7 November 2017

First Derivatives plc

("FD", the "Company" or the "Group")

Interim results for the six months ended 31 August 2017

FD (AIM:FDP.L, ESM:FDP.I) today announces its results for the six months ended 31 August 2017.

Financial Highlights

Revenue £87.8m (H1 2017: £72.4m)	+21%
Adjusted EBITDA* £16.1m (H1 2017: £13.6m)	+19%
Adjusted** profit before tax £11.4m (H1 2017: £10.1m)	+13%
Profit before tax*** £6.3m (H1 2017: £7.0m)	-10%
Adjusted** fully diluted EPS 34.4p (H1 2017: 29.0p)	+19%
Interim dividend 7.0p per share (H1 2017: 6.0p)	+17%
Net debt £13.1m (FY 2017: £13.5m)	

Business Highlights

- Strong growth in software revenue, up by 32% to £52.2m (H1 2017:£39.5m), with recurring software revenue up by 44% to £19.6m (H1 2017: £13.6m)
- Strong demand and strategic progression in Managed Services and Consulting with revenue growth of 8% to £35.6m (H1 2017: £32.9m)
- FinTech revenue up 18% to £66.8m (H1 2017: £56.7m), driven by 32% increase in recurring software revenue within our global banking client base
- MarTech revenue up 30% to £18.3m (H1 2017: £14.1m), with growth accelerating in the second quarter following the launch of the latest version of our predictive analytics platform
- Signed initial contracts in multiple new sectors including sensor data management, telecoms, healthcare and retail
- Hired 386 graduates calendar year-to-date to assist in the delivery of growth across the Group, up 66% on the same period last year
- Post period end, announced major investment in Kx to put machine learning at the heart of future R&D developments, strengthening Kx's competitive position and opening up new markets
- Strong pipeline and positive start to the second half of the financial year, with full year financial performance expected to be slightly ahead of the Board's expectations.

*Adjusted for share based payments and acquisition costs

**Adjusted for amortisation of acquired intangibles, share based payments, acquisition costs, finance translation income/charges (and exceptional taxation for EPS)

***Includes foreign currency translation loss and deferred consideration on prior acquisitions

Seamus Keating, Chairman of FD, commented:

"We have continued to position the Group to target several high-value addressable markets, while maintaining our financial discipline. Through our conversations with existing and potential customers and partners, we remain convinced that demand for ultra-high performance analytics capability will continue to grow and that Kx technology leads this market in terms of its performance and lower total cost of ownership.

Our managed services and consulting activities are also in high demand and we are addressing this through record levels of recruitment of high-calibre graduates. We have signed a number of high value contracts in the first half and there is momentum behind our commercial discussions across the Group. We therefore anticipate a strong full year financial performance, slightly ahead of the Board's expectations."

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About FD

FD is a global technology provider with 20 years of experience working with some of the world's largest finance, technology, retail, pharma, manufacturing and energy institutions. The Group's Kx technology, incorporating the kdb+ time-series database, is a leader in high-performance, in-memory computing, streaming analytics and operational intelligence. Kx delivers the best possible performance and flexibility for high-volume, data-intensive analytics and applications across multiple industries. FD operates from 14 offices across Europe, North America and Asia Pacific, including its headquarters in Newry, and employs more than 2,000 people worldwide.

For further information, please visit www.firstderivatives.com

Chairman's Statement

We are pleased to report another period of progress against our strategic objectives and the continued delivery of strong growth as we maintain our financial discipline. Group revenue increased by 21% to £87.8m and adjusted EBITDA was 19% higher at £16.1m, despite continuing investment to position our software platform, branded as Kx technology, within new vertical markets.

Adjusted earnings per share increased by 19% to 34.4p (H1 2017: 29.0p) with net debt (loans and borrowings less cash and cash equivalents) at the period end of £13.1m (H1 2017: £16.3m). The Board has declared payment of an interim dividend of 7.0p per share (H1 2017: 6.0p per share). This will be paid on 6 December 2017 to those shareholders on the register on 15 November 2017.

Our Kx software platform is the established market leader in the analysis of market data for financial services (FinTech). Clients include financial regulators, stock exchanges and the leading global investment banks. Our competitive advantage is the ability to capture, enhance and analyse extremely large volumes of data in real-time, providing actionable insights from the data under management. These insights can then be used to support risk management, balance sheet optimisation and regulatory compliance and reporting.

Revenue from FinTech increased by 18% to £66.8m with growth in recurring revenue, a key indicator, strongly ahead by 32%. We continue to invest in software development, pre-sales and bid costs, sales and marketing, implementation and support teams to achieve our growth targets.

We operate a direct sales model within FinTech, and in the current period have successfully signed an increased number of contracts compared to prior periods. We have added to our sales capabilities through OEM arrangements such as that with Thomson Reuters, where Kx is embedded within Reuters' Velocity Analytics product. This relationship continues to deepen and good progress has been made through the period.

In addition, we are a leading provider of professional services to the capital markets industry, supporting business critical systems for our global investment banking clients. Our strategy in this area is to be the provider of choice within capital markets for the support and transformation of mission critical applications across asset classes, through front, middle and back office environments.

Our strategy is to use Kx's established market reputation in FinTech, not only to increase the use of Kx within our core market, but also to bring our unique technological capabilities to new markets. Expansion into these markets is being addressed through a combination of direct sales and working with partners to extend our market reach.

Our marketing technology (MarTech) business performed well, with revenue increasing by 30% to £18.3m (H1 2017: £14.1m). Our technology differentiates our products in a multi-billion dollar addressable market by its ability to develop actionable insights through interrogation of multiple data sources, each of which are of significant scale. During the period we launched an upgraded version of our end-to-end predictive analytics and lead management service platform, MRP Prelytix, which has been well-received by customers including SAP, Cisco and Oracle.

In other markets we continued to make progress. Of note, and in response to market demand, we announced a significant investment in machine learning, putting AI at the heart of our future development plans. We have added to our strategic partners to increase our routes to market, with agreements announced during the period with Airbus and the European Space Agency. In recent months we have also signed a number of important contract wins in markets which we consider to have significant potential for the Group. These include a deal with a Fortune 500 corporation to use Kx to provide fault detection solutions, a contract win with Red Bull Racing for cutting edge sensor data analytics and initial deals in telecoms, healthcare and retail. These successes reinforce our view that Kx has a competitive advantage in multiple high value addressable markets, in line with our strategic objectives.

We remain committed to the delivery of sustainable, long term growth. During the period the Group achieved a number of milestones, not least of which was taking our headcount above 2,000 people. The skills and commitment of our staff are driving our growth and give me confidence in our ambitious plans. We also continue to evaluate strategic acquisitions where we believe such deals would accelerate our organic growth ambitions.

Current Trading and Outlook

The Group has a strong pipeline and has made a positive start to the second half of the financial year. We have signed a number of high value contracts in the first half and there is momentum behind our commercial discussions across the Group. We therefore anticipate a strong full year financial performance, slightly ahead of the Board's expectations.

I would like to thank the staff of FD and my Board colleagues for their hard work in achieving another successful period of growth for the Group.

Seamus Keating
Chairman

Chief Executive's Statement

This has been another important period in the development of FD as we seek to build on the performance of our technology in FinTech by establishing ourselves within a number of large and fast growing markets.

Our Software division, branded as Kx technology ("Kx"), grew by 32%, powered by 44% growth in recurring revenue. Within FinTech we are now established as a go-to provider of solutions for demanding analytics challenges, as a result of which we are involved in a number of strategic conversations with existing and potential clients. In MarTech, the recent launch of the latest version of our predictive analytics platform, MRP Prelytix 2.0, is being well received, while in other markets we are making progress towards greater commercialisation across a range of opportunities.

We again delivered solid growth with revenue up 21% and adjusted EBITDA up 19%. Our high-margin revenue growth allowed us to continue to deliver growth in profits while making significant investments to position ourselves for future growth and to strengthen our technology advantages. During the period we announced significant investment in R&D in the form of machine learning, as well as continuing to increase our marketing, direct and indirect sales capabilities to enable us to bring our technology to new markets.

From ongoing conversations across multiple industries we remain convinced that our technology is ideally suited for markets as diverse as healthcare and telecoms. This belief is reinforced by recent announcements relating to strategic partnerships and contract wins with the likes of the European Space Agency, Scientific Revenue and Brainwave Bank.

In our Managed Services and Consulting division we remain on track to deliver another year of double digit growth, driven by our investment in training and development. One of our strengths is the fungibility of our talent pool and this continued to be evidenced by the deployment of consulting staff on software implementations during the period to meet demand. To address the high levels of demand across our business, we have increased our graduate recruitment in 2017, with nearly 400 graduates recruited so far this year, a 66% increase on the prior period.

This continued investment across the Group is a statement of our belief in the scale FD can achieve.

Software

Our Kx software was designed to meet the most demanding data challenges in terms of velocity and volume. We are now established as the leading technology dealing with market data analytics where our ability to deal with millions of events per second on commodity hardware is unrivalled. The Group is now targeting a range of other markets and industries where data volumes and frequency of updates is rising rapidly, stretching the capability of other technologies to cope. We have built specific applications in a number of markets, while our technology can also be used by third parties as a platform on which high performance, disruptive applications can be built.

Our software solutions, for all end use cases, are based on a common technology platform, driven by a single R&D team and pooled 24/7 global support. This approach generates significant economies of scale, reduces time to market for new products and provides operational leverage given the low incremental cost of acquiring and supporting new customers.

We have a significant market opportunity - estimates from independent industry analysts such as IDC and ABI Research show a combined total addressable target market in the sectors we are targeting in excess of $60 billion per annum.

Our development road map remains focussed on extending Kx's competitive position in areas such as sensor data and the Industrial Internet of Things, cyber security, blockchain and augmented / virtual reality. In September we announced a major initiative to put machine learning at the heart of our future technology developments and this has generated significant customer interest, from which we have already signed our first customer engagement with a global investment bank.

As data challenges continue to increase, we are confident that the performance attributes of our Kx technology, combined with the investment we are making to extend the use cases for which it is ideally suited, will drive greater global uptake of Kx.

FinTech

Our FinTech software revenue continued to grow strongly, up 31% to £31.2m (H1 2017: £23.8m). The Group continues to benefit from the increasing recognition that Kx is ideally suited to the industry's most demanding data analytics challenges. Kx is also increasingly seen as an enterprise solution, which is leading to larger average deal sizes and more strategic discussions with existing and potential clients.

Within FinTech, our Kx software solutions are utilised by investment banks, regulators and exchanges for purposes including real-time market surveillance, regulatory reporting, risk reporting and market data analytics.

Regulation remains a key driver of investment decisions, with recognition within the industry that many systems that compete with Kx lack the granularity of data capture that is required under MiFID II and MAR, for example. We believe that we are well positioned to continue to take market share within FinTech and that there is considerable opportunity to expand within existing customers as well as add new clients.

In addition to direct sales, the Group has increased its routes to market in recent years through OEM agreements with Thomson Reuters, where Kx is the analytics platform for its Velocity Analytics product, as well as Quantile, a provider of counterparty risk products, and Cobalt, which uses blockchain technology to reduce post-trade cost and risk for financial market participants. All of these technology partner deals are progressing well, in line with our expectations, and offer incremental growth opportunities for the Group.

MarTech

MarTech revenue increased by 30% to £18.3m (H1 2017: £14.1m), with recurring revenue up 72% to £6.9m.

Our Marketing Cloud platform applies sophisticated predictive analytics to billions of data points per day from internet searches, web site traffic, CRM data and other sources to determine buying intent globally. Delivered on a self-serve subscription basis, the data can be leveraged for lead generation in addition to optimising the digital marketing spend by granular targeting of advertisements. We believe our end-to-end marketing platform is a unique offering.

During the period we continued to develop our platform, with the release of MRP Prelytix 2.0. Key new features include increased data sources and analytics, improved Account Based Marketing (ABM) scoring, the ability for clients to customise algorithms and streamlined integration of MRP Prelytix into clients' systems. These advances are reflected in highly impressive return on investment figures for clients using our platform. Clients using MRP Prelytix have a 257% greater response rate, a 197% higher chance of converting leads into closed business and achieve a 208% increase in average deal size compared to the same sales and marketing tactics not informed by MRP Prelytix.

Other Markets

A key element of our strategy is to establish Kx technology in other markets. While reported revenue remains low (£2.7m during the period, up 74% on H1 2017) we are pleased with the traction we are seeing across a number of nascent markets.

In particular, a selection of the progress made during the period includes:

- *Sensor analytics* – we announced an important contract win with a Fortune 500 engineering solutions company for the use of Kx as the high-performance data historian and analytics engine in the client's fault detection product range. This is a high value contract where Kx's superior analytics performance, delivering millions of sensor reads per second, allowed us to displace the incumbent solution and will allow us to showcase Kx's capabilities within the Industrial Internet of Things. After the period end we also announced that Red Bull Racing had selected Kx for analytics on sensor data from its Formula 1 cars. This reinforces the cutting edge performance of Kx for sensor analytics and provides domain expertise for our push into the automotive market generally.
- *Commercial Space market* – we announced agreements with NASA and the European Space Agency that support earlier announcements with Airbus and 3DEO around analytics on Earth Observation imagery. Kx is gaining traction within this market and is ideally suited to the intensive computational requirements to turn digital imagery into useful insights.
- *Telecoms* – we signed a contract to support the monitoring of a telecoms network to identify performance issues. Although at an early stage, this has the potential to grow significantly and to be a showcase for the use of Kx in this large and important market.
- *Healthcare* – after the period end, we signed an agreement with BrainwaveBank for Kx to power its neuroscience platform as it seeks to build the world's first Big Data collection of brainwave activity

data. This will allow individuals to measure and track their own cognitive health and again showcases the power, performance and flexibility of Kx.

This is a small but illustrative sample of progress made in some of the markets in which we are seeking to establish Kx. We are encouraged by the numerous discussions we are having across industries and while we recognise it will take time to establish our presence within them; nonetheless we believe the compelling performance and cost of ownership advantages of Kx will enable us to deliver on these opportunities.

Managed Services and Consulting

Managed Services and Consulting continued to grow, with revenues increasing by 8% to £35.6m (H1 2017: £32.9m). Demand for our expertise remained high, although the reported growth rate was lower than in recent years as a result of a redeployment of our data scientists onto software implementations, in response to demand.

Our managed service activities focus on the support of mission critical systems within global investment banks. The Group assists clients by deploying its data scientists to assist in the development of more effective data architectures, to rationalise their application landscape and implement regulatory change.

We have more than 20 years of experience working with software from third party providers such as Murex, Calypso and Summit as well as a range of legacy and in-house systems. In addition to implementation, development and support services we have developed a number of complementary offerings such as managing regulatory and compliance initiatives. This enables us to assemble multi-disciplined teams to provide upgrades, testing, customisation and development of interfaces for our clients.

FD's services are provided both at the client's site and remotely from near shore centres including our headquarters in Newry. We operate a comprehensive training programme to provide our consultants with expertise in data science and domain knowledge in capital markets. This investment in our data science professionals differentiates us from our competitors and, combined with our repeat and recurring revenue, drives our growth each year.

While the high level of Kx sales and consequent implementation work has required some redeployment of our data science consultants from managed services into Kx implementation, there is no let-up in demand for FD's capability in third party managed services and consulting. This is evidenced by some significant new multi-year contracts signed during the period including:

- The implementation of a large third party system for a New York-based investment bank, representing one of the largest contracts in the Group's history.
- A major upgrade to a third party system deployed in the U.S. by a major European financial institution.

These major contract awards are in growing recognition of our reputation for both delivery and client satisfaction and the growing breadth and depth of our skills base. This allows us to bid for increasingly larger projects, to lock-in recurring revenue and to cross-sell software products.

Regulation and compliance, including MiFID II, Know Your Client, Anti Money Laundering, the General Data Protection Regulation (GDPR), the Market Abuse Regulation (MAR) as well as the Consolidated Audit Trail (CAT) in the US, remain key drivers of our business. As we deepen our relationships with key clients we are taking increasing responsibility for assisting them to meet these and other regulations across geographies.

The contract wins referenced above provide further visibility over growth and we also have a strong pipeline of potential new engagements with existing and new clients. Key to the delivery of this growth is our industrialised recruitment and training process, with record recruitment in the period designed to provide us with the resources needed to capitalise on the opportunities we see in our pipeline.

These factors provide us with confidence in a return to historic growth levels in Managed Services and Consulting in the second half of our financial year and beyond.

Management and Personnel

The Group now employs more than 2,000 people, up from over 1,700 people at the same time last year. In the year to date we have hired nearly 400 graduates, reflecting our expectation of future growth. The opportunity to work with leading edge technology in premier locations around the world continues to help us secure new talent and achieve high retention rates. We continue to emphasise training and continued development of our talent, which is another key driver of employee retention.

Once again I would like to thank all FD employees for the contribution they have made to our growth through their hard work, talent and flexibility.

Summary

We continue to make good progress towards our strategic objectives while delivering strong growth and disciplined investment. In FinTech we are regarded as a key software provider whose solutions are able to cope with the most demanding data challenges within the industry and we have a client list that showcases our credentials. In MarTech the release of an upgraded version of MRP Prelytix widens the gap between ourselves and competing solutions, while we can clearly demonstrate a compelling return on investment for our clients. In other high value markets we have made good progress and have high hopes that we can make further breakthrough contract wins to add to our deal with a Fortune 500 engineering company within the Industrial Internet of Things, secured earlier this year.

In Managed Services and Consulting we continue to see strong demand for our capabilities and have increased our graduate recruitment programme to ensure we can deliver against this opportunity, delivering growth in line with historic levels.

The Group provides compelling software and managed service solutions across a number of very large addressable markets. Based on the pipeline of opportunities and ongoing strategic conversations with clients, I remain confident that we can continue to deliver significant returns for shareholders.

Brian Conlon
Chief Executive Officer

Financial Review

Group revenue increased by 21% to £87.8m (H1 2017: £72.4m), all of which was organic. An analysis of revenue is provided in the table below.

	H1 2018 £000	**H1 2017 £000**	Change
Managed services and consulting	**35,636**	**32,887**	***8%***
Software:			
Recurring revenue	19,618	13,633	*44%*
Implementation and support	30,261	22,995	*32%*
Perpetual	2,322	2,841	*-18%*
Software total	**52,201**	**39,469**	***32%***
Total	**87,837**	**72,356**	***21%***
FinTech Revenue	66,848	56,691	*18%*
MarTech Revenue	18,260	14,097	*30%*
Other	2,729	1,568	*74%*
Total	**87,837**	**72,356**	***21%***

Adjusted EBITDA increased by 19% to £16.1m (H1 2017: £13.6m), with an adjusted EBITDA margin of 18.3% for the period (H1 2017: 18.7%), a strong performance given the ongoing investment to deliver future growth. In addition to the investments in areas such as machine learning and MRP Prelytix highlighted earlier, we have continued to invest across the Group to position ourselves in new markets, adding to our delivery, sales and marketing capabilities.

The adjusted profit after tax for the period of £9.2m (H1 2017: £7.5m) represented growth of 23%. The Group does not operate a currency hedging policy, with the structure of the Group's geographical operations providing a hedge against currency movements. The impact of currency movements overall during the period was again broadly neutral to the Group's earnings, with a small benefit to revenue and adjusted EBITDA balanced by an increase in dollar-denominated interest payments and the currency translation of taxation charges.

The Group continued to invest in R&D to maintain its technology lead, albeit with a greater proportion of spend written off and an increase in the amortisation of previously capitalised development costs. As a result, the net benefit to the Income Statement fell again during the period, as detailed in the table below.

	H1 2018 £000	**H1 2017 £000**
Capitalisation of R&D costs	3,766	3,686
Amortisation of R&D	(3,052)	(1,993)
Net capitalisation	**714**	**1,693**
Proportion of software revenue	*1%*	*4%*

Reported profit before tax decreased by 10% (H1 2017: up 27%) primarily as a result of a loss on foreign currency translation and an increase in acquisition costs as a result of deferred consideration on prior acquisitions.

The Group's effective tax rate was 27.4% (H1 2017: 28.8%) which was broadly in line with the full year tax rate for FY 2017. The fully diluted average number of shares in issue increased to 26.8m (H1 2017: 25.9m). This resulted in fully diluted earnings per share of 34.4p, representing growth of 19% for the period (H1 2017: 29.0p).

The calculation of adjusted profit after tax is detailed below.

	H1 2018 £'000	**H1 2017 £'000**
Reported profit for the year	4,578	5,008
Adjustments for:		
Amortisation of acquired intangibles	2,335	2,376
Share based payment and related costs	1,006	1,077
Acquisition costs, associate disposal costs and contingent purchase consideration	1,364	492
Loss/(Gain) on foreign currency translation	350	(898)
Share of loss of Associate	41	
Tax effect of the above	(466)	(557)
Adjusted profit after tax	9,208	7,498
Adjusted EPS (fully diluted)	34.4p	29.0p

The Group generated £13.0m of cash from operating activities before taxation payments (H1 2017: £12.4m), representing an 81% conversion rate of adjusted EBITDA (H1 2017: 91%) due to the timing of remuneration payments and the payment profile of recurring revenue.

At the period end, net debt was £13.1m (H1 2017: £16.3m, FY 2017: £13.5m), after the payment of £3.0m in dividends and £4.4m of capital on associates and investments for the penetration of new markets and prior year acquisitions. Total assets at 31 August 2017 were £251.3m compared to £234.4m at 31 August 2016.

Consolidated statement of comprehensive income (unaudited)

	Notes	6 months ended 31 August 2017	6 months ended 31 August 2016
		£'000	£'000
Revenue	**2**	87,837	72,356
Cost of sales		(62,778)	(51,509)
Gross profit		25,059	20,847
Other income		596	776
Administrative expenses		(18,468)	(14,886)
Results from operating activities		7,187	6,737
Acquisition costs and contingent purchase consideration		1,364	492
Share-based payments		1,006	1,077
Depreciation and amortisation		4,218	2,885
Amortisation of acquired intangible assets (IFRS3)		2,335	2,376
Adjusted EBITDA		16,110	13,567
Financial income		1	1
Financial expense		(490)	(604)
(Loss)/Gain on foreign currency translation		(350)	898
Net financing (expense)/income		(839)	295
Share of loss of associate using the equity method, net of tax		(41)	-
Profit before tax		6,307	7,032
Income tax expense		(1,729)	(2,024)
Profit for the period		4,578	5,008
		Pence	**Pence**
Earnings per Share	**4**		
Basic		18.2	20.5
Diluted		17.1	19.4

Consolidated statement of changes in equity

	Share capital	Share premium	Share option reserve	Currency translation adjustment	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2016	120	65,903	7,217	370	39,654	113,264
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,008	5,008
Other comprehensive income						
Net gain on net investment in foreign subsidiary and associate	-	-	-	2,630	-	2,630
Net profit on hedge of movement in foreign subsidiary and associate	-	-	-	2,041	-	2,041
Total comprehensive income for the period	-	-	-	4,671	5,008	9,679
Transactions with owners, recorded directly in equity						
Income tax on share options	-	-	756	-	-	756
Exercise or issue of shares	3	2,654	-	-	-	2,657
Share-based payment charge	-	-	510	-	-	510
Dividends to equity holders	-	-	-	-	(2,918)	(2,918)
Balance at 31 August 2016	**123**	**68,557**	**8,483**	**5,041**	**41,744**	**123,948**

Consolidated statement of changes in equity (continued)

	Share capital	Share premium	Share option reserve	Fair value reserve	Currency translation adjustment	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2017	124	72,275	10,225	-	8,335	40,772	131,731
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	4,578	4,578
Other comprehensive income							
Net gain on net investment in foreign subsidiary and associate	-	-	-	-	(2,240)	-	(2,240)
Net profit on hedge of movement in foreign subsidiary and associate	-	-	-	-	964	-	964
Total comprehensive income for the period	-	-	-	-	(1,276)	4,578	3,302
Transactions with owners, recorded directly in equity							
Income tax on share options	-	-	1,959	-	-	-	1,959
Exercise or issue of shares	-	3,753	-	-	-	-	3,753
Share-based payment charge	-	-	600	-	-	-	600
Dividends to equity holders	-	-	-	-	-	(3,533)	(3,533)
Balance at 31 August 2017	**124**	**76,028**	**12,784**	**-**	**7,059**	**41,817**	**137,812**

Consolidated statement of financial position (unaudited)

	As at 31 August 2017 £'000	As at 31 August 2016 £'000	As at 28 February 2017 £'000
Assets			
Property, plant and equipment	6,610	6,601	6,628
Intangible assets and goodwill	158,826	158,589	163,391
Trade and other receivables	2,686	1,248	3,630
Investment in equity – associated investees	1,948	-	1,548
Other financial assets	3,452	1,902	3,121
Deferred tax asset	17,503	11,726	14,859
Non-current assets	191,025	180,066	193,177
Trade and other receivables	46,509	40,481	43,738
Cash and cash equivalents	13,738	13,888	16,250
Current assets	60,247	54,369	59,988
Total assets	251,272	234,435	253,165
Equity			
Share capital	124	123	124
Share premium	76,028	68,557	72,275
Shares option reserve	12,784	8,483	10,225
Currency translation adjustment reserve	7,059	5,041	8,335
Retained earnings	41,817	41,744	40,772
Equity attributable to shareholders	137,812	123,948	131,731
Liabilities			
Loans and borrowings	23,460	26,798	26,357
Trade and other payables	33,912	33,727	35,114
Deferred tax liabilities	12,474	12,639	12,932
Contingent deferred consideration	2,850	1,176	3,169
Non-current liabilities	72,696	74,340	77,572
Loans and borrowings	3,378	3,397	3,404
Trade and other payables	27,881	25,300	33,681
Current tax payable	1,051	1,626	426
Employee benefits	6,870	3,147	5,492
Contingent deferred consideration	1,584	2,677	859
Current liabilities	40,764	36,147	43,862
Total liabilities	113,460	110,487	121,434
Total equity and liabilities	251,272	234,435	253,165

Consolidated statement of cash flows (unaudited)

	6 months ended 31 August 2017 £'000	6 months ended 31 August 2016 £'000
Cash flows from operating activities		
Profit for the period	**4,578**	**5,008**
Adjustments for:		
Net finance costs	**839**	**(295)**
Depreciation of property, plant and equipment	**1,161**	**892**
Amortisation of intangible assets	**5,384**	**4,369**
Increase in deferred consideration	**1,023**	**439**
Equity settled share-based payment transactions	**1,006**	**1,077**
Grant income	**(596)**	**(776)**
Share of loss on associate		**-**
Tax expense	**1,729**	**2,024**
	15,124	**12,738**
Changes in:		
Trade and other receivables	**1,687**	**1,057**
Trade and other payables	**(3,794)**	**(1,407)**
Cash generated from operating activities	**13,017**	**12,388**
Taxes paid	**(3,471)**	**(3,577)**
Net cash from operating activities	**9,546**	**8,811**
Cash flows from investing activities		
Interest received	**1**	**1**
Acquisition of other investments and associates	**(950)**	**(1,902)**
Net increase in loans to other investments	**(2,167)**	**-**
Acquisition of property, plant and equipment	**(1,442)**	**(956)**
Acquisition of intangible assets	**(3,766)**	**(3,686)**
Deferred consideration paid	**(1,237)**	**(480)**
Net cash used in investing activities	**(9,561)**	**(7,023)**
Cash flows from financing activities		
Proceeds from issue of share capital	**3,344**	**2,090**
Repayment of borrowings	**(1,812)**	**(1,634)**
Payment of finance lease liabilities	**(30)**	**(31)**
Interest paid	**(490)**	**(599)**
Dividends paid	**(3,030)**	**(2,839)**
Net cash from financing activities	**(2,018)**	**(3,013)**
Net increase/(decrease) in cash and cash equivalents	**(2,033)**	**(1,225)**
Cash and cash equivalents at 1 March	**16,250**	**15,100**
Effects of exchange rate changes on cash held	**(479)**	**13**
Cash and cash equivalents at 31 August	**13,738**	**13,888**

Notes to the Interim Results

1 Basis of Preparation

The results for the six months ended 31 August 2017 are unaudited and have not been reviewed by the Company's Auditors. They have been prepared on accounting bases and policies that are consistent with those used in the preparation of the financial statements of the Company for the year ended 28 February 2017.

The financial statements contained in this report do not constitute statutory accounts within the meaning of Section 477 of the Companies Act 2006. The results for the period ended 28 February 2017 were prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU ("adopted IFRSs") and reported on by the auditors and received an unqualified audit report. Full accounts for the period ended 28 February 2017 have been delivered to the Registrar of Companies.

2 Segmental Reporting

Revenue by industry

	2017	2016
	£'000	£'000
FinTech	**66,848**	56,691
MarTech	**18,260**	14,097
Other	**2,729**	1,568
Total	**87,837**	72,356

Revenue by category

	2017	2016
	£'000	£'000
Managed services and consulting	**35,636**	32,887
Software	**52,201**	39,469
Total	**87,837**	72,356

Geographical location analysis

	2017	2016
	£'000	£'000
UK	**28,978**	24,403
Rest of Europe	**14,317**	11,026
Americas	**34,781**	32,823
Australasia	**9,760**	4,104

Total	**87,837**	72,356

3 Dividends

An Interim Dividend of 7.0p per share will be made for the six months to 31 August 2017. This will be paid to shareholders on 6 December 2017 to shareholders on the register on 15 November 2017. The shares will be marked Ex-Dividend on 16 November 2017.

4 Earnings per Share

Basic earnings per share for the six months ended 31 August 2017 has been calculated on the basis of the reported profit after taxation of £4.6m (H1 2017: £5.0m) and the weighted average number of shares for the period of 25,135,875 (H1 2017: 24,461,620). This provides basic earnings per share of 18.2 pence (H1 2017: 20.5 pence).

Diluted earnings per share for the six months ended 31 August 2017 has been calculated on the basis of the reported profit after taxation of £4.6m (H1 2017: £5.0m) and the weighted average number of shares after adjustment for the effects of all dilutive potential ordinary shares 26,790,129 (H1 2017: 25,867,614). This provides diluted earnings per share of 17.1 pence (H1 2017: 19.4 pence).

The Board considers that adjusted earnings is an important measure of the Group's financial performance. Adjusted earnings in the period was £9,208k (H1 2017: £7,498k), which excludes the amortisation of acquired intangibles of £2,335k, (H1 2017: £2,376k) share-based payments of £1,006k (H1 2017: £1,077k), acquisition costs of £1,364k (H1 2017: £492k), loss on foreign currency translation of £350k (H1 2017: gain £898k), share of loss of associate £41k (H1 2017: £nil) and associated taxation impact of these adjustments of £466k (H1 2017: £557k). Using the same weighted average of shares as above provides adjusted basic earnings per share of 36.6 pence (H1 2017: 30.7 pence) and adjusted diluted earnings per share of 34.4 pence (H1 2017: 29.0 pence).

5 Interim Report

Copies can be obtained from the Company's head and registered office: 3 Canal Quay, Newry, Co. Down, BT35 6BP and are available to download from the Company's website www.firstderivatives.com.