5 November 2013

First Derivatives plc
("First Derivatives", the "Company" or the "Group")

Interim results for the six months ended 31 August 2013

First Derivatives (AIM: FDP.L, ESM: FDP.I), a leading provider of software and consulting services to the capital markets industry, today announces its results for the six months ended 31 August 2013.

Financial Highlights

- Turnover £34.4m (2012: £27.6m) +25%
- EBITDA £5.8m (2012: £5.7m) +2% after funding significant expansion of global sales team
- Pre-tax profit £3.0m (2012: £3.5m) -15%
- Adjusted* EPS down by 3.6%
- Interim dividend of 3.2p per share (2012: 3.1p) +3.2%
- Performance remains in line with current market expectations

*adjusted for amortisation and net profit after tax on sale of property.

Business Highlights

- Improving market conditions across Investment Banking with 17% increase in consulting revenue
- 46% increase in total software revenue and 16% increase in recurring software revenue
- NYSE contract underlines First Derivatives Big Data capability
- Increased investment in sales staff of £0.9m to capitalise on market interest and opportunities
- Investment in core operations for growing opportunities with recruitment of over 100 graduates in H1
- ASIC surveillance platform in Australia delivered on schedule
- Increased activity across the business driving strong second half

Seamus Keating, Chairman of First Derivatives commented:

"The first six months have seen continued strong growth across the Group's activities with total revenues up 25%. To fuel this growth we have increased the investment in the development of the Group's structure to ensure we have a strong organisation with quality product and service offerings. We have won a number of high profile contracts which we will deliver through the remainder of this year and have a healthy pipeline of prospects. We have maintained the momentum gained in the second quarter of the year and expect to report profits for the year in line with market expectations."

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About First Derivatives

First Derivatives is a global provider of software and consulting services to the financial services industry. With over 16 years experience working with leading financial institutions, it continues to deliver technologically advanced, award winning products and services that anticipate and respond to evolving needs of global capital markets.

First Derivatives currently employs over 800 people worldwide and counts many of the world's top investment banks, brokers and hedge funds as its customers. It has operations in London, New York, Stockholm, Singapore, Tokyo, Toronto, Sydney, Dublin, Newry and Hong Kong.

CHAIRMAN'S STATEMENT

The first half of 2013 has seen the Group continue to grow its operations across all regions and divisions in a market which is showing signs of improvement. The investment in our software assets and consulting offerings has bolstered our ability to compete for larger scale assignments in both divisions. This underpins the board's confidence in delivering continued strong revenue growth and margin improvement.

The software division has made significant progress in the period. Our announcement of the win with the Australian Securities and Investment Commission for our surveillance software made a significant impact on the market and has seen us involved in discussions with numerous brokers, exchanges and regulators on a global basis. This segment of the market is of growing importance with the continued growth in regulation and compliance presenting large scale opportunities. While there is a slower sales cycle than other areas, we remain confident of further successes in this area.

Our recent announcement on the Tick As A Service win with NYSE Technologies ("NYSET") highlights the potential of the software division in dealing with the ever increasing volume data demands on software solutions. This contract we believe defines a new market offering creating a cloud solution for market data for all market participants. Our partnership with NYSET gives us a strong brand and channel to market for this solution with its large customer base and sales force.

Consulting continues to drive forward bringing new clients to the Group for future cross selling. As part of the recent acquisitions of Redshift Horizons Limited and Cowrie Financial Limited we gained highly experienced personnel and this has assisted us in moving to high value consulting offerings and in the promotion of our software assets.

The Group continues to generate positive operating cash flows and the Board has decided to increase the interim dividend by 3.2% to 3.2p per share (H1 2012: 3.1p). This will be paid on 5 December 2013 to those shareholders on the register on 15 November 2013.

The fundamentals of the business are strong and the size of the capital markets and the sectors we are targeting are huge. The Group is well positioned to succeed and will continue to meet the challenges encountered to capitalise on the market opportunities that we have developed. With the current activity levels and pipeline we expect to report further growth in line with market expectations for the year to February 2014.

Seamus Keating
Chairman

CHIEF EXECUTIVE'S STATEMENT

I am pleased to report significant growth for the six months ended 31 August 2013 with revenues increasing by 24.6% to £34.4m from £27.6m in the corresponding period of the previous year. This growth is even more satisfying as it has been achieved across all regions and divisions of the organisation demonstrating the strength of the Group and its ability to react to market demands and meet the challenges presented to our customers.

The first half of this year has seen gross profit and EBITDA (Earnings before interest, tax, depreciation and amortisation) grow by 9% and 2% respectively on the prior year. This relatively modest growth in the first half reflects a significant acceleration in our investment in sales staff in Europe, North America and Asia to meet the opportunities developing for the business. Accelerated sales salary costs represented approximately £0.9m in the first half which, when adjusting for this, would have seen gross profit grow by 20%, EBITDA grow by 17.8% and profit before tax grow by 11.2%.

This investment in sales staff, along with our continued investment in core operational resources, will enable the business to deliver sales growth in H2 and beyond. While this investment in staff has held back profit growth in the first half we anticipate improvements in margin in the second half of the year as the benefit of this significant investment starts to bear fruit.

Software

Software sales of £11.0m were up 46.0% on the previous period (H1 2011: £7.5m). Transactional and recurring revenues were up 16.0% with service revenue associated with our own software product increasing by 82.5% driven by the scale of the implementations and opportunities in which we are now involved.

Our pipeline has never been so healthy. We have a portfolio of products, each of which addresses a market opportunity of hundreds of millions of dollars or more per annum. These products are hosted, multi-tenanted solutions so the incremental cost of signing new customers can be minimal. As our software applications become more established they provide us with an increasing number of prestigious reference customers across our flagship applications. These factors give us confidence in our ability to deliver continued growth in software revenues.

We continue to invest heavily in our research and development programme. Our decision to build a common technology platform for all of our applications means that our software is easier to support, deploy and upgrade. Our approach fosters rapid prototyping and innovation and allows us to convert ideas to products very quickly. From its conception we made a conscious decision to deploy Delta applications in the cloud and on mobile platforms - this decision has been validated by recent technology trends. Our software is designed to meet the "Big Data" challenge which is at the centre of the strategies of many of the world's IT giants.

We have achieved significant technology wins across our product suite and are working in partnership with some major players in the technology market. These wins are not only important in themselves but we believe they can be the springboard for even bigger opportunities in markets worth potentially billions of dollars per annum.

- **Market Surveillance** - In December of last year we announced that we had signed a multi-year contract with Australian Securities and Investment Commission ("ASIC"), the Australian regulator, to implement Delta Stream to assist them in maintaining an orderly market in the trading of securities. Delta Stream is used to collect real-time price and trading data from the seven different member exchanges and then analyse this using a variety of custom algorithims to identify patterns which would indicate possible insider trading, other forms of market abuse such as spoofing, or program trading algorithms oscillating out of control. The historical pattern is that the regulators and exchanges are key influencers in determining the choice of software for the compliance departments of regulated member firms – we are hopeful that the compelling functionality of Delta Stream and the size of the global surveillance market can generate significant opportunity for us in the near future.

- **Market Data and Reference Data** - In September of this year we announced a partnership with NYSE Technologies to bring a new Tick As A Service (TAAS) offering to the market. Delta Stream is the core of the TAAS offering and will be used to collect raw data from every major exchange in the world and to cleanse, enrich and store it. TAAS is targeted at all market participants as an alternative to building the internal global support teams and physical infrastructure (data centres, disk storage, hardware, back up facilities) required to collect and store market data. This paradigm turns data into a shared utility in the same manner as water or electricity. Every market participant needs data but raw data does not give them any competitive advantage per se, the competitive advantage comes from how they mine and utilise that data. This hosted and fully managed solution has the potential to save large financial institutions millions of dollars per annum and we would estimate the potential market size for this offering is hundreds of millions of dollars per annum. TAAS is an example of Big Data in action – on the North American financial markets alone there are c20 million price updates a second or 113 billion per day on average. Over 5 years this represents 95 trillion updates which need c21 PBs of storage.
- **Foreign Exchange** - Our Delta Flow product is now being used by 20 banks and brokers to help them source FX liquidity from a pool of 40 banks co-located in a data centre in New Jersey. These customers trade billions of dollars per day through our trading platform. During the year we have continued to enhance the functionality in the platform which has seen us recently being asked by one of our Japanese clients to replicate this offering in Tokyo. We see this as a major boost as it validates the direction we have taken with the product and its capabilities, while improving our ability to gain a bigger share of the largest segment (Japanese retail FX trading) of the largest market in the world (FX Market). We continue to invest heavily in Delta Flow and as we add new features we anticipate increasing our share of a potential $3 billion dollar per annum market.
- **Big Data** - Our software is the epitome of Big Data in action – we are one of the few companies to have moved beyond theoretical concepts to deliver real business benefits to our customers. Our software can analyse large volumes of data in tiny time periods and we record data with nanosecond timestamps. Whilst other Big Data players focus on “volume” and “veracity” issues and on tooling, it is clear that we are the market leaders in the “velocity” area as evidenced by independent technology industry benchmarks. We are talking with some of the leading Big Data companies in Silicon Valley and elsewhere to help them with the “velocity” and the “volume” piece of the Big Data story. These partnerships will help bring our technology to a wider arena beyond finance and put us on the radar of investors looking to ride the Big Data wave.

Consulting

Consulting revenues increased 16.5% to £23.4m from £20.1m in the six months to August 2013. We have achieved a number of significant wins in our key markets in the UK and the US as well as winning business in new markets such as South Africa and the Middle East. We are now firmly established as one of the leading niche capital markets consulting firms in the world and we have a reputation for the quality of our people. We are seen as a dynamic place to work and we are attracting some very senior figures from the City and Wall Street to our team. These people in turn bring their own network of potential customer contacts and future employees. Indeed these new senior employees have been to the forefront in generating new software and consulting deals and helping us forge relationships at very senior levels with customers and partners.

The Capital Markets world has changed since the crisis of 2008. The focus of our customers is no longer about expansion into new regions and new product lines. The focus is now on shoring up capital bases through cutting costs and dealing with the ever increasing tide of regulation. We have responded to this change in focus with a number of initiatives which have been instrumental in helping us to maintain double digit growth in this division;

- Our nearshore offering is resonating with our customers. Rather than pay the high costs associated with teams in the City or Manhattan we offer teams of similar quality based in our Headquarters in Newry. These teams provide a similar level of service but at a much lower cost. We distinguish ourselves from similar offerings based in places like India or the Ukraine based on language, capital market expertise, culture, timezone and the ability to spend time face to face with the client on site. As we grow, the size of the projects we bid for in this area is also growing.
- Our regulatory practice focuses on providing resources to banks in areas such as non-core asset disposal, regulation compliance and securitisation, where personnel with a combination of IT, finance and legal skills are in short supply. This service has been well received by existing and new clients who are under pressure to meet the requirements of regulations and directives such as Dodd Frank, EMIR and Basel.
- Our vendor services practice continues to grow. The acquisition of Cowrie in 2012 added Murex to the growing roster of third party products in which we have deep expertise. By building practices capable of delivering global, large scale implementation and support services for leading trading technology platforms we can penetrate practically every bank in the world. In the six months under consideration we added five new customers in this area of our business.

A key part of our strategy is to build sustainable, repeatable business. By focusing on building expertise in areas such as mission critical systems and providing nearshore support in multi-year contracts, we have created excellent revenue visibility of an estimated 80% in this area of the business. This visibility, allied with our growing brand reputation and our current pipeline, gives us confidence in our ability to continue to grow the revenues from this division.

Accommodation

The Company has made no further acquisitions of employee residential accommodation and in line with our stated strategy eight further individual properties have been disposed of in the period with a resulting profit on sale of £0.6m. The net proceeds of these disposals have been applied toward the reduction of our borrowings. We will continue to dispose of properties when suitable opportunities arise.

Outlook

The first six months have seen continued strong growth across the Group's activities with total revenues up 25%. We invested heavily in software, people and infrastructure to help us capitalise on what we believe is a huge opportunity. For example, we have recruited over 100 graduates over the last few months to help drive growth in both our software and our consulting division. We have seen a step improvement in our performance and we expect to report profits for the year in line with market expectations.

Brian Conlon
Chief Executive Officer

Consolidated Statement of Comprehensive Income (unaudited)

	Notes	6 months ended 31 August 2013 £'000	*Restated* 6 months ended 31 August 2012 £'000
Revenue	**2**	34,381	27,599
Cost of sales		(25,313)	(19,294)
Gross profit		9,068	8,305
Administrative expenses		(3,949)	(3,471)
Other income		681	856
Earnings (EBITDA)		5,800	5,690
Share based payments		(340)	(243)
Depreciation and Amortisation		(2,003)	(1,374)
Results from operating activities		3,457	4,073
Financial income		1	1
Financial expenses		(343)	(328)
Finance translation charge		(250)	(374)
Net financing costs		(592)	(701)
Profit before tax and associate income		2,865	3,372
Income from associates		90	95
Profit before tax		2,955	3,467
Income tax expense		(531)	(659)
Profit for the period		2,424	2,808

		Pence	**Pence**
Earnings per Share	**4**		
Basic		13.3	16.7

Consolidated Statement of changes in equity

	Share capital £'000	Share premium £'000	Shares option reserve £'000	Revaluation reserve £'000	Currency translation adjustment £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2012	83	10,502	2,673	167	290	18,521	32,236
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,808	2,808
Other comprehensive income							
Deferred tax on share options outstanding	-	-	(202)	-	-	-	(202)
Net loss on net investment in foreign subsidiary and associate	-	-	-	-	(696)	-	(696)
Net loss on hedge of movement in foreign subsidiary and associate	-	-	-	-	(18)	-	(18)
Total other comprehensive income	-	-	(202)	-	(714)	-	(916)
Total comprehensive income for the period	-	-	(202)	-	(714)	2,808	1,892
Transactions with owners, recorded directly in equity							
Exercise or issue of shares	2	547	(76)	-	-	-	473
Share based payment charge	-	-	312	-	-	-	312
Transfer or forfeiture	-	-	(10)	-	-	10	-
Dividends to equity holders	-	-	-	-	-	(1,369)	(1,369)
Total contributions by and distributions to owners	2	547	226	-	-	(1,359)	(584)
Balance at 31 August 2012	85	11,049	2,697	167	(424)	19,970	33,544

Consolidated Statement of changes in equity (continued)

	Share capital	Share premium	Shares option reserve	Revaluation reserve	Currency translation adjustment	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 March 2013	87	12,895	3,341	167	981	21,903	39,374
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,424	2,424
Other comprehensive income							
Deferred tax on share options outstanding	-	-	892	-	-	-	892
Net loss on net investment in foreign subsidiary and associate	-	-	-	-	(1,051)	-	(1,051)
Net profit on hedge of movement in foreign subsidiary and associate	-	-	-	-	54	-	54
Total other comprehensive income	-	-	892	-	(997)	-	(105)
Total comprehensive income for the period	-	-	892	-	(997)	2,424	2,319
Transactions with owners, recorded directly in equity							
Exercise or issue of shares	7	5,425	(196)	-	-	-	5,236
Share based payment charge	-	-	370	-	-	-	370
Transfer or forfeiture	-	-	(53)	-	-	53	-
Dividends to equity holders	-	-	-	-	-	(1,498)	(1,498)
Total contributions by and distributions to owners	7	5,425	121	-	-	(1,445)	4,108
Balance at 31 August 2013	94	18,320	4,354	167	(16)	22,882	45,801

Consolidated statement of financial position (unaudited)

	As at 31 August 2013 £'000	As at 31 August 2012 £'000	As at 28 February 2013 £'000
Assets			
Property, plant and equipment	6,401	12,671	9,094
Intangible assets	37,347	30,551	37,545
Other financial assets	6,233	6,390	6,295
Trade and other receivables	2,126	-	1,673
Deferred tax asset	2,634	1,447	1,969
Non-current assets	54,741	51,059	56,576
Trade and other receivables	20,630	18,944	19,837
Cash and cash equivalents	4,909	2,228	1,902
Assets held for sale	2,089	1,967	3,364
Current assets	27,628	23,139	25,103
Total assets	82,369	74,198	81,679
Equity			
Share capital	94	85	87
Share premium	18,320	11,049	12,895
Shares option reserve	4,354	2,697	3,341
Revaluation reserve	167	167	167
Currency translation adjustment reserve	(16)	(424)	981
Retained earnings	22,882	19,970	21,903
Equity attributable to shareholders	45,801	33,544	39,374
Liabilities			
Interest bearing borrowings	13,321	18,536	17,842
Deferred tax liability	2,554	2,301	2,622
Trade and other payable	2,354	2,196	2,224
Non-current liabilities	18,229	23,033	22,688
Interest bearing borrowings	6,538	3,460	6,213
Trade and other payables	8,155	9,247	8,505
Current tax payable	617	1,044	649
Employee benefits	2,653	3,222	3,038
Contingent deferred consideration	21	648	762
Deferred consideration	355	-	450
Current liabilities	18,339	17,621	19,617
Total liabilities	36,568	40,654	42,305
Total equity and liabilities	82,369	74,198	81,679

Consolidated statement of cashflows (unaudited)

	6 months ended 31 August 2013 £'000	6 months ended 31 August 2012 £'000
Cashflows from operating activities		
Profit for the period	**2,424**	2,808
Net finance costs	**592**	702
Share of profit of associate	**(90)**	(95)
Depreciation	**343**	367
Amortisation of intangible assets	**1,638**	1,006
Gain on sale of property, plant and equipment	**(550)**	(535)
Equity settled share-based payment transactions	**340**	243
Grant income	**(680)**	(1,589)
Tax expenses	**531**	659
	4,548	3,566
Changes in:		
Trade and other receivables	**(1,172)**	(3,524)
Trade and other payables	**224**	2,181
Taxes	**(402)**	(135)
Net cash from operating activities	**3,198**	2,088
Cash flows from investing activities		
Interest received	**1**	1
Acquisition of property, plant and equipment	**(1,031)**	(841)
Disposal of property, plant and equipment	**5,235**	2,849
Acquisition of intangible assets	**(2,298)**	(1,920)
Dividend received from associate	**-**	776
Payment of deferred consideration	**(435)**	(233)
Net cash generated/(used) in investing activities	**1,472**	632
Cash flows from financing activities		
Proceeds from issue of share capital	**4,778**	471
Receipt of new long term loan	**-**	3,397
Repayment of borrowings	**(5,994)**	(2,783)
Payment of finance lease liabilities	**(189)**	(153)
Interest paid	**(393)**	(328)
Dividends paid	**(1,602)**	(1,349)
Net cash from financing activities	**(3,400)**	(745)
Net increase/(decrease) in cash and cash equivalents	**1,270**	1,975
Cash and cash equivalents at 1 March 2013	**(322)**	(235)
Effects of exchange rate changes on cash and cash equivalents	**(250)**	(398)
Cash and cash equivalents at 31 August 2013	**698**	1,342

Notes to the Interim Results

1 Basis of Preparation

The results for the six months ended 31 August 2013 are unaudited and have not been reviewed by the Company's Auditors. They have been prepared on accounting basis and policies that are consistent with those used in the preparation of the financial statements of the Company for the year ended 28 February 2013.

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 2013 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 2013 have been delivered to the Registrar of Companies.

2 Segmental Reporting

Revenue by division

	Consulting division		**Software division**		**Total**	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000	**2013 £'000**	2012 £'000
Total Segment Revenue	**23,382**	20,063	**10,999**	7,536	**34,381**	27,599

Revenue by geographical location

	UK		**Rest of Europe**		**America**		**Australasia**		**Total**	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Revenue from external customers	**12,207**	9,887	**5,069**	3,569	**12,736**	11,455	**4,369**	2,688	**34,381**	27,599

3 Dividends

An Interim Dividend of 3.2p per share is proposed for the six months to 31 August 2013. This will be paid to shareholders on 5 December 2013 to shareholders on the register on 15 November 2013. The shares will be marked Ex-Dividend on 13 November 2013.

4 Earnings per Share

The earnings per share for the six months ended 31 August 2013 has been calculated on the basis of the profit after taxation of £2.4m (H1 2012: £2.8m). Earnings per share of 13.3 pence have been calculated based on the weighted average number of shares for the period being 18,118,787 (H1 2012: 16,823,147).

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.