



9 March 2016

StatPro Group plc

StatPro Revolution annualised recurring revenue up 46%

StatPro Group plc, ("StatPro", "the Group", AIM:SOG), the AIM listed provider of cloud-based portfolio analysis and asset pricing services for the global asset management industry, today announces its unaudited preliminary results for the year ended 31 December 2015.

	2015	2014	Change	Constant currency
Revenue	£30.19 m	£32.02 m	(6%)	(1%)
Annualised Recurring Revenue ⁽¹⁾	£28.70 m	£29.39 m	(2%)	1%
Profit before tax	£2.41 m	£2.37 m	2%	14%
Adjusted EBITDA ⁽²⁾	£4.04 m	£4.36 m	(7%)	1%
Earnings per share – basic	2.4p	2.4p	-	
– adjusted ⁽²⁾	2.6p	2.7p	(4%)	
Dividend per share – total for year	2.9p	2.9p	-	

Financial highlights:

- Group Annualised Recurring Revenue ("ARR") ⁽¹⁾ increased to £28.70 million (2014 at constant currency: £28.33 million)
- *StatPro Revolution* ARR ⁽¹⁾ up 46% ⁽⁴⁾ to £7.80 million (2014 at constant currency: £5.35 million)
- Forward order book of contracted revenue ⁽³⁾ for *StatPro Revolution* increased by 57% to £14.66 million (2014 at constant currency: £9.31 million)
- Recurring revenue from StatPro's cloud services accounts for 27% of Group ARR (2014: 18%) and 34% on pro forma basis following Q1 2016 acquisitions
- Adjusted EBITDA ⁽²⁾ up to £4.04 million ⁽⁴⁾ (2014 at constant currency: £4.02 million)
- Full year dividend maintained at 2.9 pence per share

Operating highlights:

- Advanced risk analysis features released in 2015 allowing *StatPro Seven* Risk clients to begin migrating to *StatPro Revolution*
- Average annualised revenue from *StatPro Revolution* clients increased 67% to £28,300 (2014: £17,000 ⁽⁴⁾)
- *StatPro Revolution* Performance module is on track for release in summer 2016
- Signed new five year banking facility with Wells Fargo, increased in January 2016 to approximately £24.5 million

Acquisitions in Q1 2016:

- US based, Investor Analytics, leading cloud-based complementary risk solution business
- 51% shareholding in South African InfoVest Consulting, software business specialising in data warehouse, ETL (Extract, Transform and Load) and reporting solutions

(1) Annualised Recurring Revenue is the annual value of revenue contractually committed at year end.

(2) Adjusted EBITDA and adjusted earnings per share are EBITDA and earnings per share after adjustment for amortisation of acquired intangible assets, and share based payments (notes 5 and 7).

(3) Forward order book of StatPro Revolution contracted revenue is the total amount of software and professional services revenue that is contractually committed at year end including conversions from StatPro Seven.

(4) At constant currency.

Justin Wheatley, Chief Executive of StatPro, commented:

"In 2015, we achieved our core objective of growing StatPro Revolution's ARR by 46%. We are now close to the end of our major investment cycle in new technology with the launch of our last performance product module this summer.

"Our early investment in cloud technology, over eight years ago, has positioned us as a leading innovator in the rapidly digitising asset management industry. Indeed, StatPro Revolution is the first entirely new full analytics platform developed in our market over the last 10 years.

"With the acquisition of Investor Analytics, we are now able to offer a complete suite of risk models for any asset manager. The acquisition has also increased our cloud-based ARR to 34% of the total ARR.

"Our forward order book is now at £36.6 million and the current financial year has started well. We look forward to improving the Group's profitability by a combination of both organic and acquisitive growth."

- Ends -

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A briefing for analysts on the results will be held at 11.00am today at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ

About StatPro

StatPro is a global provider of award winning portfolio analytics solutions for the investment community. The Group's cloud-based platform provides vital analysis of portfolio performance, attribution, risk and compliance. This multi-asset class analytics platform helps StatPro's clients increase assets under management, improve client service, meet tough regulations and reduce costs.

The Group's integrated and global data coverage includes over 3.2 million securities such as equities, bonds, mutual funds, FX rates, futures, options, OTCs, sector classifications and much else besides. StatPro also covers most families of benchmarks including MSCI, FTSE, Russell, NASDAQ and the licence free Freedom Index.

StatPro has grown its Annualised Recurring Revenue from less than £1 million in 1999 to around £32 million today (including Investor Analytics and InfoVest acquisitions in 2016 on a pro forma basis). The Group has operations in Europe, North America, South Africa, Asia and Australia, with hundreds of clients in 38 countries around the world. Approximately 80% of recurring revenues are generated outside the UK. StatPro Group plc shares are listed on AIM.

Overview

In 2015, the Group built upon the inflexion point reached in 2014, with Annualised Recurring Revenues (“ARR”) for *StatPro Revolution* reaching £7.8 million, up from £5.4 million (in constant currency) and was 27% of total Group ARR (2014:18%).

With the addition of Investor Analytics (“IA”) in January 2016, StatPro’s cloud services amount to £11.1 million and represent 34% of ARR on a pro-forma basis.

Importantly, key measures of *StatPro Revolution* performance were very strong in 2015. ARR increased by 46% (2014: 68%), the order book grew by 57% (2014: 70%) and the average revenue per client grew 67% (2014: 36%).

One of the key metrics used by SaaS businesses is to estimate the costs of acquiring each customer (Cost of Acquiring Customers or “CAC”) and compare that with the Lifetime Value of the customer contracts (Lifetime Value or “LTV”). StatPro’s LTV/CAC ratio rose to 16.1 (2014: 11.3).

StatPro revenues were £30.19 million in 2015 (2014: £32.02 million). As expected, professional services revenue was lower in 2015 at £1.64 million (2014: £2.76 million) reflecting the lower cost of implementing *StatPro Revolution* for its clients. Whilst revenue from services was lower, the Group generated more sales of recurring revenue.

During 2015, sterling’s strength reduced Group revenues by about 5% versus 2014, which impacted the Group’s profit. Following the acquisition of IA, about 18% of the Group’s ARR is sterling-based and about 36% is US dollar-based, on a pro-forma basis.

The Board is recommending that the full year dividend is maintained at 2.9p per share (2014: 2.9p).

Strategy

Having positioned StatPro early as a true cloud-based service, the Group has developed a significant commercial advantage in its market. It is not possible to repurpose traditional software as a multi-tenant software service nor is it easy to build the vast range of functionality from scratch to meet the needs of the increasingly demanding asset management industry.

The Group’s collective knowledge across many markets in multiple analytics disciplines has helped build a very broad range of highly sophisticated analytics, designed to suit the needs of all types of asset managers across all the major markets.

Over the last 20 years, the requirements of the asset management industry have expanded hugely, significantly increasing the cost of doing business whilst at the same time increased competition has applied pressure on fee income.

This combination of anticipating the market dynamics and positioning the Group’s products to offer the most productive and efficient services to its clients has always been the focus. In common with many rapidly maturing markets, the cost of entering the performance and risk analytics market is growing. StatPro believes that it has a sustainable technology lead in its market and is benefitting from its early investment, which has helped provide enhanced functionality for its clients.

As part of the Group’s strategy, StatPro also anticipates that it will make further acquisitions. Having created *StatPro Revolution* as the upgrade for *StatPro Seven*, *StatPro Revolution* could also be the upgrade for a number of other products in the market. The investment cost of moving to the next generation of technology is now so high that it makes more sense for some companies to sell their valuable client base rather than take the development and investment risk.

Current trading and outlook

The Group’s forward order book is now £36.6 million, of which £14.7 million is from StatPro Revolution. Trading in 2016 has started well and the Group expects another year of good growth in sales of StatPro Revolution.

With the forthcoming release of *StatPro Revolution* Performance, StatPro will continue the process of moving its many clients of *StatPro Seven* onto *StatPro Revolution*.

As the Group moves closer towards becoming a business with the majority of its revenues derived from the cloud, StatPro anticipates that its operating margins and cash generation will improve.

Operational review

StatPro Revolution is sold on a per portfolio basis with four service levels (Platinum, Gold, Silver and Bronze). Upsells of additional portfolios or higher service levels require little or no implementation, demonstrate that the client is happy with the service and improve the marginal profitability of each client. Upsells to existing *StatPro Revolution* clients represented 44% of new *StatPro Revolution* sales.

In 2015, the Group migrated all the functionality of the *StatPro Seven* Risk Management Module (SRM) to *StatPro Revolution* to create the Advanced Risk Management module (ARM) and added some significant new functionality not available in SRM. As a result, the Group anticipates moving most of its SRM clients to *StatPro Revolution* during the course of 2016.

The acquisition of IA will enhance this move as the Group expects that many of its existing clients will see the combination of IA and ARM as one of the most complete risk services available in the market.

During 2016, StatPro will release *StatPro Revolution* Performance. This is the core module that manages transaction-based performance and enables the complete conversion of all its *StatPro Seven* clients to *StatPro Revolution*. The unique capabilities of *StatPro Revolution* Performance are its unprecedented scalability and speed as well as the rich data management facilities.

The release of *StatPro Revolution* Performance will mark the end of an eight-year investment process to redevelop all the Group's performance and risk capabilities in the new technology of the cloud. As a result, whilst there will always be a need to innovate, StatPro anticipates that its development costs as a percentage of revenues will begin to reduce over time.

Development in 2015 was focused on delivering the Advanced Risk Management module to enable the conversion of its SRM clients to *StatPro Revolution*. The Group also added significant functionality to its Compliance module for AIFMD and UCITS IV. StatPro will add IA to this risk platform during 2016 and in the process create one of the most complete and cost effective risk solutions available today in the market. This will make risk one of StatPro's key sales themes for 2016.

In addition, StatPro has also been working on the high performance Hadoop ® platform for *StatPro Revolution*. This new platform will enable the Group to calculate performance and risk for the largest of portfolios in much the same time as StatPro does for smaller portfolios thanks to parallel processing using the "map-reduce" process. This new calculation platform will be the basis of the benchmark management and fixed income attribution modules. StatPro expects to see significant improvement in calculation times as a result.

StatPro Revolution Performance remains on track to be released to clients in the second half of the year. The Group has a number of clients that are working with it integrating their data to test the system. These tests are going well and the Group expects to be engaged in a number of projects to implement *StatPro Revolution* Performance as soon as it is released.

Financial review

Revenue

Group revenue decreased by 6% at actual rates to £30.19 million (2014: £32.02 million), although at constant currency the reduction was 1%. Growth of 64% in revenue from *StatPro Revolution* (at constant currency) was offset by reductions in revenue from *StatPro Seven*, data, and professional services.

Contracted revenue

The forward order book of contracted revenue for *StatPro Revolution* increased by 57% to £14.66 million (2014 at constant currency: £9.31 million). The total forward order book of contracted revenue was £36.57 million at 31 December 2015 (2014 at constant currency: £36.91 million). The proportion by value of recurring software licences and data clients at the end of 2015 secured to the end of 2016 or beyond amounted to 71% (2014: 77%); the weighted average length of contracts committed remained unchanged at 16 months.

New contracted revenue

New sales of recurring contracts were up 7% to £4.13 million (2014: £3.87 million). Professional services revenue was lower than prior year at £1.64 million (2014: £2.60 million at constant currency) reflecting the lower cost of implementing *StatPro Revolution* for its clients. Approximately 85% of new recurring contracted revenue came from existing clients (2014: 78%).

Recurring revenue

The Group's business model of Software as a Service ("SaaS") recurring revenue contracts continues to provide excellent visibility of revenue. The ARR from software licences and data fees at the end of December 2015 increased by 1% to £28.70 million (2014: £28.33 million at constant currency). The net growth rate for *StatPro Revolution* ARR was 46% (2014: 68%).

StatPro Seven annualised recurring revenue was resilient with a net cancellation rate (at constant currency and excluding the impact of conversions to *StatPro Revolution* of £1.56 million) of 3% (2014: nil). With the impact of conversions to *StatPro Revolution*, the ARR for *StatPro Seven* reduced to £17.41 million (2014: £19.52 million).

The ARR for Data (including overage) increased by 1% at constant currency to £3.49 million (2014: £3.46 million).

Revenue by region

Revenue increased in the EMEAA region by 1% to £19.80 million (2014 at constant currency: £19.59 million). In the North American region, revenue decreased by 5% to £10.39 million (2014 at constant currency: £10.93 million), as shown below.

Revenue by region	2015 £ million	2014* £ million	Change %
EMEAA	19.80	19.59	1%
North America	10.39	10.93	(5%)
	30.19	30.52	(1%)
FX	-	1.50	
Group revenue	30.19	32.02	(6%)

* At constant currency

Revenue by service

Cloud revenues (incorporating *StatPro Revolution*, Risk and Data) grew by 9% as shown in the table below:

Revenue by service	2015 £ million	2014* £ million	Change %
StatPro Revolution and cloud-related	11.43	10.52	9%
StatPro Seven and non-cloud-related	18.76	20.00	(6%)
	30.19	30.52	(1%)
FX	-	1.50	
Group revenue	30.19	32.02	(6%)

* At constant currency

StatPro Revolution revenue

StatPro Revolution recurring revenue made up 27% of the Group total (2014: 18%) and has grown at a higher rate than other revenues as the service is developed on a highly scalable technology platform. On a pro-forma basis, the Group's cloud revenues are now 34% of total Group revenues, taking into account the two acquisitions in early 2016.

The total recurring revenue from clients whose subscription includes *StatPro Revolution* was £14.11 million (2014: £11.65 million) representing 56% (2014: 46%) of total software recurring revenue.

StatPro continues to focus on increasing the average revenue per client. This resulted in losing some lower value contracts whilst overall the average revenue per *StatPro Revolution* client in 2015 increased by 67% (2014: 37%).

Operating expenses

Operating expenses (before amortisation of intangible assets and exceptional items) reduced by 7% (3% at constant currency) to £23.72 million (2014: £25.53 million). Whilst the business continues to invest, the Group benefitted from cost efficiencies and internal streamlining of processes the Group had implemented in 2014. The average number of employees reduced to 242 (2014: 251).

Profitability

The adjusted EBITDA was down 7% at actual rates but up 1% at constant currency to £4.04 million (2014: £4.02 million at constant currency).

Adjusted EBITDA			
	2015	2014*	Change
	£ million	£ million	%
StatPro Revolution and cloud-related	(5.87)	(6.07)	3%
StatPro Seven and non-cloud-related	9.91	10.09	(2%)
	<u>4.04</u>	<u>4.02</u>	1%
FX	-	0.34	
Adjusted EBITDA	<u><u>4.04</u></u>	<u><u>4.36</u></u>	(7%)
Adjusted EBITDA margin			
StatPro Revolution and cloud-related	(51.3%)	(57.7%)	
StatPro Seven and non-cloud-related	52.8%	50.5%	
Adjusted EBITDA margin - total	13.4%	13.2%	

* At constant currency

Gross profit margin (see note 5) for the period was 61% (2014: 62%).

SaaS-based KPIs

One of the key metrics used by SaaS businesses is to estimate the costs of acquiring each customer (Cost of Acquiring Customers or "CAC") and compare that with the Lifetime Value of the customer contracts (Life Time Value or "LTV"), and the results for StatPro are presented below.

StatPro Revolution contracts only

	2015	2014	2013
Average Cost of Acquiring Customer ("CAC") (£'000s)	26.0	17.3	9.7
Implied Customer Lifetime (years)	14.8	11.5	8.1
Average ARR per customer (£'000s)	28.3	17.0	12.5
Implied Customer Lifetime Value ("LTV") (£'000s)	418	196	101
LTV: CAC	16.1	11.3	10.4

Generally a value of three or higher for the ratio of LTV:CAC is considered acceptable for a successful SaaS business and for StatPro it is currently around 16. The Cost of Acquiring Customers has increased as the Group is focusing on larger contract values, Implied Customer Lifetime has increased due to lower cancellation rates and therefore the Customer Lifetime Value has also increased significantly in the last two years by over 300%.

Finance income and expense

Net finance expense was £0.29 million (2014: £0.29 million), and is mainly due to the finance costs of the Group's credit facility.

Profit before tax

The impact of currency movements resulted in a reduced adjusted profit before taxation by £0.17 million. Profit before taxation at constant currency was 14% higher at £2.41 million (2014: £2.11 million at constant currency) and up 2% at actual rates. Adjusting for amortisation of acquired intangible assets and share based payments, the adjusted profit before taxation was £2.56 million (2014: £2.58 million).

Taxation

The tax charge was £0.79 million (2014: £0.77 million). The overall effective tax rate was 33% (2014: 33%). This is higher than the prevailing UK rate mainly due to the impact of operations in countries with higher tax rates than the UK.

Earnings per share

Adjusted earnings per share was 2.6p (2014: 2.7p). Actual and diluted earnings per share was 2.4p (2014: 2.4p).

Dividends

The Directors are recommending maintaining the final dividend of 2.05p per share (2014: 2.05p) making a total dividend for 2015 of 2.9p per share (2014: 2.9p). The final dividend will be paid on 25 May 2016 to all shareholders on the register at the close of business on 29 April 2016. Total dividends paid in 2015 amounted to £1.96 million (2014: £1.89 million). The dividend cover (calculated as adjusted eps: dividends per share) was 0.90 times (2014: 0.93).

Balance sheet

The Group's net assets at the year end reduced to £41.52 million (2014: £45.69 million), the reduction mainly being due to currency movements on goodwill values.

Cash flow and financing

Cash inflow from operating activities of £6.55 million (2014: £7.71 million), was lower than the prior year, mainly due to adverse working capital movements. The Group ended the year with net cash of £1.28 million (2014: £2.68 million).

Research and development and capex

The research and development team is now focused solely on the Group's cloud-based solutions, the StatPro Revolution platform. The level of R&D expenditure was similar to the prior year at £4.93 million (2014: £4.99 million) (an increase of 5% at constant currency), equating to 16% of Group revenue (2014: 16%). The total expenditure on StatPro Revolution including marketing and other costs was £5.39 million (2014: £5.52 million). Development costs of £4.05 million were capitalised in the year (2014: £3.62 million) and amortisation on internal development was £3.54 million (2014: £3.35 million). Expenditure on other intangible assets was £0.08 million (2014: £0.44 million) and total capital expenditure on property, plant and equipment was £0.88 million (2014: £1.86 million).

Post Balance Sheet Events

Acquisition of Investor Analytics

On 21 January 2016, StatPro Inc. (a wholly owned subsidiary of the Company) acquired the entire share capital of Investor Analytics LLC, the US-headquartered, cloud-based risk analytics' company to hedge funds and asset managers.

Acquisition of majority control of InfoVest

With effect from 1 March 2016, StatPro South Africa (Pty) Ltd. (a wholly owned subsidiary of the Company) acquired a 51% shareholding in InfoVest Consulting (Pty) Ltd, a South African headquartered software provider, specialising in data warehouse, ETL and reporting software for the asset management industry.

Further details on these acquisitions are provided in note 15.

New financing facility

The Group signed a new financing facility with Wells Fargo in July 2015 for acquisitions, share buy backs and general corporate purposes. The facility is committed to July 2020, subject to compliance with agreed covenants. At 31 December 2015, the Group had both net cash of £1.28 million and committed credit facilities of £10.0 million available. As part of the acquisition of Investor Analytics in January 2016, the financing facilities were increased and the key features of the facilities now are:

- Five year commitment period to July 2020
- £10 million committed revolving credit facility
- US\$7 million committed term loan
- US\$3 million committed deferred drawdown loan
- £7.5 million uncommitted additional facility available

The primary financial covenants are linked to recurring revenue and adjusted EBITDA while allowing the Group to invest for growth. The financing costs will be amortised over the five year term. This new facility strengthens the Group's long-term financial structure and therefore the Board believes that the Group is well positioned to manage the business risks.

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000s	2014 £'000s												
Revenue	2, 3	30,187	32,018												
<table> <tr> <td>Operating expenses before amortisation of intangibles and exceptional items</td> <td></td> <td>(23,722)</td> <td>(25,529)</td> </tr> <tr> <td>Amortisation of acquired intangible assets</td> <td></td> <td>(32)</td> <td>(188)</td> </tr> <tr> <td>Amortisation of other intangible assets</td> <td></td> <td>(3,734)</td> <td>(3,640)</td> </tr> </table>				Operating expenses before amortisation of intangibles and exceptional items		(23,722)	(25,529)	Amortisation of acquired intangible assets		(32)	(188)	Amortisation of other intangible assets		(3,734)	(3,640)
Operating expenses before amortisation of intangibles and exceptional items		(23,722)	(25,529)												
Amortisation of acquired intangible assets		(32)	(188)												
Amortisation of other intangible assets		(3,734)	(3,640)												
Operating expenses	4	(27,488)	(29,357)												
Operating profit		2,699	2,661												
Finance income		9	12												
Finance expense		(299)	(303)												
Net finance expense		(290)	(291)												
Profit before taxation	2	2,409	2,370												
Taxation	6	(788)	(774)												
Profit for the year		1,621	1,596												
Earnings per share – basic	7	2.4p	2.4p												
– diluted	7	2.4p	2.4p												

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £'000s	2014 £'000s
Profit for the year	1,621	1,596
Other comprehensive income to be reclassified to the income statement:		
Net exchange differences	(4,012)	(946)
Total comprehensive (loss)/income for the year	(2,391)	650

BALANCE SHEET AT 31 DECEMBER 2015

	Notes	Group 2015	Group 2014
		£'000s	£'000s
Non-current assets			
Goodwill		42,460	46,724
Other intangible assets		6,153	5,822
Property, plant and equipment		2,233	2,470
Other receivables	8	147	109
Deferred tax assets		807	988
		<u>51,800</u>	<u>56,113</u>
Current assets			
Trade and other receivables	8	8,264	7,722
Financial instruments - other		-	27
Current tax assets		198	-
Cash and cash equivalents		2,203	2,692
		<u>10,665</u>	<u>10,441</u>
Liabilities			
Current liabilities			
Financial liabilities - borrowings		(118)	(12)
Financial instruments - other		(41)	(15)
Trade and other payables	9	(4,654)	(6,088)
Current tax liabilities		(1,106)	(828)
Deferred income		(13,217)	(12,603)
Provisions	10	(642)	(725)
		<u>(19,778)</u>	<u>(20,271)</u>
Net current liabilities		<u>(9,113)</u>	<u>(9,830)</u>
Non-current liabilities			
Financial liabilities - borrowings		(801)	-
Other creditors and accruals	9	(47)	(76)
Deferred tax liabilities		(233)	(449)
Deferred income		(89)	(60)
Provisions	10	-	(13)
		<u>(1,170)</u>	<u>(598)</u>
Net assets		<u>41,517</u>	<u>45,685</u>
Shareholders' equity			
Share capital		678	677
Share premium		23,537	23,474
Shares to be issued		63	63
Treasury shares		(249)	(249)
Other reserves		2,692	6,704
Retained earnings		14,796	15,016
Total shareholders' equity		<u>41,517</u>	<u>45,685</u>

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		Group 2015 £'000s	Group 2014 £'000s
Operating activities			
Cash generated from operations	11	6,548	7,705
Finance income		9	12
Finance costs		(93)	(22)
Tax paid		(832)	(1,173)
Net cash flow from operating activities		<u>5,632</u>	<u>6,522</u>
Investing activities			
Investment in intangible assets		(4,127)	(4,053)
Purchase of property, plant and equipment		(881)	(1,863)
Proceeds from the disposal of property, plant and equipment		9	12
Net cash flow used in investing activities		<u>(4,999)</u>	<u>(5,904)</u>
Financing activities			
Net proceeds from bank loan		639	-
Net proceeds from finance leases		269	-
Proceeds from issue of ordinary shares		64	2
Dividends paid to shareholders		(1,960)	(1,889)
Net cash flow used in financing activities		<u>(988)</u>	<u>(1,887)</u>
Net decrease in cash and cash equivalents		<u>(355)</u>	<u>(1,269)</u>
Cash and cash equivalents at 1 January		<u>2,692</u>	<u>4,014</u>
Effect of exchange rate movements		(134)	(53)
Cash and cash equivalents at 31 December		<u><u>2,203</u></u>	<u><u>2,692</u></u>

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Shares to be issued	Treasury shares	Other reserves	Retained earnings	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2014	677	23,472	63	(249)	7,650	15,295	46,908
Profit for the year	-	-	-	-	-	1,596	1,596
Other comprehensive income	-	-	-	-	(946)	-	(946)
Total comprehensive income	-	-	-	-	(946)	1,596	650
Transactions with owners:							
Share based payment transactions	-	-	-	-	-	26	26
Tax relating to share option scheme	-	-	-	-	-	(12)	(12)
Shares issued	-	2	-	-	-	-	2
Dividends	-	-	-	-	-	(1,889)	(1,889)
	-	2	-	-	-	(1,875)	(1,873)
At 31 December 2014	677	23,474	63	(249)	6,704	15,016	45,685
	Share capital	Share premium	Shares to be issued	Treasury shares	Other reserves	Retained earnings	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2015	677	23,474	63	(249)	6,704	15,016	45,685
Profit for the year	-	-	-	-	-	1,621	1,621
Other comprehensive income	-	-	-	-	(4,012)	-	(4,012)
Total comprehensive income	-	-	-	-	(4,012)	1,621	(2,391)
Transactions with owners:							
Share based payment transactions	-	-	-	-	-	121	121
Tax relating to share option scheme	-	-	-	-	-	(2)	(2)
Shares issued	1	63	-	-	-	-	64
Dividends	-	-	-	-	-	(1,960)	(1,960)
	1	63	-	-	-	(1,841)	(1,777)
At 31 December 2015	678	23,537	63	(249)	2,692	14,796	41,517

Other reserves include merger reserves of £2,369,000 (2014: £2,369,000) and translation reserve of £323,000 (2014: £4,335,000). The merger reserve arose on acquisitions and represents the difference between the fair value of shares issued and the nominal value of the shares. The translation reserve incorporates the gains and losses on revaluation of the net assets and liabilities of subsidiary undertakings and other currency gains and losses that are treated as part of equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Announcement

This announcement was approved by the Board of directors on 8 March 2016. The preliminary results for the year ended 31 December 2015 are unaudited. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 31 December 2014. The financial information set out in the announcement has been prepared on the basis of the accounting policies set out in the statutory accounts of StatPro Group plc for the year ended 31 December 2014. This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The auditor's report on the financial statements for the years ended 31 December 2014 was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The financial statements for the year ended 31 December 2014 have been delivered to the Registrar of Companies.

2 Segmental information

The Group's operating segments have been determined based on the information regularly reviewed by the Group Executive Board, which has been identified as the Chief Operating Decision Maker ("CODM"). The Group Executive Board considers the business to be split into two primary geographical markets: EMEAA and North America. Central costs relate to the expenses related to the Group's headquarters and costs directly associated with the parent Company, which are managed by the Group management team. The external debt is held within Central.

All revenue, profit/(loss) before taxation and total assets are attributable to the principal activity of the Group, being the development, marketing and distribution of software, data solutions and related professional services to the global asset management industry. Segment assets represent those assets arising from the operating activities of those segments. Segment results exclude the impact of any intercompany recharges of revenues or costs.

For the year ended 31 December 2015:

	EMEAA	North America	Central	Total
	£'000s	£'000s	£'000s	£'000s
Revenue	19,802	10,385	-	30,187
Segment expense	(15,621)	(9,330)	(2,537)	(27,488)
Operating profit/(loss)	4,181	1,055	(2,537)	2,699
Finance net income/(expense)	6	(5)	(291)	(290)
Profit/(loss) before taxation	4,187	1,050	(2,828)	2,409

Statement of financial position

Assets	28,785	32,844	836	62,465
Liabilities	(13,220)	(4,803)	(2,925)	(20,948)
Net assets	15,565	28,041	(2,089)	41,517

Other

Purchase of property, plant and equipment	392	489	-	881
Net investment in intangible assets	3,926	201	-	4,127
Depreciation of property, plant and equipment	569	427	-	996
Amortisation of intangibles	3,455	311	-	3,766

For the year ended 31 December 2014:

	EMEAA	North America	Central	Total
	£'000s	£'000s	£'000s	£'000s
Revenue	20,820	11,198	-	32,018
Segment expense	(16,453)	(10,810)	(2,094)	(29,357)
Operating profit/(loss)	4,367	388	(2,094)	2,661
Finance net income/(expense)	3	1	(295)	(291)
Profit/(loss) before taxation	4,370	389	(2,389)	2,370

Statement of financial position

Assets	29,162	36,444	948	66,554
Liabilities	(13,698)	(5,452)	(1,719)	(20,869)
Net assets	<u>15,464</u>	<u>30,992</u>	<u>(771)</u>	<u>45,685</u>

Other

Purchase of property, plant and equipment	1,198	665	-	1,863
Net investment in intangible assets	2,786	602	665	4,053
Depreciation of property, plant and equipment	557	635	-	1,192
Amortisation of intangibles	3,504	324	-	3,828

3 Further revenue analysis

The movement in Annualised Recurring Revenue ("ARR") in the year was as follows:

Annualised Recurring Revenue	ARR 2015	ARR 2014
	£ million	£ million
As at 31 December 2014	29.39	28.72
Net impact of exchange rates	(1.06)	(0.42)
At 1 January 2015 (at Dec 2015 rates)	<u>28.33</u>	<u>28.30</u>
New contracted revenue	4.13	3.87
Cancellations / reductions / conversions	(3.76)	(2.78)
Net increase	0.37	1.09
ARR at 31 December 2015	<u><u>28.70</u></u>	<u><u>29.39</u></u>

Revenue by type of service was as follows:

Revenue	2015	2014	Change
	£ million	£ million	%
Software licences - StatPro Seven	19.49	21.65	(10%)
Software licences - StatPro Revolution	5.72	3.66	56%
Software licences - Total	<u>25.21</u>	<u>25.31</u>	(0%)
Data fees	3.34	3.95	(15%)
Total recurring revenue	<u>28.55</u>	<u>29.26</u>	(2%)
Professional services and other revenue	1.64	2.76	(41%)
Total revenue	<u><u>30.19</u></u>	<u><u>32.02</u></u>	(6%)
Percentage of total revenue that is recurring	95%	91%	

The revenue distribution profile for StatPro Revolution is as follows:

StatPro Revolution	Annualised revenue	Number of clients	Average revenue per client	Annualised revenue*	Number of clients	Average revenue per client
Annualised revenue bands	2015	2015	2015	2014	2014	2014
	£'000s	Number	£'000s	£'000s	Number	£'000s
<£2k	73	69	1.1	146	127	1.1
£2k - £10k	344	73	4.7	430	97	4.4
£10k-£50k	1,812	85	21.3	1,386	62	22.4
£50k-£100k	2,158	29	74.4	1,324	19	69.7
>£100k	3,409	19	179.4	2,066	10	206.6
Total	<u>7,796</u>	<u>275</u>	<u>28.3</u>	<u>5,352</u>	<u>315</u>	<u>17.0</u>

*At constant currency

4 Operating expenses

	2015 £'000s	2014 £'000s
Operating expenses relate to:		
Staff costs		
- Research and development	4,930	4,985
- Other staff costs	9,633	10,962
- Share based payment	121	26
- Internal development costs capitalised	<u>(4,052)</u>	<u>(3,615)</u>
Total staff costs	10,632	12,358
Depreciation of property, plant and equipment	996	1,192
Amortisation of intangible assets	3,766	3,828
Operating lease rentals in respect of:		
- Land and buildings	1,512	1,670
- Other	19	57
Auditors' remuneration	199	172
Other operating expenses	10,384	10,097
Exchange differences	<u>(20)</u>	<u>(17)</u>
Total operating expenses	<u>27,488</u>	<u>29,357</u>

5 Adjusted profit before taxation, adjusted operating profit margin and adjusted EBITDA

In order to provide the reader of the accounts with profit measures that more clearly demonstrate the underlying business performance from year to year a number of adjusted profit measures are shown below.

a) Adjusted profit before taxation

	2015 £'000s	2014 £'000s
Profit before taxation	2,409	2,370
Add back: Amortisation on acquired intangible assets	32	188
Add back: Share based payments	121	26
Adjusted profit before tax	<u>2,562</u>	<u>2,584</u>

b) Adjusted operating profit

	2015 £'000s	2014 £'000s
Operating profit	2,699	2,661
Add back: Amortisation on acquired intangible assets	32	188
Add back: Share based payments	121	26
Adjusted operating profit	<u>2,852</u>	<u>2,875</u>

c) Adjusted EBITDA

	2015	2014
	£'000s	£'000s
Operating profit	2,699	2,661
Add back: Depreciation of property, plant and equipment	996	1,192
Add back: Amortisation on purchased intangible assets	196	292
Add back: Amortisation on acquired intangible assets	32	188
Add back: Share based payments	121	26
Adjusted EBITDA	4,044	4,359
Adjusted EBITDA margin	13.4%	13.6%

d) Gross profit margin analysis

Gross profit margin analysis helps us assess the profitability of incremental revenue as the business evolves into a pure cloud business and the costs drivers begin to change. As there are a number of methodologies for allocating costs, we have described how we have allocated the cost elements. The cloud segment currently has a lower margin than the non-cloud part given the investment that is being undertaken, however, the Board's view is that, as the business grows, the inherent scalability of cloud technology will lead to greater profitability in the future.

	2015	2014
Revenue	100.0%	100.0%
Cost of services	(38.6%)	(37.7%)
Gross profit margin	61.4%	62.3%
R&D costs	(4.2%)	(4.2%)
Sales & Marketing costs	(11.3%)	(11.0%)
General & Administration costs	(32.9%)	(33.6%)
	(48.4%)	(48.8%)
Share based payments	0.4%	0.1%
Adjusted EBITDA	13.4%	13.6%

Definition of cost category for gross margin analysis:

Cost of services includes Clients Services employee salaries, Data employee salaries, Development employee salaries related to support, contractors costs, data costs, costs of software and hardware maintenance.

R&D includes the element of Development employee salaries that relates to new research and development.

Sales & marketing includes Sales and Marketing employee salaries, external marketing costs and sales commissions.

General & administration includes the Finance, HR and IT employee salaries, communications costs, occupancy costs, professional fees, travel and expenses, and other costs. These are analysed in further details below.

General & Administration costs

Finance, HR & Administration	(4.6%)	(5.6%)
IT & Internal projects	(5.1%)	(3.7%)
Executive management	(2.3%)	(2.3%)
Employee related costs including travel	(5.8%)	(8.3%)
	(17.8%)	(19.9%)
Property & communications	(10.3%)	(9.9%)
Professional fees, insurance and other	(4.8%)	(3.8%)
	(15.1%)	(13.7%)
Total G&A	(32.9%)	(33.6%)

e) Free cash flow

	2015	2014
	£'000s	£'000s
Cash generated from operations	6,548	7,705
Net interest paid	(84)	(10)
Net tax paid	(832)	(1,173)
Purchase of property, plant and equipment	(881)	(1,863)
Investment in intangible assets	(4,127)	(4,053)
Free cash flow	624	606

6 Taxation

	2015	2014
	£'000s	£'000s
Current tax		
Current tax on profits for the year	(1,223)	(1,303)
Adjustments in respect of prior years	272	(125)
Total current tax	(951)	(1,428)
Total deferred tax	163	654
Income tax expense	(788)	(774)

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%) as follows:

	2015	2014
	£'000s	£'000s
Profit before tax	2,409	2,370
Tax charge on profit before tax at standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(488)	(510)
Tax effects of:		
Non-taxable income and non-deductible expenses	(552)	272
Unrecognised deferred tax movement	(183)	(232)
Recognition of previously unrecognised deferred tax asset	260	523
Adjustments in respect of prior years	272	(125)
Effect of overseas taxes on current taxes	(157)	(311)
Effect of overseas taxes on deferred taxes	60	(391)
Tax charge	(788)	(774)

7 Earnings per share

Earnings per share – basic and diluted

	Earnings	Weighted average number of shares	Earnings per share	Earnings	Weighted average number of shares	Earnings per share
	2015	2015	2015	2014	2014	2014
	£'000s	'000s	pence	£'000s	'000s	pence
Earnings per share - basic	1,621	67,568	2.4	1,596	67,479	2.4
Potentially dilutive shares	-	551	(0.0)	-	60	(0.0)
Earnings per share - diluted	1,621	68,119	2.4	1,596	67,539	2.4

Earnings per share – adjusted

	Earnings	Weighted average number of shares	Earnings per share	Earnings	Weighted average number of shares	Earnings per share
	2015	2015	2015	2014	2014	2014
	£'000s	'000s	pence	£'000s	'000s	pence
Earnings per share – basic	1,621	67,568	2.4	1,596	67,479	2.4
Add back: amortisation of acquired intangibles	32	-	0.0	188	-	0.3
Add back: share based payments	121	-	0.2	26	-	0.0
Adjusted earnings per share	1,774	67,568	2.6	1,810	67,479	2.7
Potentially dilutive shares	-	551	(0.0)	-	60	(0.0)
Adjusted earnings per share - diluted	1,774	68,119	2.6	1,810	67,539	2.7

The adjusted earnings per share information has been provided in order to assist the reader to understand the underlying performance of the business on a comparable basis. Potentially dilutive shares exclude any anti-dilutive share options.

8 Trade and other receivables

Current assets: trade and other receivables

	2015	2014
	£'000s	£'000s
Trade receivables	6,219	5,794
Other receivables	111	58
Prepayments	1,464	1,376
Accrued income	286	228
VAT recoverable	109	121
Rental deposits	75	145
	<u>8,264</u>	<u>7,722</u>

Non-current assets: other receivables

	2015	2014
	£'000s	£'000s
Rental deposits	147	109
	<u>147</u>	<u>109</u>

9 Trade and other payables

Current liabilities: trade and other payables

	2015	2014
	£'000s	£'000s
Trade creditors	1,416	1,433
Other creditors and accruals	2,053	2,903
Other taxation and social security	1,185	1,752
	<u>4,654</u>	<u>6,088</u>

Non-current liabilities: other creditors

	2015	2014
	£'000s	£'000s
Other creditors	47	76
	<u>47</u>	<u>76</u>

The non-current "Other creditors and accruals" of £0.05 million (2014: £0.08 million) relates to lease inducements, which are amortised over the period of the relevant lease.

10 Provisions

Total movement on provisions for the Group is as follows:

Provisions - Group	2015	2015	2015	2014
	Contingent consideration	Onerous contracts	Total	Total
	£'000s	£'000s	£'000s	£'000s
At 1 January	676	62	738	980
Utilised in the year	-	(55)	(55)	(190)
Exchange differences	(34)	(7)	(41)	(52)
At 31 December	642	-	642	738

The contingent consideration is the consideration on the SiSoft acquisition and is now expected to be utilised in 2016 although it is possible that it will fall beyond twelve months.

11 Reconciliation of profit before tax to net cash inflow from operating activities

	2015	2014
	£'000s	£'000s
Profit before taxation	2,409	2,370
Net finance expense	290	291
Operating profit	2,699	2,661
Depreciation of property, plant and equipment	996	1,192
Loss on disposal of property, plant and equipment	11	42
Amortisation of intangible assets	3,766	3,828
(Increase)/decrease in receivables	(782)	(1,597)
(Decrease)/increase in payables and provisions	(1,402)	1,364
Increase/(decrease) in deferred income	1,139	189
Share based payments	121	26
Net cash inflow from operating activities before exceptional items	6,548	7,705

12 Analysis of changes in net cash

	At 1 January 2015	Cash flow	Non-cash changes	Exchange differences	At 31 December 2015
	£'000s	£'000s	£'000s	£'000s	£'000s
Cash and cash equivalents (per balance sheet)	2,692	(355)	-	(134)	2,203
Overdrafts	-	-	-	-	-
Cash and cash equivalents (per statement of cash flows)	2,692	(355)	-	(134)	2,203
Finance leases	-	(269)	-	-	(269)
Bank and other loans	(12)	(639)	-	1	(650)
Net cash	2,680	(1,263)	-	(133)	1,284

	At 1 January 2014	Cash flow	Non- cash changes	Exchange differences	At 31 December 2014
	£'000s	£'000s	£'000s	£'000s	£'000s
Cash and cash equivalents (per balance sheet)	4,014	(1,269)	-	(53)	2,692
Overdrafts	-	-	-	-	-
Cash and cash equivalents (per statement of cash flows)	4,014	(1,269)	-	(53)	2,692
Bank loans (net of issue costs deferred)	(12)	-	-	-	(12)
Net cash	<u>4,002</u>	<u>(1,269)</u>	<u>-</u>	<u>(53)</u>	<u>2,680</u>

13 Reconciliation of net cash flow to movement in net cash

	2015 £'000s	2014 £'000s
Increase in cash and cash equivalents in the year	(355)	(1,269)
Movement on bank loans	(639)	-
Movement on finance leases	(269)	-
Exchange movements	(133)	(53)
Movement in net cash	<u>(1,396)</u>	<u>(1,322)</u>
Net cash at beginning of year	<u>2,680</u>	<u>4,002</u>
Net cash at end of year	<u>1,284</u>	<u>2,680</u>

14 Contingent liabilities

As is normal for a group of this size and scope of operations, Group companies are involved in a number of potential legal claims and disputes from time to time arising from our activities, none of which are expected to have a material impact on the Group's financial results.

The Board expects the remaining contingent consideration payable to the 45% minority shareholder (22% of total shares) in Sisoft to be in the range of €0.7 million - €1.1 million (approximately £0.6 million - £0.9 million). It is possible that it will not be fully resolved during 2016. There is also a risk that the final consideration determined by the Court including related costs will be higher than the amount provided, although the Board's estimate of the measurement of the liability has not changed (allowing for fluctuations in exchange rates).

15 Post Balance Sheet Events

Acquisition of Investor Analytics

On 21 January 2016, StatPro Inc. (a wholly owned subsidiary of the Company) acquired the entire share capital of Investor Analytics LLC, the US-headquartered, cloud-based risk analytics' company to hedge funds and asset managers for a cash consideration of \$10 million. There is an additional contingent payment of up to \$6 million, payable after one year, which is dependent on securing a number of new contract wins.

Highlights of the acquisition are:

- Complementary Risk Factor and Monte Carlo models to add to StatPro's Historical Simulation risk model
- Significantly increases StatPro's US presence, enhancing geographical reach
- Annualised Recurring Revenue ("ARR") of \$4.85 million (£3.3 million)
- Increases StatPro's cloud-based ARR to 34% of total Group ARR from 27%
- Expected to be earnings enhancing in 2016 on a pro-forma basis following completion of the integration programme
- 53 client contracts - all new client relationships for StatPro
- Cash consideration:
 - \$7 million on closing
 - Two deferred payments - \$2 million after one year and \$1 million after two years
 - Additional contingent payment - up to \$6 million after one year, dependent on securing a number of new contract wins

Based on unaudited results for the year ended 31 December 2015, IA is expected to report revenue of \$5.0 million (of which approximately 94% was recurring) and an EBITDA loss of approximately \$0.3 million. Cost synergies are expected to be approximately \$1.0 million per annum (£0.7 million) for data feeds, administrative services and other costs.

Acquisition of majority control of InfoVest

With effect from 1 March 2016, StatPro South Africa (Pty) Ltd. (a wholly owned subsidiary of the Company) acquired a 51% shareholding in InfoVest Consulting (Pty) Ltd, a South African headquartered software provider, specialising in data warehouse, ETL and reporting software for the asset management industry. The purchase has been made via the transfer of StatPro Portfolio Control ("SPC") licence agreements to InfoVest, which StatPro provides to South African clients and which InfoVest currently supports on behalf of StatPro.

Highlights of the acquisition are:

- Acquisition of 51% of InfoVest
- Purchase settled by the transfer of SPC licence contracts to InfoVest
- Joint marketing agreement signed to promote each other's products and services
- Justin Wheatley, StatPro CEO and Craig Arenhold, CEO StatPro South Africa will join InfoVest Board, although the business will be managed independently
- Deal is expected to be earnings enhancing in 2016

Given increased regulations there is a growing demand for compliance management solutions such as SPC, which is a module of one of StatPro's products, StatPro Seven. By taking a majority stake in InfoVest, StatPro will benefit from this expanding market as well as improving the product and services it offers.

InfoVest's data warehouse software is a cost effective solution for asset managers and service providers to manage their internal data effectively in order to provide both input data to other systems and for reporting. The success of implementing a solution such as StatPro Revolution Performance depends on a client's ability to provide data in a reliable manner. InfoVest's software is designed to do precisely this.

In addition, StatPro and InfoVest have entered into a joint marketing agreement to promote each other's products and services as part of StatPro. InfoVest products will keep their current branding, whilst benefitting from the marketing reach of StatPro.

Based on unaudited results for the year ended 28 February 2015, InfoVest reported revenue of ZAR 18.0 million (approximately £0.76 million), including approximately £0.13 million revenue for supporting SPC.

Additional disclosures under IFRS 3 in relation to the fair value of the consideration, acquisition date assets and acquisition date liabilities have not been included in these accounts for either of the two investments as management are in the process of assessing these accounting values.