Fidessa group plc
Interim results for the period ended 30th June 2010

2nd August 2010

Fidessa reports good growth in uncertain markets

	2010	2009	Change
Revenue	**£128.5m**	**£116.0m**	**+11%**
Adjusted operating profit[1]	**£19.5m**	**£15.7m**	**+24%**
Operating profit	**£17.3m**	**£12.6m**	**+37%**
Adjusted pre-tax profit[1]	**£19.5m**	**£15.8m**	**+23%**
Pre-tax profit	**£19.5m**	**£12.7m**	**+54%**
Adjusted diluted earnings per share[1]	**36.5p**	**29.7p**	**+23%**
Diluted earnings per share	**38.0p**	**23.2p**	**+64%**
Interim dividend per share	**11.0p**	**10.0p**	**+10%**
Cash	**£39.8m**	**£25.0m**	**+59%**

[1]Adjusted where relevant to remove the effect of Touchpaper gains, acquisition intangibles amortisation and notional interest charge
Constant currency growth rates for revenue and operating profit were identical to the absolute growth rates

Highlights for the period ended 30th June 2010:

- Revenue up 11% with 81% recurring.
- Strong progress in Asia and first substantial sale into Middle East market.
- Adjusted operating profit up 24% on higher margin.
- Cash of £39.8m after payment of £14.2m special dividend.
- Customer numbers, user numbers and transaction volumes continuing to grow.

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

"**Fidessa** has delivered good growth for the first half of 2010 with progress across all regions, despite the uncertainty remaining within the financial markets. This has included a strong performance from our business in Asia and our first substantial deal in the Middle East region. Whilst the markets have been more stable during the first half of 2010, there is still significant uncertainty with regard to both the macroeconomic environment and the impact of regulation on the market. In some areas this uncertainty is creating opportunities, where the breadth of the **Fidessa** product set gives our customers the flexibility to respond rapidly to changing market conditions and makes **Fidessa** a key strategic partner across their business. However, there are also areas, particularly within smaller firms, where the uncertainty is causing them to delay before committing resources to develop their business. It is mainly within these smaller firms that we are also seeing a level of consolidation and restructuring, which has continued at similar levels to that which we saw in the second half of 2009 and we expect it will continue to be a feature of the market for some time. Overall, our ability to help our customers take advantage of new business opportunities, whilst also helping them to control their costs, has enabled us to deliver good growth for the first half. The strength of our business has been reflected in a number of key metrics, including an increase of over 20% in the volume of transactions going through our network, and has also been reflected in our cash balance which has reached £39.8 million (£25.0 million at 30th June 2009) after paying a special dividend of 40 pence per share (£14.2 million)."

Commenting on current trading, Chris Aspinwall, continued:

"Looking ahead, we believe the market will remain difficult to predict for some time to come and it is unlikely that we will know the true nature of the economic situation, or of prospective government regulation, during this year. Despite this, we are confident that we can deliver good growth for 2010 as a whole although, as previously stated, we do not believe that the overall rate of growth will be as high as that seen during 2009. Due to the current difficulty in predicting the market, we are continuing to adopt a more cautious approach and are maintaining a higher level of cost control to provide an additional level of contingency.

Looking further ahead, we believe that **Fidessa** will continue to play an important role in providing the solutions the industry needs at all levels within the community. We expect that as the markets develop, this will result in further significant growth opportunities and we will maintain our strategy of investment in the business to bring the right solutions to our customers across all the regions in which we operate."

Financial Summary

For the six months to 30th June 2010 good growth in revenue has been achieved, up 11% to £128.5 million, from £116.0 million for the same period last year. The growth in recurring and non-recurring revenue was consistent so recurring revenue continues to represent 81% of total revenue, being £103.8 million (2009: £93.9 million). The deferred revenue in the balance sheet at the end of June was £43.9 million (£47.7 million at 31st December 2009, £38.1 million at 30th June 2009). The decrease in deferred revenue during 2010 results from a change in the timing of billing for data services.

There continues to be some impact from insolvencies, consolidation and cost cutting across the sector and in the absence of these events the growth rate could have been at least eight percentage points higher. The frequency of these events has slowed from the peak and during the period it has been at a similar rate to that seen in the second half of 2009.

Looking at the breakdown of recurring revenue across our areas of focus, indicative values for the first six months are that £65 million (2009: £59 million) arose from sell-side trading, £7 million (2009: £7 million) from buy-side trading, £20 million (2009: £18 million) from connectivity and £12 million (2009: £10 million) from market data.

Strong growth in EBITDA (earnings before interest, tax, depreciation and amortisation and adjusted for capitalised product development) and operating profit has been achieved. EBITDA has increased by 22% to £24.7 million (2009: £20.2 million), representing an EBITDA margin of 19.2% (2009: 17.4%). The adjusted operating profit was up 24% to £19.5 million (2009: £15.7 million). This represents an operating margin of 15.2%, up from 13.5% in the first half of 2009 and consistent with that achieved for the whole of 2009. The adjusted operating profit has been measured before the amortisation of acquired intangibles. The unadjusted operating profit was up 37% to £17.3 million (2009: £12.6 million). Staff numbers have increased in the period but at a slower rate than the revenue growth. The average headcount for the period was 1,504, up 6% from 1,420 for the same period in 2009.

Currency movements had minimal effect on these results and the constant currency growth rates for revenue and operating profit were identical to the absolute growth rates reported.

In 2008 the disposal of the investment in Touchpaper resulted in a material one-off gain. The disposal incorporated retentions for potential claims against indemnities and warranties in the sale agreement. The period for such claims has expired without any material claims being received and results in a gain of £2.1 million in the period.

The underlying tax rate was 33.1%, being a small improvement from the 33.3% for the whole of 2009. This measure excludes the effect of the Touchpaper gains, which are non-taxable. The effective tax rate including these gains is 29.6% compared to 32.2% for the 2009 year.

Diluted earnings per share, adjusted to exclude the amortisation of acquisition intangibles, Touchpaper gains and notional interest charge, was 36.5 pence for the period, an increase of 23% from 29.7 pence for the first half of 2009. The directors believe this measure of earnings per share provides a better indication of the underlying performance of the business. The unadjusted diluted earnings per share was up 64% at 38.0 pence (2009: 23.2 pence).

The business continues to be strongly cash generative, closing the period with a cash balance of £39.8 million and no debt. This is a step back from the £45.5 million balance at the end of 2009 as a result of dividend payments of £21.3 million during the period. The cash generation in the period was helped by strong collections and relatively low capital expenditure. As previously reported, the market conditions had impacted cash collections and the improving trend seen in the latter part of last year has continued through the period. The net cash generated from operating activities was £25.4 million, representing an operating cash conversion rate of 146%.

The interim dividend has been increased by 10% to 11.0 pence and will be paid on 27th September 2010 to shareholders on the register at the close of business on 27th August 2010, with an ex-dividend date of 25th August 2010.

Market Review[1]

Introduction

Whilst the stability of the markets has improved considerably from the situation during the financial crisis, the current conditions mean they are still very difficult to predict. Negative news flow surrounding debt levels across Europe and North America and a rapid switch from fiscal stimulus to austerity measures across a wide economic area are all without precedent and make the future direction of the markets unpredictable. In addition, whilst regulation has been talked about at length and some legislation has been approved, very little has come into effect and the shape of actual regulations and the timing of their introduction is still very unclear. As a result there is a general level of uncertainty across **Fidessa**'s customer base, particularly within smaller firms, and it is expected that conditions will be more volatile than normal with the potential for rapid swings in sentiment. The first half of 2010 has also seen further consolidation and restructuring of firms within the financial markets, which has continued at a similar level to that which we saw in the second half of 2009 and is expected to be a continuing feature of the markets whilst conditions remain unpredictable.

1The Market Review addresses the structure of the marketplace and therefore differs from the segment reporting which reflects the structure of the business operations focused on the method of delivery to the marketplace.

Despite this economic backdrop, **Fidessa** has continued to make good progress in the first half of 2010 as customers have looked at how best to position their business whilst also controlling their operating costs. In particular, there have been growing opportunities in the new regions, especially Asia and Latin America, where customers believe that these regions will provide long-term opportunities and can provide a hedge against potential volatility in the primary markets. **Fidessa** has also made progress in the Middle East with the signing as a customer of Saudi Arabia's NCB Capital, the investment banking arm of National Commercial Bank, the largest bank in Saudi Arabia. This represents the first substantial deal **Fidessa** has signed with a local client in this region. Throughout the business there has also been growing use of **Fidessa**'s derivatives capability, an on-going shift towards electronic trading and a continued increase in the fragmentation of liquidity. The number of customers using **Fidessa**'s services has continued to increase with almost 900 customers taking solutions from **Fidessa** with nearly 26,000 users.

As some of **Fidessa**'s services mature into valuable assets, opportunities are also developing to leverage them in combination with other services. For example, the comprehensive connectivity network when taken in tandem with the electronic trading components and integrated market data forms a compelling proposition for many firms enabling them to quickly develop a successful electronic business.

Looking ahead, it seems clear that the pressure for new integrated cross asset class services, combined with increased compliance requirements and higher levels of global trading, will continue to grow. **Fidessa** believes that the range of services it can provide in these areas is unique, so that despite the short-term uncertainty in the market, it is well positioned for long-term growth.

Buy-side Trading

During the first half of 2010 the markets have remained challenging for many buy-side firms with an unpredictable investment climate. There has, however, been a gentle improvement in sentiment and an expectation of more favourable market conditions. A number of **Fidessa**'s larger customers are therefore looking for long-term strategic relationships which can deliver cost effective, cross asset solutions. Broadening the scope of the relationship and implementing cross asset solutions in this way both increases the effectiveness of the end solution whilst also significantly reducing the total cost of ownership. This trend has resulted in increased demand for upgrades within our client base as well as the development of closer relationships between **Fidessa** and a number of its larger buy-side customers.

There is anticipation of additional regulation of the financial markets across the buy-side with potential impact from the financial reform act in the US and UCITS IV in Europe. This has generated increased interest across all regions for solutions to assist with compliance and operational control, particularly in structured audit of the trading workflow and fund composition. Compliance is an area in which **Fidessa** has continued to make progress and, in addition to sales in its main regions, has also achieved the first sale of its Sentinel compliance product in the Japanese market.

The focus on total cost of ownership has also driven buy-side firms to consider outsourced solutions as an alternative to owning and operating their own technology. At the end of 2009 **Fidessa** launched LatentZero as a Service, giving customers the opportunity to access a comprehensive workflow solution at a very attractive price. The solution leverages the infrastructure, data centres, network and high quality data services that **Fidessa** already has in place for its sell-side operations. Since its launch, this pioneering new service has attracted considerable interest and during the first half of 2010 **Fidessa** secured its first customer for this service. **Fidessa** is now focusing on the successful delivery of the service into a full production environment and is expecting to sign further customers for it.

The **Fidessa** execution management workstation (EMS), which provides order routing and execution tools for non-member firms to trade financial markets, has continued to expand with the addition of new functionality and new customers. In particular, the addition of program trading functionality and improved Asian data coverage has made the EMS product applicable to a wider audience, with 25 customers added during the first half.

Global Connectivity

Fidessa's connectivity service provides a vital tool for participants in the world's financial markets, connecting buy-side investment firms to sell-side brokers, brokers to global markets and providing a range of other connectivity tools in support of the trading process. Instant communication of electronic order flow is an imperative of today's trading and the desire of firms to embrace global strategies, as well as the on-going fragmentation of liquidity across multiple venues, mean that a fast, reliable, comprehensive connectivity service is a key requirement.

Despite the challenging economic environment, the **Fidessa** community has continued to grow with more firms joining the connectivity network and more transactions taking place across it. **Fidessa** now supports around 12,000 connections across the network and in the first six months of this year, activity has increased by over 20%. The total value of business transacted across the network has also risen to around $700 billion per month. Advanced trading strategies such as algorithmic and high frequency trading have also helped drive network activity, as well as increase demand for the fastest trading links.

Although already providing a global footprint to clients, new alternative venues are always appearing and interest in emerging regions continues to grow. As such, **Fidessa** has continued to expand its network coverage both for more established regions and for emerging markets. In 2010, new venues and brokers have been added across North and South America as well as across India, South East Asia and Japan. In total the number of broker connections across the network actively handling Asian order flow has increased by almost 30%. In support of this expansion, and the geographic broadening of the client base generally, **Fidessa** continues to invest in its network infrastructure and has opened its latest network hub in Singapore. For the first time, alternative trading venues are appearing in new regions, such as Asia. This further fuels the need for broader market connectivity in these regions as orders are routed through to the right destination in order to achieve the best price.

As well as providing access to traditional equity markets, the **Fidessa** connectivity network also supports other exchanges and instrument asset classes. In the US an increasing number of brokers are joining the network to receive derivatives flow such as US equity options, and the interest in trading derivatives contracts within the **Fidessa** community continues to increase.

Alongside comprehensive connectivity comes the need for fast and accurate market data, and **Fidessa** has continued to expand its capabilities in this area. New markets and data sets are always being added and the technology upgraded as data volumes increase. With global data collection "ticker plants" located in key financial centres, the power and sophistication of the data service **Fidessa** can now offer has made it a valuable asset in its own right. In 2010 **Fidessa** signed its first pure data-feed client, taking a data only solution which they then process for themselves. This clearly demonstrates the independent value that **Fidessa**'s investment in data collection can provide.

Fidessa's connectivity and data services remain key and integrated parts of the total solution that **Fidessa** offers the community, as well as being standalone services in their own right. The value of this **Fidessa** community is now clearly evident, with an increasing number of firms now connected so that they can receive the order flow available, or get fast, resilient access to the entire global financial marketplace from one place.

Sell-side Trading

Fidessa has continued to make good progress with its sell-side offerings during the first half of 2010 as customers have looked to develop new services and expand into new niches. Demand has been split, with many smaller firms looking to focus on providing specialised services and reduce costs whilst larger firms have been expanding into new regions and driving their electronic trading capability. The regional expansion has particularly focused on Asia and Latin America, which have looked more attractive against the backdrop of uncertain economic conditions in Europe and the US. Demand has also been increasing in Canada where recent developments have allowed the market to adopt some of the sophisticated trading tools traditionally seen in the US markets. **Fidessa** has responded to these opportunities by developing and enhancing its market connectivity and broker network coverage, as well as extending its trading and compliance functionality. **Fidessa** has also opened a point of presence in Singapore giving trading firms in this country direct, high speed access to its network and is planning to open data centres to support the Canadian market in the second half of 2010. These developments are allowing **Fidessa** to provide a more functionally rich and complete solution to its clients across both the new and existing regions.

With the successful introduction of arrowhead in Japan (the new central market system operated by the Tokyo Stock Exchange) and the performance benefits this has brought, demand has increased for electronic trading solutions which can take advantage of the speeds of the new service. This includes new requirements for high frequency trading where extremely fast (low latency) trading systems are required. The advanced architecture of **Fidessa**'s trading products makes them ideal for this kind of requirement and **Fidessa** is already providing a high frequency trading system operating at the leading edge of the ultra low latency industry metrics.

As well as the demand for high frequency trading, there is also a growing requirement for complete electronic trading solutions. This requires the combination of high speed trading functionality, world class connectivity and integrated market data. With a complete set of solutions, this is another area where **Fidessa** is ideally placed to provide a fully integrated solution. **Fidessa**'s connectivity network is already one of the most comprehensive in the world and during the first half **Fidessa** has invested in an advanced connectivity portal which enables trading firms to control and manage their own connections across **Fidessa**'s network. When combined with the latest versions of **Fidessa** BlueBox (**Fidessa**'s algorithmic trading solution) and **Fidessa**'s full DMA trading capability, this provides a unique solution in this important and growing area of the market.

Whilst it is widely expected that significant new regulation will be introduced following the financial turmoil in 2008, it is still unknown exactly what the nature of this regulation will be. Nevertheless a number of **Fidessa**'s customers are moving quickly to ensure that they are covering some of the key areas that are likely to be of concern. One specific example of this is in the area of market abuse, where firms need to be able to monitor trading activity to ensure that potentially suspect transactions can be identified and investigated quickly. This is a natural extension to some of the services that **Fidessa** already provides, particularly **Fidessa**'s compliance solution for MiFiD and

RegNMS which involve bringing together a number of **Fidessa**'s unique assets to provide an overall best of breed compliance monitoring solution.

The extension of **Fidessa**'s asset class support to include derivatives remains a key objective. During the first half this has continued to develop with over 25 customers now signed to make use of **Fidessa**'s support for derivatives markets. During the coming years it is expected that regulation will lead to more control over derivatives trading, and this is likely to result in more of the trading in these instruments moving on exchange. It is anticipated that this trend will increase demand for **Fidessa**'s services in this area and **Fidessa** plans to continue its investment in derivatives support.

Fidessa expects that many of the key drivers seen during the first half will continue throughout 2010, with the focus on regional expansion, advanced trading tools, continued fragmentation and multi-asset class support. It is also expected that competition between execution venues will continue to drive development of the core exchange platforms and a number of major upgrades are planned, including an upgrade of the London Stock Exchange's TradElect system to a new MillenniumIT platform. As these develop **Fidessa** expects to see further opportunities for expansion and requirements for new products across its customer base.

First Half Important Events

During the first half of 2010 the key event in the Group's development has been the implementation of the Group's business plan against the background of uncertainty in the world's financial markets. The unpredictable nature of the markets has increased the level of risk faced by the Group compared to prior years. Despite this environment, the Group has continued to deliver good growth through focus on market requirements, delivering lower cost of ownership whilst still allowing customers to maintain their position in the market. In particular, the Group has provided solutions allowing its customers to participate within the more fragmented liquidity environment, increase their connectivity to electronic trading flows and develop their operations within new regions.

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

Risk Factors

As with all businesses, the Group is affected by certain risks, not wholly within its control, which could have a material impact on the Group's performance and could cause actual results to differ materially from forecast and historic results.

The principal risks and uncertainties facing the Group include: the current state of the world's financial markets, regulatory issues affecting **Fidessa** and/or its customers, customers' financial stability and ability to pay, M&A activity within the customer base and within the technology sector, dependence on **Fidessa**'s core technology, competition, levels of operational spending versus revenue, other economic and market conditions, volatile exchange rates, continued service of executive directors and senior managers, hiring and retention of qualified personnel, product errors or defects, lawsuits and intellectual property claims.

In addition to the foregoing, the primary risk and uncertainty related to the Group's performance for 2010 is the challenging macroeconomic environment caused by the global financial crisis, which could have a material impact on the Group's performance over the year and could cause actual results to differ materially from expected and historical results. A continued downturn in buy-side trading or in company market valuations, or an increase in discount rates, could result in an impairment to the carrying value of goodwill from the **LatentZero** acquisition.

Outlook

Fidessa believes that the market will remain difficult to predict for some time to come and it is unlikely that the true nature of the economic situation, or of prospective government regulation, will be known this year. Despite this, **Fidessa** is confident that it can deliver good growth for 2010 as a whole although, as previously stated, it does not believe that the overall rate of growth will be as high as that seen during 2009. Due to the current difficulty in predicting the market, **Fidessa** is continuing to adopt a more cautious approach and is maintaining a higher level of cost control to provide an additional level of contingency.

Looking further ahead, **Fidessa** believes that it will continue to play an important role in providing the solutions the industry needs at all levels within the community. As the markets develop **Fidessa** expects that this will result in further significant growth opportunities and it will maintain its strategy of investment in the business to bring the right solutions to its customers across all the regions in which it operates.

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Condensed Consolidated Interim Income Statement

for the six months ended 30th June 2010

	Note	2010 6 months to 30th June unaudited £'000	2009 6 months to 30th June unaudited £'000	2009 12 months to 31st December audited £'000
Revenue	5	**128,460**	116,049	238,506
Operating expenses before amortisation of acquisition intangibles	6	**(109,162)**	(100,560)	(202,885)
Other operating income		**194**	194	388
Operating profit before amortisation of acquisition intangibles		**19,492**	15,683	36,009
Amortisation of acquisition intangibles		**(2,151)**	(3,037)	(6,074)
Operating profit		**17,341**	12,646	29,935
Finance income – bank and other		**50**	139	233
Finance income – gain from Touchpaper	13	**2,098**	-	976
Total finance income	7	**2,148**	139	1,209
Finance cost – notional interest on contingent consideration		**-**	(131)	(131)
Profit before income tax		**19,489**	12,654	31,013
Income tax expense	8	**(5,760)**	(4,456)	(10,001)
Profit for the period attributable to owners of the Company		**13,729**	8,198	21,012
Basic earnings per share	9	**38.6p**	23.5p	59.8p
Diluted earnings per share	9	**38.0p**	23.2p	58.9p

Condensed Consolidated Interim Statement of Comprehensive Income

for the six months ended 30th June 2010

	2010 6 months to 30th June unaudited £'000	2009 6 months to 30th June unaudited £'000	2009 12 months to 31st December audited £'000
Profit for the period from the income statement	**13,729**	8,198	21,012
Currency translation adjustments	**2,450**	(3,423)	(2,418)
Total comprehensive income for the period	**16,179**	4,775	18,594

Condensed Consolidated Interim Balance Sheet
as at 30th June 2010

	Note	2010 30th June unaudited £'000	2009 30th June unaudited £'000	2009 31st December audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**27,066**	30,632	29,478
Intangible assets		**77,404**	76,312	78,158
Deferred tax assets		**6,277**	3,547	5,046
Total non-current assets		**110,747**	110,491	112,682
Current assets				
Trade and other receivables	11	**70,111**	63,109	71,418
Income tax receivable		**357**	131	1,443
Cash and cash equivalents		**39,813**	25,001	45,475
Total current assets		**110,281**	88,241	118,336
Total assets		**221,028**	198,732	231,018
Equity				
Issued capital		**3,601**	3,572	3,581
Share premium		**19,041**	17,755	18,219
Merger reserve		**17,938**	17,938	17,938
Cumulative translation adjustment		**3,972**	517	1,522
Retained earnings		**76,948**	71,823	82,055
Total equity		**121,500**	111,605	123,315
Liabilities				
Non-current liabilities				
Other payables	12	**8,420**	478	9,132
Deferred tax liabilities		**4,425**	6,596	5,496
Total non-current liabilities		**12,845**	7,074	14,628
Current liabilities				
Trade and other payables	12	**81,007**	77,824	87,081
Current income tax liabilities		**5,676**	2,229	5,994
Total current liabilities		**86,683**	80,053	93,075
Total liabilities		**99,528**	87,127	107,703
Total equity and liabilities		**221,028**	198,732	231,018

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
Balance at 1st January 2009 (audited)		3,517	17,020	13,947	3,940	65,863	104,287
Profit for the period		-	-	-	-	8,198	8,198
Other comprehensive income for the period		-	-	-	(3,423)	-	(3,423)
Total comprehensive income for the period		-	-	-	(3,423)	8,198	4,775
Issue of shares - acquisition		36	-	3,991	-	-	4,027
Issue of shares - exercise of options		19	735	-	-	-	754
Employee share incentive charges	6	-	-	-	-	624	624
Current tax recognised direct to equity		-	-	-	-	1,049	1,049
Deferred tax recognised direct to equity		-	-	-	-	1,823	1,823
Sale of own shares by employee share trust		-	-	-	-	254	254
Dividend paid	10	-	-	-	-	(5,988)	(5,988)
Balance at 30th June 2009 (unaudited)		3,572	17,755	17,938	517	71,823	111,605
Profit for the period		-	-	-	-	12,814	12,814
Other comprehensive income for the period		-	-	-	1,005	-	1,005
Total comprehensive income for the period		-	-	-	1,005	12,814	13,819
Issue of shares - exercise of options		9	464	-	-	-	473
Employee share incentive charges	6	-	-	-	-	661	661
Current tax recognised direct to equity		-	-	-	-	(540)	(540)
Deferred tax recognised direct to equity		-	-	-	-	1,062	1,062
Purchase of own shares by employee share trust		-	-	-	-	(465)	(465)
Sale of own shares by employee share trust		-	-	-	-	243	243
Dividend paid	10	-	-	-	-	(3,543)	(3,543)
Balance at 31st December 2009 (audited)		3,581	18,219	17,938	1,522	82,055	123,315
Profit for the period		**-**	**-**	**-**	**-**	**13,729**	**13,729**
Other comprehensive income for the period		**-**	**-**	**-**	**2,450**	**-**	**2,450**
Total comprehensive income for the period		**-**	**-**	**-**	**2,450**	**13,729**	**16,179**
Issue of shares - exercise of options		**20**	**822**	**-**	**-**	**-**	**842**
Employee share incentive charges	6	**-**	**-**	**-**	**-**	**839**	**839**
Current tax recognised direct to equity		**-**	**-**	**-**	**-**	**561**	**561**
Deferred tax recognised direct to equity		**-**	**-**	**-**	**-**	**780**	**780**
Sale of own shares by employee share trust		**-**	**-**	**-**	**-**	**313**	**313**
Dividend paid	10	**-**	**-**	**-**	**-**	**(21,329)**	**(21,329)**
Balance at 30th June 2010 (unaudited)		**3,601**	**19,041**	**17,938**	**3,972**	**76,948**	**121,500**

Condensed Consolidated Interim Cash Flow Statement

for the six months ended 30th June 2010

	Note	2010 6 months to 30th June unaudited £'000	2009 6 months to 30th June unaudited £'000	2009 12 months to 31st December audited £'000
Cash flows from operating activities				
Profit before income tax		**19,489**	12,654	31,013
Adjustments for:				
Staff costs – share incentives	6	**839**	624	1,285
Depreciation of property, plant and equipment	6	**6,439**	6,398	12,744
Amortisation of product development	6	**7,526**	6,223	11,317
Amortisation of acquisition intangibles	6	**2,151**	3,037	6,074
Amortisation of other intangible assets	6	**655**	599	1,490
Loss on sale of property, plant and equipment	6	**-**	66	20
Finance cost		**-**	131	131
Finance income		**(2,148)**	(139)	(1,209)
Cash generated from operations before changes in working capital		**34,951**	29,593	62,865
Movement in trade and other receivables		**3,876**	(6,610)	(13,937)
Movement in trade and other payables		**(7,827)**	2,522	20,188
Cash generated from operations		**31,000**	25,505	69,116
Income tax paid		**(5,605)**	(3,966)	(8,854)
Net cash generated from operating activities		**25,395**	21,539	60,262
Cash flows from investing activities				
Acquisition of LatentZero		**-**	(6,597)	(6,597)
Purchase of property, plant and equipment		**(3,058)**	(7,663)	(12,440)
Proceeds from sale of property, plant and equipment		**-**	-	69
Purchase of other intangible assets		**(167)**	(387)	(1,807)
Product development capitalised	6	**(9,405)**	(8,669)	(18,100)
Interest received on cash and cash equivalents		**50**	139	230
Proceeds from sale of Touchpaper ordinary and preferred ordinary shares	13	**-**	346	346
Net cash used in investing activities		**(12,580)**	(22,831)	(38,299)
Cash flows from financing activities				
Proceeds from shares issued		**842**	754	1,224
Purchase of own shares by employee share trust		**-**	-	(465)
Proceeds from sale of own shares by employee share trust		**313**	254	497
Dividends paid	10	**(21,329)**	(5,988)	(9,531)
Net cash used in financing activities		**(20,174)**	(4,980)	(8,275)
Net (decrease) / increase in cash and cash equivalents		**(7,359)**	(6,272)	13,688
Cash and cash equivalents at 1st January		**45,475**	33,146	33,146
Effect of exchange rate fluctuations on cash held		**1,697**	(1,873)	(1,359)
Cash and cash equivalents at end of period		**39,813**	25,001	45,475

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 2010 comprise the Company and its subsidiaries (together the "Group"). These condensed consolidated interim financial statements are presented in pounds sterling, rounded to the nearest thousand.

The comparative figures for the financial year ended 31st December 2009 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31st December 2009 are available upon request from the Company's registered office at Dukes Court, Duke Street, Woking, Surrey GU21 5BH or at www.fidessa.com.

These condensed consolidated interim financial statements are unaudited but have been reviewed by KPMG Audit Plc and their report is set out below.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services 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 2009.

The condensed consolidated interim financial statements were approved by the Board of Directors on 30th July 2010.

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 2009, except as noted below:

In the current financial year, the Group has adopted IFRS 3 (Revised 2008) *Business Combinations* and IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* as required, and will apply these principles throughout the year. Adoption of these standards did not have any significant effect on the financial position or performance of the Group.

4. Estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results 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 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 2009.

5. Segment reporting

The Market Review accompanying these condensed consolidated interim financial statements reports on the marketplace that **Fidessa** addresses and therefore the sub-headings within that section of the report reflect the structure of the marketplace. The segment reporting reflects the structure of the business operations which are focused on the method of delivery to the marketplace.

The business is structured into three business units: Enterprise, Hosted and Buy-side. Shared and support services such as core product development, office costs and overhead functions, are controlled and monitored centrally. The primary management and performance monitoring is undertaken by the Operating Board which comprises the heads of the business units and global functional heads.

The Enterprise business unit is focused on providing tailored solutions for large sell-side customers, packaging and integrating our products, services and consultancy and working with our customers to deliver a complete solution. The Hosted business unit is focused on the software as a service (SaaS) delivery model allowing rapid deployment of complex workflow across a wide sell-side customer base. The Buy-side business unit is focused on providing tailored solutions for large buy-side customers, packaging and integrating our products, services and consultancy and working with our customers to deliver a complete solution. All segments leverage our products in the areas of connectivity and market data across our sell-side and buy-side customer base. The Hosted business unit has responsibility for the provision of the connectivity and market data services. The inter-business unit revenue relates to the provision of the connectivity and market data services and the provision of components of the hosted service for implementation to enterprise customers.

Revenue and direct costs are reported by business unit to present a profit contribution for each unit, such revenue and costs being measured and reported to the Operating Board. The Operating Board monitors overall operating profit excluding amortisation of acquisition intangibles and product development capitalisation and amortisation, which is not an IFRS measure. Finance income, finance costs, assets and liabilities are not reported by business unit.

	Enterprise	Hosted	Buy-side	Total
	£'000	£'000	£'000	£'000
For the six months to 30th June 2010 (unaudited)				
Recurring revenue	**31,019**	**65,667**	**7,106**	**103,792**
Non-recurring revenue	**18,921**	**2,243**	**3,504**	**24,668**
Total revenue from external customers	**49,940**	**67,910**	**10,610**	**128,460**
Inter-business unit revenue	**-**	**7,738**	**1,007**	**8,745**
Business unit profit contribution	**29,867**	**26,030**	**4,032**	**59,929**
For the six months to 30th June 2009 (unaudited)				
Recurring revenue	30,437	56,282	7,203	93,922
Non-recurring revenue	15,276	2,675	4,176	22,127
Total revenue from external customers	45,713	58,957	11,379	116,049
Inter-business unit revenue	-	5,706	691	6,397
Business unit profit contribution	29,568	20,395	3,537	53,500
For the 12 months to 31st December 2009 (audited)				
Recurring revenue	61,117	118,368	14,450	193,935
Non-recurring revenue	31,124	5,534	7,913	44,571
Total revenue from external customers	92,241	123,902	22,363	238,506
Inter-business unit revenue	-	11,426	1,656	13,082
Business unit profit contribution	59,286	43,654	6,882	109,822

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

	6 months to 30th June 2010 unaudited £'000	6 months to 30th June 2009 unaudited £'000	12 months to 31st December 2009 audited £'000
Business unit profit contribution	**59,929**	53,500	109,822
Core product development	**(11,594)**	(10,391)	(20,874)
Central staff costs	**(14,246)**	(13,093)	(27,079)
Building costs	**(9,364)**	(9,377)	(19,355)
Other unallocated costs	**(7,112)**	(7,402)	(13,288)
Operating profit as monitored by the Operating Board	**17,613**	13,237	29,226
Amortisation of acquisition intangibles	**(2,151)**	(3,037)	(6,074)
Capitalisation of product development	**9,405**	8,669	18,100
Amortisation of product development	**(7,526)**	(6,223)	(11,317)
Operating profit in the income statement	**17,341**	12,646	29,935
Finance income	**2,148**	139	1,209
Finance cost	**-**	(131)	(131)
Profit before income tax in the income statement	**19,489**	12,654	31,013

6. Operating expenses

	6 months to 30th June 2010 unaudited £'000	6 months to 30th June 2009 unaudited £'000	12 months to 31st December 2009 audited £'000
Staff costs – salaries	**53,864**	49,929	100,537
Staff costs – social security	**5,434**	5,069	9,701
Staff costs – pension	**980**	771	1,675
Staff costs – share incentives	**839**	624	1,285
Total staff costs	**61,117**	56,393	113,198
Amounts payable to subcontractors	**1,490**	2,289	4,310
Depreciation of property, plant and equipment	**6,439**	6,398	12,744
Amortisation of other intangible assets	**655**	599	1,490
Capitalisation of product development	**(9,405)**	(8,669)	(18,100)
Amortisation of product development	**7,526**	6,223	11,317
Communications and data	**18,366**	16,684	36,402
Operating lease rentals – property	**7,613**	6,491	13,843
Operating lease rentals – plant and machinery	**16**	14	33
Loss on sale of property, plant and equipment	**-**	66	20
Exchange (gain)/loss	**(194)**	1,154	919
Other operating expenses	**15,539**	12,918	26,709
Operating expenses before amortisation of acquisition intangibles	**109,162**	100,560	202,885
Amortisation of acquisition intangibles	**2,151**	3,037	6,074
Total operating expenses	**111,313**	103,597	208,959

7. Finance income

	6 months to 30th June 2010 unaudited £'000	6 months to 30th June 2009 unaudited £'000	12 months to 31st December 2009 audited £'000
Interest receivable on cash and cash equivalents	**50**	106	148
Other interest receivable	**-**	33	85
Sale of Touchpaper ordinary and preferred ordinary shares	**2,098**	-	976
Total finance income	**2,148**	139	1,209

8. Income tax expense

The charge for tax for the six months ended 30th June 2010 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 ended 30th June 2010 is £5.8 million (six months ended 30th June 2009: £4.5 million). The tax charge includes an overseas charge of £3.4 million (six months ended 30th June 2009: £2.7 million). The tax charge equates to an effective tax rate of 29.6% (for six months to 30th June 2009: 35.2%, for 12 months to 31st December 2009: 32.2%).

9. Earnings per share

Earnings per share have been calculated by dividing profit attributable to owners of the Company by the weighted average number of shares in issue during the period, details of which are below. The diluted earnings per share have been calculated using an average share price of 1332p (for six months to 30th June 2009 861p, for 12 months to 31st December 2009 1017p).

	6 months to 30th June 2010 unaudited £'000	6 months to 30th June 2009 unaudited £'000	12 months to 31st December 2009 audited £'000
Profit attributable to owners of the Company	**13,729**	8,198	21,012
Add amortisation of acquisition intangibles net of deferred tax	**1,549**	2,187	4,373
Add notional interest on contingent consideration	**-**	131	131
Less gains relating to Touchpaper	**(2,098)**	-	(976)
Profit attributable to owners of the Company after adjustments	**13,180**	10,516	24,540

	6 months to 30th June 2010 unaudited Number '000	6 months to 30th June 2009 unaudited Number '000	12 months to 31st December 2009 audited Number '000
Weighted average number of shares in issue	**35,902**	35,387	35,573
Weighted average number of shares held by the employee share trusts	**(344)**	(481)	(423)
Shares used to calculate basic earnings per share	**35,558**	34,906	35,150
Dilution due to share incentives	**536**	462	538
Shares used to calculate diluted earnings per share	**36,094**	35,368	35,688
Basic earnings per share	**38.6p**	23.5p	59.8p
Diluted earnings per share	**38.0p**	23.2p	58.9p
Basic earnings per share on adjustments	**(1.5)p**	6.6p	10.0p
Diluted earnings per share on adjustments	**(1.5)p**	6.5p	9.8p
Basic earnings per share after adjustments	**37.1p**	30.1p	69.8p
Diluted earnings per share after adjustments	**36.5p**	29.7p	68.8p

Basic and diluted earnings per share have been adjusted to exclude the amortisation of acquisition intangibles, notional interest charge and gains relating to Touchpaper. Management consider that earnings per share after these adjustments provide a better period to period comparison of performance.

10. Dividends

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

	Dividend value per share pence	Dividend value £'000
2008 final dividend paid 8th June 2009	17.0	5,988
2009 interim dividend paid 28th September 2009	10.0	3,543
2009 second interim dividend paid 29th March 2010	20.0	7,110
2009 special dividend paid 29th March 2010	40.0	14,219

An interim dividend in respect of 2010 of 11.0p per share, amounting to an expected dividend of £3,916,000, was declared by the directors at their meeting on 30th July 2010. This interim dividend will be payable on 27th September 2010 to shareholders on the register at the close of business on 27th August 2010, with an ex-dividend date of 25th August 2010. These condensed consolidated interim financial statements do not reflect this dividend payable.

11. Trade and other receivables

As at:	30th June 2010 unaudited £'000	30th June 2009 unaudited £'000	31st December 2009 audited £'000
Trade receivables	**57,517**	52,913	60,475
Prepayments	**5,437**	4,190	4,974
Accrued revenue	**1,360**	2,575	1,913
Other receivables	**5,797**	3,431	4,056
Total trade and other receivables	**70,111**	63,109	71,418

12. Trade and other payables

Current liabilities as at:	30th June 2010 unaudited £'000	30th June 2009 unaudited £'000	31st December 2009 audited £'000
Trade payables	**6,083**	7,252	6,093
Accrued expenses	**25,826**	27,561	27,767
Other liabilities	**677**	724	754
Deferred revenue	**43,867**	38,147	47,666
Other taxes and social security	**4,554**	4,140	4,801
Total trade and other payables	**81,007**	77,824	87,081

Non-current liabilities as at:	30th June 2010 unaudited £'000	30th June 2009 unaudited £'000	31st December 2009 audited £'000
Accrued expenses	**1,626**	-	2,511
Other liabilities	**6,794**	478	6,621
Total other payables	**8,420**	478	9,132

13. Sale of investment in Touchpaper in 2008

In July 2001 the royal**blue** technologies help desk and call centres software business was divested by the Company with a minority stake being retained. The business subsequently changed its name to Touchpaper Group Limited ("Touchpaper"). Following the divestment, the Company held financial assets in Touchpaper comprising preference shares, ordinary shares, warrants to subscribe for ordinary shares and loan notes. Since July 2001 the Company had no financial influence or operational involvement in the Touchpaper business and their results had not been consolidated into **Fidessa**'s performance. In the year to 31st December 2007 Touchpaper had reported revenue of £17.5 million, profit before tax of £0.4 million and gross assets of £9.4 million under UK GAAP.

On 30th June 2008 Avocent Ireland Holdings Limited acquired the entire share capital of Touchpaper and the preference shares and loan notes were redeemed. The Company received proceeds in 2008 of £11,035,000 for the sale and redemption of the ordinary and preference shares, £1,900,000 for the redemption of the loan notes and £488,000 for the accrued interest on the loan notes.

The sale agreement provided for amounts held in escrow in respect of working capital at completion as well as indemnities and general warranties. During 2009, £346,000 was received in settlement of the working capital at completion escrow. The period for indemnity and general warranty claims expired on 30th June 2010. £1,180,000 of the value of this escrow was recognised in 2009 and a further £2,098,000 has been recognised in the six months to 30th June 2010. The receipt of the cash for this escrow is expected in the second half of 2010.

14. Circulation to shareholders

Copies of this interim report will be sent to shareholders and copies will be available to the public at the Company's registered office: Dukes Court, Duke Street, Woking, Surrey GU21 5BH and on the Company's website, www.fidessa.com.

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

30th July 2010

Independent Review Report to Fidessa group plc

Introduction

We have been engaged by the Company to review the condensed consolidated financial statements in the half-yearly financial report for the six months ended 30th June 2010 which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Comprehensive Income, the Condensed Consolidated Interim Balance Sheet, the Condensed Consolidated Interim Statement of Changes in Shareholders' Equity, the Condensed Consolidated Interim Cash Flow Statement and the related explanatory notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). 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 FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Statements on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30th June 2010 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

P Gresham
For and on behalf of
KPMG Audit Plc
Chartered Accountants
30th July 2010

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