate their existing workflows and risk management, pushing for a more integrated trading infrastructure with centralised risk view and kill-switch functions.

Throughout all regions the increasing focus on regulatory scrutiny and management of risk will put significant pressure on in-house developments, as well as raising the bar for all firms looking to provide solutions to the markets. As this happens, Fidessa expects to benefit as firms look to move away from their in-house developments and identify Fidessa as one of the increasingly few vendors with the scale and infrastructure necessary to handle these compliance demands.

Outlook

Looking into 2016, Fidessa believes the recent movements in the financial markets clearly demonstrate the challenging environment in which its customers are still operating. Despite this, Fidessa still expects that the themes it has seen in 2015 will continue, with more opportunities opening up as its customers position their businesses for the future. Whilst further delays in the introduction of some of the proposed regulatory changes have recently been announced, Fidessa does not believe this will have a significant impact on the opportunities that it sees and believes that the investments it has made during the downturn leaves it well positioned to benefit from these opportunities. The closures and consolidations Fidessa has seen within its customer base during 2015 mean that it is anticipating a higher level of headwind in 2016, and while it expects to see some further closures and consolidations during 2016, Fidessa believes this will reduce as markets stabilise. Despite the increased headwind, Fidessa still expects 2016 constant currency growth to be at a similar level to that which it has seen in 2015 with good single-digit growth in its core equities business and continued double-digit growth in recurring derivatives revenues.

Looking further ahead, Fidessa believes that it is entering a period where opportunity is returning to the markets. Fidessa expects that it will make further strong progress with its multi-asset initiative and believes it is on track to achieve profitability within its derivatives business within the next three years. Fidessa will continue to look at the possibility of extending its asset class coverage further, and will update the market as progress is made. Fidessa believes that across all asset classes, the market is moving towards service-based offerings 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 remains committed to playing an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance, and expects that as markets stabilise this will provide it with significant opportunities for further growth.

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Consolidated income statement

for the year ended 31st December 2015

	Note	**2015**	2014
		£'000	£'000
Revenue	2	**295,479**	275,012
Operating expenses before amortisation of acquired intangibles	3	**(256,351)**	(235,815)
Other operating income		**367**	335
Operating profit before amortisation of acquired intangibles		**39,495**	39,532
Amortisation of acquired intangibles		**(730)**	(730)
Operating profit		**38,765**	38,802
Finance income		**320**	288
Profit before income tax		**39,085**	39,090
Total income tax expense	5	**(9,563)**	(9,960)
Profit for the year attributable to owners		**29,522**	29,130
Basic earnings per share	6	**77.6p**	77.1p
Diluted earnings per share	6	**76.5p**	75.8p

Consolidated statement of comprehensive income

for the year ended 31st December 2015

	2015	2014
	£'000	£'000
Profit for the year from the income statement	**29,522**	29,130
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**1,485**	416
Total comprehensive income for the year	**31,007**	29,546

Consolidated balance sheet

at 31st December 2015

	Note	**2015**	2014
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment		**23,203**	20,401
Intangible assets		**91,283**	89,564
Deferred tax assets		**7,919**	7,813
Other receivables		**2,405**	2,028
Total non-current assets		**124,810**	119,806
Current assets			
Trade and other receivables	8	**71,885**	65,636
Cash and cash equivalents		**78,314**	76,756
Total current assets		**150,199**	142,392
Total assets		**275,009**	262,198
Equity			
Issued capital		**3,827**	3,817
Share premium		**31,825**	31,017
Merger reserve		**17,938**	17,938
Cumulative translation adjustment		**2,465**	980
Retained earnings		**97,395**	97,747
Total equity		**153,450**	151,499
Liabilities			
Non-current liabilities			
Other payables	9	**8,486**	7,382
Provisions		**1,990**	3,141
Deferred tax liabilities		**7,109**	6,284
Total non-current liabilities		**17,585**	16,807
Current liabilities			
Trade and other payables	9	**96,374**	90,855
Provisions		**947**	682
Current income tax liabilities		**6,653**	2,355
Total current liabilities		**103,974**	93,892
Total liabilities		**121,559**	110,699
Total equity and liabilities		**275,009**	262,198

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 2014		3,784	27,921	17,938	564	98,319	148,526
Total comprehensive income for the year							
Profit for the year		-	-	-	-	29,130	29,130
Other comprehensive income		-	-	-	416	-	416
		-	-	-	416	29,130	29,546
Transactions with owners							
Issue of shares – exercise of options		33	3,096	-	-	-	3,129
Employee share incentive charges	3	-	-	-	-	2,605	2,605
Current tax recognised direct to equity		-	-	-	-	1,380	1,380
Deferred tax recognised direct to equity		-	-	-	-	(1,447)	(1,447)
Purchase of shares by employee share trusts		-	-	-	-	(1,017)	(1,017)
Sale of shares by employee share trusts		-	-	-	-	21	21
Dividends paid	7	-	-	-	-	(31,244)	(31,244)
Balances at 1st January 2015		3,817	31,017	17,938	980	97,747	151,499
Total comprehensive income for the year							
Profit for the year		**-**	**-**	**-**	**-**	**29,522**	**29,522**
Other comprehensive income		**-**	**-**	**-**	**1,485**	**-**	**1,485**
		-	**-**	**-**	**1,485**	**29,522**	**31,007**
Transactions with owners							
Issue of shares – exercise of options		**10**	**808**	**-**	**-**	**-**	**818**
Employee share incentive charges	3	**-**	**-**	**-**	**-**	**2,744**	**2,744**
Current tax recognised direct to equity		**-**	**-**	**-**	**-**	**249**	**249**
Deferred tax recognised direct to equity		**-**	**-**	**-**	**-**	**(598)**	**(598)**
Purchase of shares by employee share trusts		**-**	**-**	**-**	**-**	**(630)**	**(630)**
Sale of shares by employee share trusts		**-**	**-**	**-**	**-**	**16**	**16**
Dividends paid	7	**-**	**-**	**-**	**-**	**(31,655)**	**(31,655)**
Balances at 31st December 2015		**3,827**	**31,825**	**17,938**	**2,465**	**97,395**	**153,450**

Consolidated cash flow statement

for the year ended 31st December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit before income tax for the year		**39,085**	39,090
Adjustments for:			
Staff costs – share incentives	3	**2,744**	2,605
Depreciation of property, plant and equipment	3	**10,732**	10,453
Amortisation of product development	3	**27,844**	26,224
Amortisation of acquired intangibles	3	**730**	730
Amortisation of other intangible assets	3	**283**	663
Profit on sale of property, plant and equipment	3	**(5)**	(219)
Finance income		**(320)**	(288)
Cash generated from operations before changes in working capital		**81,093**	79,258
Movement in trade and other receivables		**(6,627)**	6,048
Movement in trade and other payables		**5,889**	(1,046)
Cash generated from operations		**80,355**	84,260
Income tax paid		**(4,895)**	(13,165)
Net cash generated from operating activities		**75,460**	71,095
Cash flows from investing activities			
Purchase of property, plant and equipment		**(13,290)**	(11,398)
Proceeds from sale of property, plant and equipment		**57**	222
Purchase of other intangible assets		**(269)**	(245)
Product development capitalised		**(30,305)**	(27,609)
Interest received on cash and cash equivalents		**320**	288
Net cash used in investing activities		**(43,487)**	(38,742)
Cash flows from financing activities			
Proceeds from shares issued		**818**	3,129
Purchase of shares by employee share trusts		**(630)**	(1,017)
Proceeds from sale of shares by employee share trusts		**16**	21
Dividends paid	7	**(31,655)**	(31,244)
Net cash used in financing activities		**(31,451)**	(29,111)
Net increase in cash and cash equivalents		**522**	3,242
Cash and cash equivalents at 1st January		**76,756**	73,019
Effect of exchange rate fluctuations on cash held		**1,036**	495
Cash and cash equivalents at 31st December		**78,314**	76,756

Notes to the consolidated financial statements

1 Preparation of the preliminary announcement

The preliminary results announcement for the year ended 31st December 2015 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 2015 and 2014 does not constitute statutory accounts and has been extracted from the Company's consolidated accounts for the year to 31st December 2015.

Statutory accounts for 2014 have been delivered to the Registrar of Companies, and those for 2015 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) of the Companies Act 2006.

2 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 customer accounts for more than 5% 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.

For the year ended 31st December 2015	Sell-side	Buy-side	Total
	£'000	£'000	£'000
Recurring revenue	**235,779**	**16,752**	**252,531**
Non-recurring revenue	**37,810**	**5,138**	**42,948**
Total revenue from customers	**273,589**	**21,890**	**295,479**
Inter-business unit revenue	**-**	**6,576**	**6,576**
Operating profit as monitored by the Operating Board	**33,707**	**3,327**	**37,034**

For the year ended 31st December 2014	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 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 reported to the Operating Board to profit before income tax is provided as follows:

	2015	2014
	£'000	£'000
Operating profit as monitored by the Operating Board	**37,034**	38,147
Amortisation of acquired intangibles	**(730)**	(730)
Product development capitalised	**30,305**	27,609
Product development amortised	**(27,844)**	(26,224)
Operating profit	**38,765**	38,802
Finance income	**320**	288
Profit before income tax	**39,085**	39,090

Other segmental disclosures:

	Sell-side	Buy-side	Total
	£'000	£'000	£'000
For the year ended 31st December 2015			
Depreciation of property, plant and equipment	**10,732**	**-**	**10,732**
Amortisation of intangible assets	**23,108**	**5,749**	**28,857**
Balances at 31st December 2015			
Property, plant and equipment	**23,203**	**-**	**23,203**
Intangible assets	**37,351**	**53,932**	**91,283**

	Sell-side	Buy-side	Total
	£'000	£'000	£'000
For the year ended 31st December 2014			
Depreciation of property, plant and equipment	10,453	-	10,453
Amortisation of intangible assets	22,338	5,279	27,617
Balances at 31st December 2014			
Property, plant and equipment	20,401	-	20,401
Intangible assets	35,043	54,521	89,564

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
	£'000	£'000
Europe	**113,960**	114,943
Americas	**124,350**	110,701
Asia	**57,169**	49,368
Total revenue	**295,479**	275,012

3 Operating expenses

	2015	2014
	£'000	£'000
Staff costs – salaries	**128,287**	118,025
Staff costs – social security	**10,390**	10,264
Staff costs – pension	**5,441**	4,843
Staff costs – share incentives	**2,744**	2,605
Staff costs – other benefits	**6,966**	6,115
Total staff costs	**153,828**	141,852
Subcontractors	**2,058**	1,426
Depreciation of property, plant and equipment	**10,732**	10,453
Amortisation of other intangible assets	**283**	663
Capitalisation of product development	**(30,305)**	(27,609)
Amortisation of product development	**27,844**	26,224
Communications and data	**43,145**	38,745
Operating lease rentals – property	**18,382**	17,189
Operating lease rentals – plant and machinery	**80**	83
Profit on sale of property, plant and equipment	**(5)**	(219)
Exchange loss	**1,075**	5
Other operating expenses	**29,234**	27,003
Operating expenses before amortisation of acquired intangibles	**256,351**	235,815
Amortisation of acquired intangibles	**730**	730
Total operating expenses	**257,081**	236,545

4 Staff numbers

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

	2015	2014
	Number	Number
Europe	**851**	804
The Americas	**562**	545
Asia	**328**	309
Total average staff numbers in the year	**1,741**	1,658

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

	2015	2014
	Number	Number
Delivery	**538**	507
Support	**334**	331
Core development and research	**479**	437
Operations	**153**	137
Sales	**60**	69
Marketing	**41**	40
Management and administration	**152**	149
Total staff numbers at 31st December	**1,757**	1,670

5 **Income tax expense**

	2015	2014
	£'000	£'000
Current tax		
Current year domestic tax	**2,376**	2,931
Current year foreign tax	**7,602**	7,915
Adjustments for prior years	**(870)**	(174)
Total current tax	**9,108**	10,672
Deferred tax		
Origination and reversal of temporary differences	**366**	(100)
Adjustments for prior years – tax rate change	**(36)**	(325)
Adjustments for prior years – other	**125**	(287)
Total deferred tax	**455**	(712)
Total income tax in income statement	**9,563**	9,960

	2015	**2015**	2014	2014
		£'000		£'000
Profit before tax		**39,085**		39,090
Income tax using the domestic corporation tax rate	**20.3%**	**7,915**	21.5%	8,404
Effective tax rates in foreign jurisdictions		**3,189**		3,359
Expenses not deductible for tax purposes		**471**		161
Unutilised losses		**451**		-
Tax incentives		**(1,664)**		(1,141)
Non-taxable items		**(18)**		(37)
Adjustment relating to prior years		**(781)**		(786)
Total income tax and effective tax rate for the year	**24.5%**	**9,563**	25.5%	9,960

On 1st April 2015 the UK corporation tax rate reduced from 21% to 20%, resulting in a headline UK corporation tax rate for the year of 20.25%.

Tax recognised direct to equity	2015	2014
	£'000	£'000
Current tax credit relating to equity-settled share incentives	**(249)**	(1,380)
Deferred tax debit relating to equity-settled share incentives	**598**	1,447

6 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 year, details of which are below. The diluted earnings per share have been calculated using an average share price of 2143p (2014: 2330p) for the year.

	2015	2014
	£'000	£'000
Profit attributable to owners	**29,522**	29,130
Amortisation of acquired intangibles net of deferred tax	**584**	582
Profit attributable to owners after adjustments	**30,106**	29,712

	2015	2014
	Number '000	Number '000
Weighted average number of shares in issue	**38,224**	37,988
Weighted average number of shares held by employee share trusts	**(200)**	(182)
Number of shares used to calculate basic earnings per share	**38,024**	37,806
Dilution due to share incentives	**559**	617
Number of shares used to calculate diluted earnings per share	**38,583**	38,423

	2015	2014
	Pence	Pence
Basic earnings per share	**77.6p**	77.1p
Diluted earnings per share	**76.5p**	75.8p
Basic earnings per share on adjustments	**1.6p**	1.5p
Diluted earnings per share on adjustments	**1.5p**	1.5p
Basic earnings per share after adjustments	**79.2p**	78.6p
Diluted earnings per share after adjustments	**78.0p**	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 year to year comparison of performance.

7 **Dividends paid and proposed**

	2015	2014
	£'000	£'000
Declared and paid during the year		
Interim 2015 dividend of 13.1 pence per share (interim 2014 dividend of 13.1 pence per share)	**4,991**	4,960
Final 2014 dividend of 25.0 pence per share (final 2013 dividend of 24.5 pence per share)	**9,523**	9,266
Special 2014 dividend of 45.0 pence per share (special 2013 dividend of 45.0 pence per share)	**17,141**	17,018
	31,655	31,244

The directors propose a final dividend of 25.4 pence per share, amounting to an expected final dividend payment of £9,667,000, and a special dividend of 45.0 pence per share, amounting to an expected special dividend payment of £17,126,000. These will be payable on 10th June 2016 to shareholders on the register at the close of business on 13th May 2016, with an ex-dividend date of 12th May 2016. 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**

	2015	2014
	£'000	£'000
Trade receivables	**60,711**	55,884
Prepayments	**8,892**	7,824
Accrued revenue	**1,328**	1,374
Other receivables	**954**	554
Total trade and other receivables	**71,885**	65,636

9 **Trade and other payables**

Current liabilities	**2015**	2014
	£'000	£'000
Trade payables	**4,615**	4,037
Accrued expenses	**29,766**	30,485
Other liabilities	**2,436**	2,416
Deferred revenue	**54,646**	50,006
Other taxes and social security	**4,911**	3,911
Total current trade and other payables	**96,374**	90,855

Non-current liabilities	**2015**	2014
	£'000	£'000
Accrued expenses	**698**	346
Other liabilities	**7,788**	7,036
Total non-current trade and other payables	**8,486**	7,382