



1 November 2016

First Derivatives plc
("FD", the "Company" or the "Group")
Interim results for the six months ended 31 August 2016

FD (AIM:FDP.L, ESM:FDP.I) announces its results for the six months ended 31 August 2016.

Financial highlights

- Revenue £72.4m (H1 2016: £53.8m) +34%
- Adjusted* EBITDA £13.6m (H1 2016: £10.8m) +26%
- Profit before tax £7.0m (H1 2016: £4.6m) +52%
- Adjusted** profit before tax £10.1m (H1 2016: £7.6m) +33%
- Reported diluted EPS 19.4p (H1 2016: 13.9p) +39%
- Adjusted** diluted EPS 29.0p (H1 2016: 23.9p) +21%
- Interim dividend 6.0p per share (H1 2016: 5.0p) +20%
- Net debt £16.3m (FY 2016: £15.1m)

**Adjusted for share-based payments and acquisition costs.*

***Adjusted for amortisation of acquired intangible assets, share-based payments, acquisition costs, foreign currency translation income (and associated taxation impact for EPS).*

Business highlights

- Strong growth across key industry segments contributing to overall growth of 34%.
- Managed services and consulting (“consulting”) revenue growth of 21% to £43.0m, driven by full year impact of increased consultant numbers and a number of managed services contract wins.
- Software revenue growth of 60% to £29.4m, with recurring license revenue up 45% to £13.6m.
- Further investment across the business, including a number of key strategic appointments, in response to market opportunities.
- Marketing of software under the Kx brand well received assisting in strengthening market awareness.
- Building momentum across the Group’s activities with a strong pipeline of opportunities in multiple industry segments.

Seamus Keating, Chairman of FD, commented: “We are pleased to report another period of strong growth for the first half of the Group’s financial year. We delivered on our strategy in a number of important areas; winning larger, multi-year contracts in managed services and consulting, extending the capabilities of our software and, through additional investment in sales, marketing and people, laying the foundations for further growth.

We have made significant progress in extending our reach beyond financial services, deploying the proven strengths of our Kx software assets. The second half has started positively and the high visibility within both consulting and software gives the Board confidence in a continued strong performance for the full year.”

For further information please contact:

First Derivatives plc

Brian Conlon, Chief Executive Officer
Graham Ferguson, Chief Financial Officer
Ian Mitchell, Head of Investor Relations

+44 (0)28 3025 2242
www.firstderivatives.com

Investec Bank plc

(Nominated Adviser and Broker)

Dominic Emery
Carlton Nelson
Sebastian Lawrence

+44 (0)20 7597 4000

Goodbody

(ESM Adviser and Broker)

Linda Hickey
Finbarr Griffin

+353 1 667 0420

FTI Consulting

Matt Dixon / Dwight Burden / Antonia Gray

+44 (0)20 3727 1000

About FD

FD is a global technology provider with 20 years of experience. The Group's Kx technology is used by some of the world's largest finance, technology and energy institutions. FD employs over 1,700 people worldwide and has operations in London, New York, Stockholm, Singapore, Hong Kong, Tokyo, Sydney, Palo Alto, Toronto, Philadelphia, Dublin, Belfast and its headquarters in Newry.

For further information, please visit www.firstderivatives.com

CHAIRMAN'S STATEMENT

We are pleased to report another period of strong growth for the first half of the Group's financial year. In the six months ended 31 August 2016 revenue increased by 34% to £72.4m and adjusted EBITDA was 26% ahead of last year at £13.6m. We delivered on our strategy in a number of important areas; winning larger, multi-year contracts in managed services and consulting, extending the capabilities of our software and, through additional investment in sales, marketing and people, laying the foundations for further growth.

We are particularly pleased with our software business where revenue increased by 60% to £29.4m. As we operate a predominantly subscription-based license model, this growth reflects the successful implementation of contracts signed last year. We have continued to win contracts with new and existing clients during the first half and the financial benefits of these will be recognised in future periods.

We continue to focus strongly on the financial services market which is the source of the majority of our software revenue, while advancing our strategy to penetrate other vertical markets, primarily marketing technology and utilities. We are also actively working with potential clients to explore use cases for our technology in other arenas such as telecoms and the Internet of Things.

Within this set of results, we disclose revenue by market sector, evidencing our progress outside financial services. Most significant is marketing technology which largely comprises our acquisition of Prelytix in 2015 and the Market Resource Partners business acquired in 2009. These assets have been combined and underpinned with our Kx platform to provide an end-to-end predictive analytics and lead management service platform with clients such as Brocade, Cisco, HP and Fujitsu.

This is an example of our intellectual property, both technology and service capability combining to deliver a unique high-value customer solution. Whereas we historically saw our revenue streams from consulting or software, now the market seeks solutions such as those underpinned by our Kx platform, or consulting and managed services based on third party products such as Murex or Calypso. In future reporting periods we expect to report these two business lines across our key market sectors.

Consulting revenues again grew strongly, rising by 21% to £43.0m. As our scale and range of capabilities grow, we continue to see an increase in the size and strategic importance of the engagements we undertake with clients. We are increasingly viewed as a strategic partner in the delivery of IT strategies for clients, further assisting our revenue visibility and offering the potential to cross-sell software products as part of a wider business solution.

To support the growth plans of the Group we have worked on enhancing our recruitment and training programmes. Overall, headcount now stands at more than 1,700 (H1 2016: more than 1,500). This continued investment in our staff gives us a strong platform for future growth.

The Group continues to generate positive operating cash flow and the Board has again decided to increase the interim dividend, by 20% to 6.00p per share (H1 2016: 5.00p per share). This will be paid on 5 December 2016 to those shareholders on the register on 11 November 2016.

With regard to Brexit, it is not possible to comment on any potential impact given the lack of clarity at this stage. The weakness of sterling since the referendum has been a net benefit to the Group's operating results, as outlined in the financial review. Our business is well geographically diversified with over sixty percent of revenue generated outside the UK. Looking ahead, FD has consistently demonstrated its ability to adapt and grow successfully as business conditions evolve and we are confident in our ability to assist our clients through whatever transitional change may be required when the implications of Brexit become clear.

In summary, FD has delivered a strong first half performance while continuing to invest across the business to take advantage of the Group's many growth opportunities. The second half has started positively and the high visibility within both consulting and software gives the Board confidence in a continued strong performance for the full year.

Seamus Keating
Chairman

CHIEF EXECUTIVE'S STATEMENT

I am pleased to report continued growth during the first half of the Company's financial year. In the six months ended 31 August 2016 we increased our revenue by 34% to £72.4m, from £53.8m in the corresponding period, while adjusted EBITDA was £13.6m compared to £10.8m in the prior period, representing 26% growth. The scale of the opportunity married with the strength of our business activities in software and consulting gives us confidence in our ability to continue our growth trajectory in future periods.

Business review

First Derivatives combines domain knowledge with best in breed technology to provide a premium offering to our customers. We work extensively with a range of third party technology providers but the revenue share associated with our own proprietary technology is increasing dramatically.

Kx Technology

Our software products, branded under Kx technology, are the market leader in Fast Big Data, the ultra-high-speed processing of real-time, streaming and historical data. Kx enables the capture, analysis and visualisation of data within a single platform, providing significant performance benefits while requiring less computing infrastructure and thereby lowering total cost of ownership.

During the period we unified our software under the brand of Kx, with the accompanying strapline – "It's about time". Applications of our technology are branded as "Kx for ..." depending on the application or vertical market – for example, Kx for Surveillance, Kx for Sensors, Kx for Pharma and so on. The component parts of the platform are described by their functionality and comprise Analyst for Kx, Stream for Kx, Control for Kx and Dashboards for Kx. We launched a new website in September and have secured a sponsorship deal with Porsche – another brand associated with quality, precision engineering and speed. This strengthened branding and simplified messaging is already resonating with existing and potential clients.

FinTech

The vast majority of our software revenue continues to be generated within financial services, for applications such as market surveillance, trading, regulatory reporting, transaction cost analysis and algorithmic testing. Our software is typically licensed on a subscription basis and can either be deployed or hosted in multi-tenanted solutions. During the first half of our financial year we successfully implemented the contract wins achieved in the second half of last year. We also won a number of larger contracts within financial services and signed agreements to partner with Thomson Reuters and a pan-European trading venue for the provision of managed solutions to their customers.

These new wins have added to the Group's enviable marquee client base in financial services. This demanding customer base has meant that our technology has been tried and tested in the world's most demanding commercial data environments. We are now using the increasing number of successful implementations of Kx in financial services as reference sites to allow us to expand its use in both existing and new clients.

One of the drivers of our success has been the ability to deliver complete solutions for our clients, marrying our Kx technology platform with our consulting delivery capabilities. The ability to provide a complete technology solution, incorporating data ingestion, data management, data interrogation and visualisation is attractive to our customer base, as is the capability to do so through a managed service.

General awareness of data challenges in markets outside financial services has increased significantly in recent years as businesses are coming under siege from growing data volumes and increasing levels of high velocity streaming data. The ability to deal with these data challenges, "Fast Big Data", is becoming increasingly important to user organisations, as evidenced both through our own conversations with potential clients in vertical markets and through industry analyst comment.

As part of our strategy to extend the use of our technology we have been exploring a range of markets that are being challenged by growing data volumes and increasing levels of streaming data. This has been recognised in a recent report by industry analysts Bloor, “Kx is already a proven leader in capital markets and financial trading, and has successfully enhanced its offering to the point where it is now positioned as a significant player in the wider streaming analytics market, and is well set to capitalise on sensor analytics and the Internet of Things.”

MarTech

An example of our success in extending Kx’s addressable market is in digital marketing, where our revenues have grown strongly in recent periods. We have developed a compelling technology focused offering, utilising the capabilities of Kx technology and provided as a managed service to drive sales for our customers. The technology helps identify buyer intent data by analysing internet traffic and combining it with multiple other non-proprietary, proprietary, firmographic data and customer data sources. We employ predictive analytics across these data sets to identify prospective buyers and then use interactive software and additional marketing services to enable our clients to sell more effectively to their target markets. This is a unique unified end-to-end solution with a large addressable market that provides high returns on investment for clients. The scale of the data analytics challenge is such that we believe that there is no competing technology that could generate results in a time and cost efficient manner that would enable it to compete with our solution.

This cloud-based solution is used by many of the world’s leading technology companies and we are seeking to broaden its base into other markets such as finance and healthcare. The core business model is subscription-based with the ability to expand the managed service offering to meet each client’s needs. We have had numerous client wins during the period including several global technology firms and we are pleased with the progress we have made in this market.

Other Verticals

In addition to digital marketing we are also making progress in entering new markets, utilising the performance advantages of Kx to deliver real competitive advantage for the analysis of data in other industries. During the period we signed a partnership agreement with Utilismart, a provider of meter data management and analytics to more than 100 utilities in North America. Under this agreement Kx technology will become the hosted infrastructure platform for Utilismart's smart grid applications, replacing a third party database provider and enabling Utilismart to rapidly scale the number of clients it can handle. Development work to deliver this solution is advancing in line with an anticipated Q1 2017 launch and there has been significant interest from potential utility customers.

This is just one example of the commercial impact Kx's superior performance capabilities can have on markets outside financial services. We continue to believe that the unique combination of the key advantages of our technology, our global presence, our hosting capability, our data science credentials, the maturity of our platform and our ability to deal with vast amounts of data leaves us strongly placed to continue to succeed in financial markets as well as other verticals where applications and solutions around Fast Big Data are required.

Managed Services and Consulting – Other Technologies

FD is one of the leading capital markets managed and professional services companies in the world, with ongoing contracts with the majority of the largest global investment banks. We provide implementation, support and development services across a range of third party technologies and asset classes including credit, interest rate, foreign exchange, equity, cash and derivatives markets.

Our growing scale and reputation, allied to our unique capabilities in combining domain knowledge in capital markets with our experience of the key technologies deployed within it, continue to differentiate our services. These differentiators, along with our reputation for delivery, continue to allow us to scale our business through continued expansion of our customer base. In particular we seek to increase our strategic importance to clients through key account management programmes that focus on the breadth of our capabilities. This approach has resulted in recent successes in our near-shore managed services offering, which has increased revenue visibility through growth in our recurring revenue.

A key competitive advantage continues to be the strength of our recruitment and training programmes, with more than 250 graduates joining FD this calendar year to date. Our internal Capital Markets Training Programme continues to provide them with domain and technology skills and is increasingly well understood and appreciated by clients as a guarantee of quality.

Management and personnel

The Group now employs more than 1,700 people, up from more than 1,500 people at the same time last year. We continue to attract highly-qualified talent and achieve high retention rates. I would like to pay tribute to all FD employees for their hard work, talent, flexibility and dedication in what has been another period of strong growth for the Group.

Summary

The first half was a period of building momentum across our business, as described in the review of activities. We have also made good progress in sales and marketing and software development and have continued to invest across the business. During the period we rebranded our technology under the Kx name. We believe these initiatives leave us strongly placed for future growth.

We remain confident that our software has significant competitive advantages in financial markets along with a range of other verticals. During the first half we have advanced our discussions with multiple potential customers in other industries and have also sought to increase our routes to markets through partnership and OEM agreements with third parties.

We continue to see evidence that FD is becoming an increasingly strategic managed service and consulting partner for large investment banks, evidenced by the pipeline of new managed services assignments being discussed with clients. Our clients' demonstrable confidence in our capabilities and appetite for our services allows us to continue to invest in the training and retention of our own staff as we prepare for continued growth.

In summary, following a strong performance in the first half of our financial year and continued investment in our technology and consulting offerings, the Group is well positioned for growth in the second half and beyond.

Brian Conlon
Chief Executive Officer

FINANCIAL REVIEW

Group revenue increased by 34% to £72.4m (H1 2016: £53.8m), which was predominantly organic. An analysis of revenue is provided in the table below.

Six months ended 31 August	2016	2015	Increase
	£000	£000	%
Managed services and consulting	42,976	35,503	21%
Software:			
Recurring revenue	13,633	9,426	45%
Implementation and support	12,906	7,961	62%
Perpetual	2,841	944	201%
Software total	29,380	18,331	60%
Total	72,356	53,834	34%

Currency movements impacted on our results in H1 and is expected do so again in the second half of our financial year. The weakness of sterling against the U.S. dollar has led to an increase in revenue which, after taking into account the effect of our natural currency hedge by virtue of our global operations, resulted in a £0.5m increase in adjusted EBITDA. If currency rates remain at present levels for the rest of our financial year, we expect a currency benefit for the second half similar to that in H1.

Adjusted EBITDA increased by 26% to £13.6m (H1 2016: £10.8m). Our stated intention is to invest and capitalise on opportunities to ensure deliverable long-term growth. In the period we have added senior members to our sales teams across the business, realigned and strengthened our business development teams to target new verticals, invested in our software solutions delivery teams, incurred early set-up costs in regard to new managed services contracts and continued to invest in our people. These investments strengthen the operations of the Group and position us to continue to capitalise on the potential in capital markets as well as other verticals.

The Group continued to invest in R&D to maintain its technology lead, as detailed in the table below.

Six months ended 31 August	2016	2015
	£000	£000
Capitalisation of R&D costs	3,686	3,703
Amortisation of R&D	(1,993)	(1,724)
Net capitalisation	1,693	1,979
Proportion of software revenue	6%	11%

The Group's effective tax rate was 29% (H1 2016: 25%) with this movement predominantly being attributable to the implementation of the new Research and Development Expenditure Credit (RDEC) tax legislation which has replaced the Research and Development Tax Credit. This was mandatory from 1 April 2016 with the Group implementing the legislation from 1 March 2016. For the six months to 31 August 2016 the introduction of RDEC reduced the Group's profit after tax by £0.2m.

The fully diluted average number of shares in issue increased to 25.9m (H1 2016: 25.0m). This resulted in fully diluted earnings per share of 29.0p (H1 2016: 23.9p), representing growth of 21.4% for the period.

The Group generated £12.4m of cash from operating activities before taxation payments (H1 2016: £7.0m), representing a 91.3% conversion of adjusted EBITDA (H1 2016: 64.7%). At the period end, net debt was £16.3m (FY 2016: £15.1m). Debt, which is principally US dollar-denominated, increased due to a foreign currency translation impact of £1.6m.

Net assets at 31 August 2016 were £123.9m compared to £106.6m at 31 August 2015.

Consolidated statement of comprehensive income (unaudited)

		6 months ended 31 August 2016	6 months ended 31 August 2015
	Notes	£'000	£'000
Revenue	2	72,356	53,834
Cost of sales		(51,509)	(37,976)
Gross profit		<hr/> 20,847	<hr/> 15,858
Other income		776	544
Administrative expenses		(14,886)	(11,144)
Results from operating activities		<hr/> 6,737	<hr/> 5,258
Acquisition costs		492	442
Share-based payments		1,077	504
Depreciation and amortisation		2,885	2,542
Amortisation of acquired intangible assets (IFRS3)		2,376	2,015
Adjusted EBITDA		<hr/> 13,567	<hr/> 10,761
Financial income		1	5
Financial expense		(604)	(661)
Gain on foreign currency translation		898	28
Net financing income/(expense)		<hr/> 295	<hr/> (628)
Profit before tax		<hr/> 7,032	<hr/> 4,630
Income tax expense		(2,024)	(1,151)
Profit for the period		<hr/> 5,008	<hr/> 3,479
		Pence	Pence
Earnings per Share	4		
Basic		20.5	15.0
Diluted		19.4	13.9

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 2015	114	55,286	6,262	(1,690)	38,352	98,324
Total comprehensive income for the period						
Profit for the period	-	-	-	-	3,479	3,479
Other comprehensive income						
Net loss on net investment in foreign subsidiary and associate	-	-	-	(410)	-	(410)
Net profit on hedge of movement in foreign subsidiary and associate	-	-	-	76	-	76
Total comprehensive income for the period	-	-	-	(334)	3,479	3,145
Transactions with owners, recorded directly in equity						
Income tax on share options	-	-	246	-	-	246
Exercise or issue of shares	2	4,198	-	-	-	4,200
Issue of shares as purchase consideration	1	2,599	-	-	-	2,600
Share-based payment charge	-	-	420	-	-	420
Dividends to equity holders	-	-	-	-	(2,371)	(2,371)
Balance at 31 August 2015	117	62,083	6,928	(2,024)	39,460	106,564

Consolidated statement of changes in equity (continued)

	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 financial position (unaudited)

	As at 31 August 2016 £'000	As at 31 August 2015 £'000	As at 29 February 2016 £'000
Assets			
Property, plant and equipment	6,601	6,010	6,301
Intangible assets and goodwill	158,589	136,399	151,338
Other financial assets	1,902	-	-
Trade and other receivables	1,248	2,648	2,504
Deferred tax asset	11,726	7,289	9,030
Non-current assets	<u>180,066</u>	<u>152,346</u>	<u>169,173</u>
Trade and other receivables	40,481	29,015	38,665
Cash and cash equivalents	13,888	19,965	15,100
Current assets	<u>54,369</u>	<u>48,980</u>	<u>53,765</u>
Total assets	<u>234,435</u>	<u>201,326</u>	<u>222,938</u>
Equity			
Share capital	123	117	120
Share premium	68,557	62,083	65,903
Shares option reserve	8,483	6,928	7,217
Currency translation adjustment reserve	5,041	(2,024)	370
Retained earnings	41,744	39,460	39,654
Equity attributable to shareholders	<u>123,948</u>	<u>106,564</u>	<u>113,264</u>
Liabilities			
Loans and borrowings	26,798	25,534	26,795
Trade and other payables	33,727	29,489	31,963
Deferred tax liabilities	12,639	11,641	12,289
Contingent deferred consideration	1,176	1,134	1,176
Non-current liabilities	<u>74,340</u>	<u>67,798</u>	<u>72,223</u>
Loans and borrowings	3,397	4,899	3,428
Trade and other payables	25,300	16,135	27,262
Current tax payable	1,626	2,117	1,488
Employee benefits	3,147	3,813	2,554
Contingent deferred consideration	2,677	-	2,719
Current liabilities	<u>36,147</u>	<u>26,964</u>	<u>37,451</u>
Total liabilities	<u>110,487</u>	<u>94,762</u>	<u>109,674</u>
Total equity and liabilities	<u>234,435</u>	<u>201,326</u>	<u>222,938</u>

Consolidated statement of cash flows (unaudited)

	6 months ended 31 August 2016 £'000	6 months ended 31 August 2015 £'000
Cash flows from operating activities		
Profit for the period	5,008	3,479
Adjustments for:		
Net finance costs	(295)	628
Depreciation of property, plant and equipment	892	756
Amortisation of intangible assets	4,369	3,739
Increase in deferred consideration	439	-
Equity settled share-based payment transactions	1,077	504
Grant income	(776)	(544)
Tax expense	2,024	1,151
	<u>12,738</u>	<u>9,713</u>
<i>Changes in:</i>		
Trade and other receivables	1,057	1,231
Trade and other payables	(1,407)	(3,984)
Cash generated from operating activities	<u>12,388</u>	<u>6,960</u>
Taxes paid	(3,577)	429
Net cash from operating activities	<u>8,811</u>	<u>7,389</u>
Cash flows from investing activities		
Interest received	1	5
Acquisition of property, plant and equipment	(956)	(747)
Disposal of investment	-	6,296
Acquisition of intangible assets	(3,686)	(3,703)
Acquisition of subsidiaries	-	(4,745)
Acquisition of financial assets	(1,902)	-
Deferred consideration paid	(480)	-
Net cash used in investing activities	<u>(7,023)</u>	<u>(2,894)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	2,090	3,699
Repayment of borrowings	(1,634)	(1,490)
Payment of finance lease liabilities	(31)	(45)
Interest paid	(599)	(661)
Dividends paid	(2,839)	(2,280)
Net cash from financing activities	<u>(3,013)</u>	<u>(777)</u>
Net increase/(decrease) in cash and cash equivalents	(1,225)	3,718
Cash and cash equivalents at 1 March	15,100	14,705
Effects of exchange rate changes on cash held	13	28
Cash and cash equivalents at 31 August	<u>13,888</u>	<u>18,451</u>

Notes to the Interim Results

1 Basis of Preparation

The results for the six months ended 31 August 2016 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 29 February 2016.

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 29 February 2016 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 29 February 2016 have been delivered to the Registrar of Companies.

2 Segmental Reporting

Revenue by industry

	2016	2015
	£'000	£'000
FinTech	56,691	42,576
MarTech	14,097	9,897
Other	1,568	1,361
	<hr/>	<hr/>
Total	72,356	53,834
	<hr/>	<hr/>

Revenue by category

	2016	2015
	£'000	£'000
Managed services and consulting	42,976	35,503
Software	29,380	18,331
	<hr/>	<hr/>
Total	72,356	53,834
	<hr/>	<hr/>

Geographical location analysis

	2016	2015
	£'000	£'000
UK	24,403	20,496
Rest of Europe	11,026	8,623
Americas	32,823	21,572
Australasia	4,104	3,143
	<hr/>	<hr/>
Total	72,356	53,834
	<hr/>	<hr/>

3 Dividends

An Interim Dividend of 6.00p per share will be made for the six months to 31 August 2016. This will be paid to shareholders on 5 December 2016 to shareholders on the register on 11 November 2016. The shares will be marked Ex-Dividend on 10 November 2016.

4 Earnings per Share

Basic earnings per share for the six months ended 31 August 2016 has been calculated on the basis of the reported profit after taxation of £5.0m (H1 2016: £3.5m) and the weighted average number of shares for the period of 24,461,620 (H1 2016: 23,257,740). This provides basic earnings per share of 20.5 pence (H1 2016: 15.0 pence).

Diluted earnings per share for the six months ended 31 August 2016 has been calculated on the basis of the reported profit after taxation of £5.0m (H1 2016: £3.5m) and the weighted average number of shares after adjustment for the effects of all dilutive potential ordinary shares 25,867,614 (H1 2016: 25,039,799). This provides diluted earnings per share of 19.4 pence (H1 2016: 13.9 pence).

The Board considers that adjusted earnings is an important measure of the Group's financial performance. Adjusted earnings in the period was £7,498k (H1 2016: £5,978k), which excludes the amortisation of acquired intangibles of £2,376k, (H1 2016: £2,015k) share-based payments of £1,077k (H1 2016: £504k), acquisition costs of £492k (H1 2016: £442k), gain on foreign currency translation of £898k (H1 2016: £28k) and associated taxation impact of these adjustments of £557k (H1 2016: £434k). Using the same weighted average of shares as above provides adjusted basic earnings per share of 30.7 pence (H1 2016: 25.7 pence) and adjusted diluted earnings per share of 29.0 pence (H1 2016: 23.9 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.