



2 June 2015

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

Preliminary results for the year ended 28 February 2015

FD (AIM:FDP.L, ESM:FDP.I), a leading provider of software and consulting services, today announces its results for the year ended 28 February 2015.

Financial Highlights

- Revenue £83.2m (2014: £69.9m)	+19%
- Adjusted EBITDA £15.5m (2014: £12.5m)	+24%
- Profit before tax £17.5m (2014: £7.9m)	+120%
- Adjusted* profit before tax £10.8m (2014: £9.2m)	+17%
- Adjusted* fully diluted EPS 38.8p (2014: 34.2p)	+13%
- Full year dividend 13.5p per share (2014: 12.2p)	+11%
- Net debt £15.7m (2014: £11.2m)	

*Adjusted for amortisation of acquired intangibles, share based payments, profit on disposal of property, net gain on disposal of investment in associate, acquisition costs, finance translation income/charges (and associated taxation impact for EPS).

Business Highlights

- Purchase of majority stake in Kx Systems opens a range of new opportunities in Big Fast Data, strengthened by strategic acquisitions to position the Group in new vertical sectors.
- Strategic acquisition of Prelytix LLC to expand the Group's presence in the fast-growing marketing technology sector.
- Continued investment in software products with new clients for Delta Flow, Delta Stream and Delta Algo driving revenue growth of 29%.
- Further growth and strategic progress in consulting, with a total of six new Master Service Agreements helping to deliver revenue growth of 15%.
- Oversubscribed placing of new shares with new and existing institutional investors to accelerate growth.
- Further commitment during the period from Invest Northern Ireland of £3.9m to support up to 484 new jobs in Newry.

Post period-end highlights

- Strategic acquisitions of Affinity Systems and ActivateClients for a combined initial consideration of £7.1m.
- Board strengthened through the appointment of Virginia Gambale.

- Good start to new financial year with another year of strong growth expected, moderately ahead of current consensus market expectations.

Seamus Keating, Chairman of FD, commented: “This was a very successful year for FD, with the purchase of a majority stake in Kx Systems enabling the Group to broaden its strategy. The subsequent investment across the business, including three strategic acquisitions in 2015, positions FD as a leading player in Big Fast Data across multiple vertical markets. This has been achieved while maintaining a strong focus on current trading, with a strong second half performance from both our consulting and software activities enabling the Group to report record results for FY 2015 and upgrade expectations for the current financial year. We will continue to invest to maximise the growth potential of the business and view the future with confidence.”

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About FD

FD is a global technology provider with nearly 20 years of experience of working with some of the world’s largest finance, technology and energy institutions. It holds a 65% stake in Palo Alto-based Kx Systems, developer of the world-leading database technology, kdb+. It employs over 1,200 people worldwide and has operations in London, New York, Stockholm, Singapore, Hong Kong, Tokyo, Sydney, Toronto, Philadelphia, Dublin, Belfast and its headquarters in Newry.

For further information, please visit www.firstderivatives.com

CHAIRMAN'S STATEMENT

The financial year to 28 February 2015 was a very successful year for First Derivatives. We made significant progress in implementing our strategy with a number of key acquisitions and delivered strong financial performance. Revenue for the year increased by 19.0% to £83.2m, while adjusted EBITDA rose by 24.1% to £15.5m.

Net debt (loans and borrowings less cash and cash equivalents) at the period end was £15.7m (2014: £11.2m), the servicing of which is underpinned by the Group's cash generation and performance over recent years. The Board has recommended payment of a final dividend of 10.20p per share (2014: 9.00p per share) which, together with the interim dividend of 3.30p per share paid in December 2014, gives a total dividend for the year of 13.50p per share, an increase of 10.7% compared to the prior year. The final dividend, if approved at the AGM on 25 June 2015, will be paid on 17 July 2015 to those shareholders on the register on 19 June 2015.

Software

Software revenue increased by 28.9% to £24.9m (2014: £19.3m) with customer wins across our entire product portfolio. The size of the market opportunity in capital markets is significant and we continue to make progress positioning ourselves to capture a meaningful share of that opportunity. Our clients have challenges around balance sheet optimisation, regulation, transparency and risk management which can be met through real-time data analytics, which is the fundamental strength of our product suite.

Outside capital markets, we are engaged in discussions with a number of potential customers that are attracted by the capabilities of our flagship kdb+ and Delta products, reaffirming our view that our software is ideally suited to Big Fast Data opportunities across multiple sectors.

Consulting

Consulting revenues continued to grow strongly, rising by 15.3% to £58.3m (2014: £50.6m). This is the twelfth consecutive year of double-digit percentage growth in consultancy and reflects the strength of customer relationships, the skills of our consultancy staff and the recurring nature of our revenues.

During the year we were pleased to sign Master Service Agreements with a number of new high profile clients, adding to the strong relationships we have developed over the years. At a time when clients are typically reducing the number of vendors to enable them to manage these relationships more effectively, it represents a vote of confidence in the Group that the number of clients we engage with continues to increase. We see good potential to grow strongly within our existing client base, while continuing to target new clients.

We have continued our recruitment of both graduates and experienced consultants as we seek to provide our clients with the high quality service they expect and to allow us to widen our service offering. We are pleased with the continued support from Invest Northern Ireland, in the form of future grant assistance of up to £3.9m, announced in June 2014, to support the creation of 484 new high quality jobs within the Group over the next few years.

Corporate Development

The most significant acquisition activity was the increase in our stake in Kx Systems Inc. (“Kx”) to 65.2% in October 2014 opening further opportunities within capital markets and the ability to penetrate other sectors with our software. Kx’s principal product kdb+ is widely acknowledged as the world’s pre-eminent time-series database.

The Group initiated a successful placing to raise £12.7m in February 2015 (an additional £2.6m was placed in March 2015 following shareholder approval) while also increasing our bank facilities to £36.5m in October 2014. This allowed us to complete three acquisitions in addition to the increase in our shareholding in Kx.

In February 2015 we acquired Prelytix LLC, a Massachusetts-based provider of predictive analytics software operating within the marketing technology sector for an initial consideration of £4.9m which by the achievement of performance targets could increase to £8.1m over a three year period.

Subsequent to the year end, in March 2015, we acquired Ontario based Affinity Systems Limited (a Kx Systems Inc. partner) for an initial consideration of £3.8m which, on the achievement of demanding future targets, could grow to £7.7m. Affinity is a software development consultancy specialising in utility, retail and healthcare data management. We also acquired ActivateClients Limited, a software business with important HTML5 capabilities targeting financial markets and based in Dublin, for an initial consideration of £3.3m, potentially increasing to £4.8m.

These acquisitions position us well to continue delivering strong growth in our software businesses within Capital Markets and the expertise to leverage our core software infrastructure assets across other important market sectors.

Board Changes

There were no changes to the Board during the financial year. On 3 March 2015, Virginia Gambale was appointed a Non-Executive Director of the Group. A U.S. citizen, Ms Gambale has extensive experience as an enterprise technology buyer in capital markets, a technology venture capital partner and an independent director across diverse industry sectors. On 24 March 2015, Pat Brazel resigned as a Non-Executive Director to join the Group in an executive role, as Global Head of Software Sales. On behalf of the Board I would like to thank Pat for his contribution to the Group and wish him success in his new role.

Current Trading and Outlook

The current financial year has started positively, with good growth in consultancy and a number of contract wins in software. The investment in the Group’s sales capability in recent years is evident in the healthy pipeline of opportunities, while the high levels of visibility in both consultancy and software provides confidence that we will report another year of strong growth. This will be supplemented by a positive impact from the Group’s recent acquisitions. Overall, the Group expects performance to be moderately ahead of current market forecasts.

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

Chairman

CHIEF EXECUTIVE'S STATEMENT

Within the capital markets sector, market conditions improved over the past year with the drivers consistent with those of the prior year – firmer underlying economies providing opportunities for our clients to invest for growth; complex and widespread increases in and changes to regulation; and pressure to reduce costs, through the use of new technology or changes to the way that technology is delivered.

In addition to the solid market conditions, we have started to see the benefits of investment within our business in prior years. Our acquisition of Kx Systems (“Kx”) in October 2014 has positioned the Group as a technology leader in the field of Big Fast Data and to maximise the commercial opportunities available to us we have invested both internally, in development, sales and marketing, as well as through acquisition as detailed in the Chairman’s statement.

Review of activities

First Derivatives (“FD”) provides software products that enable the world’s largest finance, technology and energy institutions to meet the most demanding data management challenges they face. The Group also provides a range of associated consulting services within capital markets, where our customer base includes investment banks, brokers, exchanges, regulators and hedge funds.

The most significant development during the year was the increase in our investment in Kx Systems in October 2014. Kx is one of the world’s leading Big Data vendors and its principal product, kdb+, is widely acknowledged as the pre-eminent time series database. FD and Kx have been partners for more than a decade - together we provide a market leading solution that allows organisations to capture, analyse and store large volumes of data, including streaming data.

In recent years we have made significant investments in sales and marketing across the business, which has assisted our growth rates and is reflected in the depth of our pipeline. Since we announced our acquisition of Kx, we have invested further to enable us to sell our software products to additional vertical markets and this is beginning to generate a number of interesting opportunities. I would caution that many of these opportunities are still at an early stage, but we are encouraged by our engagement with potential customers in respect of our ability to solve significant data challenges.

Software

Software sales during the period increased by 28.9% to £24.9m (2014: £19.3m). Our software provides a clear and, we believe, compelling client proposition. While the term Big Data has become associated with a number of software and services vendors analysing unstructured data, typically using Hadoop, our software addresses a related but more challenging problem, namely the rapid analysis of large datasets and/or streaming, structured data, increasingly termed Big Fast Data. We excel in this through the use of kdb+, which has been independently benchmarked as the world’s leading time series database. Our software is therefore complementary to the unstructured Big Data companies, with whom we see opportunities to partner and collaborate.

Capital Markets Software

The technical capabilities of our software have helped us carve out a significant market share within capital markets, with kdb+ being the timeseries database of choice for 9 of the 10 top investment banks in the world as well as widespread usage of our Delta products – a suite of applications built on top of kdb+. Our products are used in areas such as market surveillance, trading, regulatory reporting, transaction cost analysis and algorithmic testing.

Our software addresses a market opportunity valued at billions of dollars or more per annum. It is offered as a hosted, multi-tenanted solution so the incremental cost of signing new customers can be minimal.

Our software applications share a common technology platform, which 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 applications in the cloud and on mobile platforms - this decision has been validated by recent technology trends. Through the recent acquisition of ActivateClients we now have strengthened our HTML5 capabilities, and we are confident that we will not only have the fastest back end technology in the market but also slick front end visualisation.

Key wins over the past year have included:

- **kdb+:** Is now used by over 90 organisations and there were nearly 30 new deals signed this year across hedge funds, banks and technology suppliers.
- **Market Surveillance:** During the period, the Group won two contracts to implement Surveillance at IEX, a high-growth equity trading venue based in New York and Yieldbroker Pty Limited, an electronic marketplace designed for institutional investors and banking participants trading in Australian and New Zealand debt securities and derivatives. These contracts built on the momentum generated by the go live in November 2013 of the Group's flagship surveillance contract with the Australian Securities and Investment Commission. Our Surveillance product was also voted Market Surveillance Product of the Year at the Futures and Options World Awards in Singapore in September 2014.
- **Energy Markets:** After the period end, we secured our first customer within energy trading surveillance – a leading European oil and gas company is using our product to monitor trading activity in the futures market as regulators tighten controls within the industry.
- **Exchanges:** We signed the Shenzhen Stock Exchange earlier in the year as well as deploying an innovative algo trading testing platform at another large Asian Exchange.
- **Foreign Exchange:** Our Delta Flow platform had a positive year, with performance weighted to the second half, providing good momentum into the current year. We also signed a significant global player, EBS, ICAP's market leading electronic FX business, who are using our software for streaming analytics.
- **Operations:** During the year our Delta Operations Network has been successfully deployed at six banks in Europe and is offered as a managed service. These tools cover areas such as application monitoring, regulatory reporting, single customer views, reconciliations and testing.

Additional vertical markets

We have outlined in previous statements that while our software platform's heritage is within capital markets, we believe its competitive advantages in dealing with Big Fast Data are equally applicable to a number of additional vertical markets. In particular, given our nanosecond time stamping and geolocation capabilities, we see the structured data flowing from connected sensors, known as the Internet of Things, presenting an attractive opportunity.

During the year we secured significant deals with the Ontario Regulator (IESO), Purdue Pharma in the US and a leading oil and gas company in South America. This has confirmed our belief that we have a software product which is applicable across multiple industries globally. We are in discussions with a number of prospects in areas such as:

- **Telecoms:** customer profile monitoring/analysis; customer marketing; sensor data monitoring; network optimisation.
- **Utilities:** smart meter data retrieval and analysis; network monitoring; sensor data storage and analysis.
- **Pharma:** drug trial data capture, analysis and simulation; gene sequencing and analysis; regulatory reporting.
- **Others:** automotive plant monitoring; proximity marketing; preventative maintenance in manufacturing, web analytics.

We have accelerated our product roadmap and our entry to certain verticals by recent acquisitions; our acquisition of Prelytix, which specialises in predictive analytics generated by analysing real-time advertising data, website traffic and social media; and Affinity, which has developed a Sensor Data Management platform, which is currently applied to smart meter data but which can be adapted to handle data from any connected device. While these market opportunities are still evolving, we are encouraged by the initial interactions with potential customers.

Consulting

The Group has continued to build on its growing reputation as one of the leading niche capital markets consulting companies in the world. We have ongoing contracts with many of the leading global banks, providing implementation, support and development across a range of asset classes including credit, interest rate, foreign exchange, equity, cash and derivatives markets. The Group has been working in this area for nineteen years and our areas of expertise and delivery capability continue to broaden and deepen as we grow. This means we are able to bid for a wider range of assignments, many of which are larger than those FD has typically undertaken.

As a result of this increased activity, consulting recorded another solid period of growth, with revenues increasing by 15.3% to £58.3m (2014: £50.6m) in the year to 28 February 2015. We have continued to grow the number of chargeable consultants since the end of the period reflecting the continuing opportunity we see within our capital markets niche and we continue to enjoy excellent revenue visibility.

Our growth is built on a number of differentiators, which include the strength of our internal training programme, which emphasises both capital markets and technology skills and capabilities; the ability to operate a hybrid on-site and near shore support model for our clients; and a flexible pricing model allied with a global footprint. These differentiators have ensured that, at a time when many customers are rationalising their supplier lists, FD is growing its client base, as evidenced by an increase in the number of Master Service Agreements (MSAs) under which we operate with larger clients. In the past year, we have added six new MSAs taking the total to 80, and we have a number of potential new MSAs under discussion.

Our underlying philosophy remains unchanged. We provide people who understand the Capital Markets and who understand technology, differentiating ourselves from our competitors. To meet our clients' demands, we have developed and refined a number of consulting offerings, which are designed to allow us to bid for larger projects, to lock-in recurring revenue and to cross sell products. These include a hybrid Nearshore offering, which combines deploying a team of consultants in situ at the client, supported by a team with similar expertise at a lower cost in our headquarters in Newry. This approach addresses many of the concerns expressed around Nearshoring, such as cultural fit, time zone issues and consistency of service standards.

Our Multi-Vendor application support provides a single team to support a range of third party applications such as Calypso, Murex and Summit as well as legacy in-house systems. This multi-disciplined team is also responsible for upgrades, testing, customisation and development of interfaces at the client.

Management and Personnel

The Group now employs over 1,200 people, up from over 900 people at the same time last year. Our increased brand recognition and the opportunity to work on cutting edge technologies in locations around the world continue to help us secure new talent and achieve high retention rates. Once again I would like to pay tribute to all FD employees for their hard work, talent, flexibility and dedication.

Summary

We have had a great start to the year and our pipeline is very strong. We have invested heavily in our sales function and in buying new businesses to accelerate our product roadmap and to address new vertical markets. We believe that the growing strength of our brand, the quality of our consultants and the superiority of our products leaves us ideally placed to continue our historical growth trajectory in Capital Markets. Whilst challenges remain our initial entry into other verticals has been very encouraging and we believe that the solid foundation we have laid and the huge addressable size of these markets gives us a significant opportunity to deliver further growth for shareholders.

Brian Conlon
Chief Executive Officer

1 June 2015

Financial Review

The Group performed well in the year with sales increasing by £13.3 million (19.0%). Growth arose from further penetration in the two key business areas with consultancy sales increasing by £7.7 million

(15.3%) and software sales by £5.6 million (28.9%). The profit before tax for the year of £17.5 million (2014: £7.9 million) represented growth of 119.9%.

Revenue from continuing operations increased by 19.0% over the prior year. Consulting revenues increased by 15.3% (2014: 22.0%) and software revenues increased by 28.9% (2014: 28.8%). Software revenue represented 29.9% of Group revenue for the year (2014: 27.6%) and on a pro forma basis, assuming Kx Systems had been consolidated for the entire year, software revenue would have been 34.9% of Group revenue.

The Group increased its stake in Kx Systems to 65.2% at the end of October 2014. Since then its performance has been in line with management expectations and consolidated into the Group results. Kx Systems will continue to be fully consolidated going forward. The Company also issued a put for the remaining non-controlling interest (NCI) of 34.8% under which the holders can require the Company to purchase the remaining interest at a fixed price for a period of seven years for cash. Changes in the fair value of the NCI put is accounted for directly in equity. At year end, a long term liability of £27.1m was recognised for the put option. The increased investment within Kx Systems has resulted in a gain of £9.6m in the Income Statement relating to the revaluation of the Group's existing interest. This has been treated as an exceptional gain for adjusted EBITDA purposes along with the associated costs of the transaction.

To finance this increased investment the Group renewed and increased its debt facility. As a result, finance expense increased to £0.7m (2014: £0.6m) as a result of increased borrowings in the second half of the year.

The Group's reported effective tax rate was 8.9% (2014: 19.5%). The effective rate has reduced as there is no deferred tax recognised on the gain arising on the deemed disposal of associate. Excluding the deemed disposal results in an effective tax rate of 19.8% which is in line with prior periods.

The adjusted profit before and after tax is detailed below and excludes the amortisation of acquired intangibles, share based payments, gain on disposal of property, finance translation income/charges, net gain on disposal of investment in associate, acquisition costs along with associated taxation impact of these adjustments.

	2015	2014
	£'000	£'000
Reported profit for the year	15,915	6,401
Adjustments for:		
Amortisation of acquired intangibles	2,205	1,579
Share based payment and related costs	1,495	932
Gain on disposal of property	(1,669)	(988)
Acquisition related costs	984	-
(Gain)/loss on foreign currency translation	(138)	19
Effects of investment in associate	(9,582)	(268)
Tax effect of the above	(465)	(304)
Adjusted profit after tax	8,745	7,371
EPS (fully diluted)	38.8p	34.2p

Adjusted profit before tax rose by 18.2%, again reflecting profitable growth with adjusted earnings per share increasing by 13.4%. Fully diluted earnings per share growth was slightly lower due to the increase in the weighted average number of shares in issue to 22.6m (2014: 21.6m). The increase in shares was as a result of share options exercised, shares issued to increase our investment in Kx and a placing to institutional shareholders in February 2015.

The Group generated £11.2m of cash from operating activities (2014: £8.1m), representing 131.6% of result from operating activities (2014: 97.6%). At the year end, net debt was £15.7m. During the year the Group disposed of 7 properties which had been utilised in the business. This generated a gain on disposal of £1.7m (2014: £1.0m) and proceeds of £5.0m (2014: £7.1m). This disposal programme is now complete. Net assets at 28 February 2015 were £98.3m compared to £52.1m at 28 February 2014.

Consolidated statement of comprehensive income
Year ended 28 February 2015

	<i>Note</i>	2015 £'000	2014 £'000
Revenue	2	83,216	69,902
Cost of sales		<u>(59,497)</u>	<u>(50,674)</u>
Gross profit		23,719	19,228
Other operating income		1,045	1,950
Administrative expenses		<u>(16,288)</u>	<u>(12,890)</u>
Results from operating activities		8,476	8,288
Acquisition and associate disposal costs		984	-
Share-based payment and related costs		1,495	932
Gain on disposal of property, plant and equipment		(1,669)	(988)
Depreciation and amortisation		3,959	2,636
Amortisation of acquired intangible assets (IFRS3)		<u>2,205</u>	<u>1,579</u>
Adjusted EBITDA		15,450	12,447
Finance income		3	4
Finance expense		(723)	(594)
Gain/(loss) on foreign currency translation		<u>138</u>	<u>(19)</u>
Net financing expense		(582)	(609)
Share of profit of associate using the equity method, net of tax		57	268
Loss on dilution in associate using the equity method		(60)	-
Gain on disposal of investment in associate and settlement of pre-existing relationships		9,585	-
Profit before income tax		17,476	7,947
Tax expense		<u>(1,561)</u>	<u>(1,546)</u>
Profit for the year		<u>15,915</u>	<u>6,401</u>

Consolidated statement of comprehensive income (continued)
Year ended 28 February 2015

	<i>Note</i>	2015 £'000	2014 £'000
Profit for the year		15,915	6,401
Net exchange gain/(loss) on net investment in foreign subsidiaries and associate		2,334	(3,794)
Net loss on hedge of net investment in foreign subsidiaries and associate		(1,099)	(227)
Reclassification of loss on net investment in associate		(59)	-
Reclassification of gain on hedge investment in associate		174	-
Reclassification of associate revaluation reserve		(167)	-
Other comprehensive income for the period, net of tax		<u>1,183</u>	<u>(4,021)</u>
Total comprehensive income for the period attributable to owners of the parent		<u>17,098</u>	<u>2,380</u>
Earnings per share		Pence	Pence
Basic	4	77.2	34.4
Diluted	4	<u>70.6</u>	<u>29.7</u>

All profits are attributable to the owners of the Company and related to continuing activities.

Consolidated balance sheet
Year ended 28 February 2015

	<i>Note</i>	2015 £'000	2014 £'000
Assets			
Property, plant and equipment	5	5,948	5,358
Intangible assets and goodwill	6	134,293	38,025
Investment in associate		-	5,233
Trade and other receivables		2,634	2,554
Deferred tax asset		6,450	5,855
Non current assets		149,325	57,025
Trade and other receivables		29,952	20,571
Cash and cash equivalents		14,705	4,393
Assets held for sale		-	3,146
Current assets		44,657	28,110
Total assets		193,982	85,135
Equity			
Share capital		114	98
Share premium		55,286	22,251
Share option reserve		6,262	6,627
Revaluation reserve		-	167
Currency translation adjustment reserve		(1,690)	(3,040)
Retained earnings		38,352	25,959
Equity attributable to shareholders		98,324	52,062
Liabilities			
Loans and borrowings		27,025	9,706
Deferred tax liabilities		29,490	2,087
Trade and other payables		11,284	4,008
Contingent deferred consideration		1,132	-
Non-current liabilities		68,931	15,801
Loans and borrowings		3,429	5,875
Trade and other payables		18,936	8,785
Current tax payable		490	430
Employee benefits		3,872	2,182
Current liabilities		26,727	17,272
Total liabilities		95,658	33,073
Total equity and liabilities		193,982	85,135

Consolidated statement of changes in equity

Year ended 28 February 2015

	Share capital £000	Share premium £000	Share option reserve £000	Revaluation reserve £000	Currency translation adjustment £000	Retained earnings £000	Total equity £000
Balance at 1 March 2014	98	22,251	6,627	167	(3,040)	25,959	52,062
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	15,915	15,915
Other comprehensive income							
Net exchange gain on net investment in foreign subsidiaries and associate	-	-	-	-	2,334	-	2,334
Net exchange loss on hedge of net investment in foreign subsidiaries and associate	-	-	-	-	(1,099)	-	(1,099)
Reclassification of loss on net investment in associate	-	-	-	-	(59)	-	(59)
Reclassification of gain on hedge of investment in associate	-	-	-	-	174	-	174
Reclassification of associate revaluation reserve	-	-	-	(167)	-	-	(167)
Total comprehensive income for the year	-	-	-	(167)	1,350	15,915	17,098
Transactions with owners of the Company							
Income tax relating to share options	-	-	(199)	-	-	-	(199)
Exercise of share options	4	4,243	(867)	-	-	-	3,380
Change in fair value of NCI put	-	-	-	-	-	(1,017)	(1,017)
Issue of shares	5	12,102	-	-	-	-	12,107
Issue of shares as purchase consideration	7	16,690	-	-	-	-	16,697
Share based payment charge	-	-	721	-	-	-	721
Transfer on forfeit of share options	-	-	(20)	-	-	20	-
Dividends	-	-	-	-	-	(2,525)	(2,525)
Balance at 28 February 2015	114	55,286	6,262	-	(1,690)	38,352	98,324

Consolidated statement of changes in equity

Year ended 28 February 2014

	Share capital £000	Share premium £000	Share option reserve £000	Revaluation reserve £000	Currency translation adjustment £000	Retained earnings £000	Total equity £000
Balance at 1 March 2013	87	12,895	3,341	167	981	21,903	39,374
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	6,401	6,401
Other comprehensive income							
Net exchange loss on net investment in foreign subsidiaries and associate	-	-	-	-	(3,794)	-	(3,794)
Net exchange loss on hedge of net investment in foreign subsidiaries and associate	-	-	-	-	(227)	-	(227)
Total comprehensive income for the year	-	-	-	-	(4,021)	6,401	2,380
Transactions with owners of the Company							
Income tax relating to share options	-	-	3,350	-	-	-	3,350
Exercise of share options	6	3,695	(752)	-	-	-	2,949
Buy-back and cancellation of share options	-	-	-	-	-	(314)	(314)
Issue of shares	4	4,562	-	-	-	-	4,566
Issue of shares for settlement of deferred consideration	1	1,099	-	-	-	-	1,100
Share based payment charge	-	-	757	-	-	-	757
Transfer on forfeit of share options	-	-	(69)	-	-	69	-
Dividends	-	-	-	-	-	(2,100)	(2,100)
Balance at 28 February 2014	98	22,251	6,627	167	(3,040)	25,959	52,062

Consolidated cash flow statement
Year ended 28 February 2015

	2015	2014
	£'000	£'000
Cashflows from operating activities		
Profit for the year	15,915	6,401
Adjustments for:		
Net finance costs	582	609
Share of profit of associate	(57)	(268)
Share of loss on dilution in associate	60	-
Depreciation of property, plant and equipment	1,193	738
Amortisation of intangible assets	4,971	3,477
Gain on sale of property, plant & equipment	(1,669)	(988)
Gain on sale of investment in associate	(9,585)	
Equity settled share-based payment transactions	721	667
Grant income	(1,045)	(1,931)
Tax expense	1,561	1,546
	<u>12,647</u>	<u>10,251</u>
Changes in:		
Trade and other receivables	(5,538)	(453)
Trade and other payables	4,430	(793)
Cash generated from operating activities	<u>11,539</u>	<u>9,005</u>
Taxes paid	(382)	(915)
Net cash from operating activities	<u>11,157</u>	<u>8,090</u>
Cash flows from investing activities		
Interest received	3	4
Dividend received from associate	896	773
Disposal of property, plant and equipment	5,035	7,065
Acquisition of subsidiaries, net of cash acquired	(23,302)	(148)
Acquisition of property, plant and equipment	(2,228)	(2,907)
Acquisition of intangible assets	(7,145)	(6,105)
Payment of deferred consideration	-	(125)
Net cash used in investing activities	<u>(26,741)</u>	<u>(1,443)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	15,487	7,515
Payment to buy-back share options	-	(314)
Proceeds from new borrowings	29,152	1,000
Repayment of borrowings	(11,747)	(9,829)
Payment of finance lease liabilities	(1,038)	(254)
Interest paid	(722)	(676)
Dividends paid	(2,525)	(2,204)
Net cash used in financing activities	<u>28,607</u>	<u>(4,762)</u>
Net increase in cash and cash equivalents	13,023	1,885
Cash and cash equivalents at 1 March	1,544	(322)
Effects of exchange rate changes on cash held	138	(19)
Cash and cash equivalents at 28 February	<u><u>14,705</u></u>	<u><u>1,544</u></u>

Notes

1 Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

The financial information included in this preliminary announcement does not constitute statutory accounts of the Group for the years ended 28 February 2015 or 28 February 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Both the consolidated financial statements and the Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“IFRSs”).

2 Operating segments

Business segments

The group has disclosed below certain information on its revenue by geographical location. Details regarding total can be found in the statement of comprehensive income.

The group’s two revenue streams are separated as follows:

- Consulting activities which includes services to capital markets; and
- Software activities which includes the sale of intellectual property and related services.

Revenue by division

	2015	2014
	£’000	£’000
Consulting	58,320	50,593
Software	24,896	19,309
	<hr/>	<hr/>
Total	83,216	69,902
	<hr/>	<hr/>

Geographical location analysis

	Revenues		Non-current assets	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK	35,182	26,857	20,983	17,915
Rest of Europe	13,231	9,607	10,160	11,274
America	28,531	26,230	110,091	20,225
Australasia	6,272	7,208	1,641	1,756
	<hr/>	<hr/>	<hr/>	<hr/>
Total	83,216	69,902	142,875	51,170
	<hr/>	<hr/>	<hr/>	<hr/>

3 Dividends

	2015 £'000	2014 £'000
Final dividend relating to the prior year	1,813	1,499
Interim dividend paid	712	601
	<hr/>	<hr/>
	2,525	2,100
	<hr/>	<hr/>

The dividends recorded in each financial year represent the final dividend of the preceding financial year and the interim dividend of the current financial year.

The final dividend relating to the prior year amounted to 9.0 (previous year: 8.4) pence per share and the interim dividend paid during the year amounted to 3.3 (previous year: 3.2) pence per share. The cumulative dividend paid during the year amounted to 12.30 (previous year: 11.60) pence per share.

After the respective reporting dates, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	2015 £'000	2014 £'000
10.20 pence per ordinary share (2013: 9.00 pence)	2,323	1,813
	<hr/>	<hr/>

4 (a) Earnings per ordinary share

Basic

The calculation of basic earnings per share at 28 February 2015 was based on the profit attributable to ordinary shareholders of £15,915k (2014: £6,401k), and a weighted average number of ordinary shares ranking for dividend of 20,605k (2014: 18,623k).

	2015	2014
	Pence per share	Pence per Share
Basic earnings per share	77.2	34.4
<i>Weighted average number of ordinary shares</i>		
	2015	2014
	Number '000	Number '000
Issued ordinary shares at 1 March	19,542	17,484
Effect of share options exercised	604	421
Effect of shares issued as purchase consideration	414	-
Effect of shares issued to settle deferred consideration	-	152
Effect of shares issued for cash	45	566
Weighted average number of ordinary shares at 28 February	20,605	18,623

Diluted

The calculation of diluted earnings per share at 28 February 2015 was based on the profit attributable to ordinary shareholders of £15,915k (2014: £6,401k) and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 22,554k (2014: 21,564k).

	2015	2014
	Pence	Pence
	per share	per share
Diluted earnings per share	70.6	29.7

	2015	2014
	Number	Number
	'000	'000
Weighted average number of ordinary shares (basic)	20,605	18,623
Effect of dilutive share options in issue	1,949	2,941
Weighted average number of ordinary shares (diluted) at 28 February	22,554	21,564

At 28 February 2015 nil options (2014: 552k) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

4 (b) Earnings before tax per ordinary share

Earnings before tax per share are based on profit before taxation of £17,476k (2014: £7,947k). The number of shares used in this calculation is consistent with note 4(a) above.

	2015	2014
	Pence per share	Pence per share
Basic earnings before tax per ordinary share	84.8	42.7
Diluted earnings before tax per ordinary share	77.5	36.9

Reconciliation from earnings per ordinary share to earnings before tax per ordinary share.

	2015	2014
	Pence per share	Pence per share
Basic earnings per share	77.2	34.4
Impact of taxation charge	7.6	8.3
Adjusted basic earnings before tax per share	84.8	42.7
Diluted earnings per share	70.6	29.7
Impact of taxation charge	6.9	7.2
Adjusted diluted earnings before tax per share	77.5	36.9

Earnings before tax per share has been presented to facilitate pre-tax comparison returns on comparable investments.

(c) Normalised earnings after tax per ordinary share

Normalised earnings after tax per share are based on profit after taxation of £8,745k (2014: £7,371k). The adjusted profit after tax has been calculated by adjusting for the amortisation of acquired intangibles after tax effect £1,764k (2014: £1,247k), share based payment and related charges after tax effect £1,196k (2014: £736k), profit on disposal of property, plant and equipment after tax effect £1,316k (2014: £760k), acquisition and associate disposal costs after tax effect £787k (2014: £Nil), gain on foreign currency translation after tax effect £109k (2014: loss of £15k) and for the gain on disposal of investment £9,492k (2014: £268k). The number of shares used in this calculation is consistent with note 4(a&b) above.

	2015	2014
	Pence per share	Pence per share
Basic earnings after tax per ordinary share	42.4	39.6
Diluted earnings after tax per ordinary share	38.8	34.2

5 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Office furniture £'000	Total £'000
Cost				
At 1 March 2014	2,792	4,687	235	7,714
Additions	32	1,960	236	2,228
Acquisition through business combinations	-	25	-	25
Disposals	(241)	-	-	(241)
Exchange adjustments	(3)	(350)	(4)	(357)
At 28 February 2015	2,580	6,322	467	9,369
Depreciation				
At 1 March 2014	460	1,744	152	2,356
Charge for the year	221	936	36	1,193
Disposals	(20)	-	-	(20)
Exchange adjustments	(5)	(97)	(6)	(108)
At 28 February 2015	656	2,583	182	3,421
Net book value				
At 28 February 2015	1,924	3,739	285	5,948

	Land and buildings £'000	Plant and equipment £'000	Office furniture £'000	Total £'000
Cost				
At 1 March 2013	8,494	2,696	165	11,355
Additions	598	2,237	72	2,907
Disposals	(3,811)	-	-	(3,811)
Reclassification to assets held for sale	(2,419)	-	-	(2,419)
Exchange adjustments	(70)	(246)	(2)	(318)
At 28 February 2014	2,792	4,687	235	7,714
Depreciation				
At 1 March 2013	762	1,388	111	2,261
Charge for the year	233	462	43	738
Disposals	(259)	-	-	(259)
Reclassification to assets held for sale	(265)	-	-	(265)
Exchange adjustments	(11)	(106)	(2)	(119)
At 28 February 2014	460	1,744	152	2,356
Net book value				
At 28 February 2014	2,332	2,943	83	5,358

6 Intangible assets and goodwill

	Goodwill	Customer lists	Acquired Software	Brand name	Internally developed software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1 March 2014	13,526	3,547	9,011	361	22,394	48,839
Development costs	-	-	-	-	6,594	6,594
Acquisitions	73,736	5,659	12,332	194	-	91,921
Additions	-	-	551	-	-	551
Disposals	-	-	(785)	-	-	(785)
Exchange adjustments	3,161	319	73	5	(809)	2,749
At 28 February 2015	90,423	9,525	21,182	560	28,179	149,869
Amortisation and impairment losses						
Balance at 1 March 2014	-	1,653	4,430	186	4,545	10,814
Amortisation for the year	-	644	1,509	52	2,766	4,971
Exchange adjustment	-	124	(136)	1	(198)	(209)
At 28 February 2015	-	2,421	5,803	239	7,113	15,576
Carrying amounts						
At 28 February 2015	90,423	7,104	15,379	321	21,066	134,293

	Goodwill	Customer lists	Acquired Software	Brand name	Internally developed software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1 March 2013	14,943	3,810	9,514	387	16,761	45,415
Development costs	-	-	-	-	5,987	5,987
Additions	-	-	208	-	-	208
Adjustment to deferred consideration	14	-	-	-	-	14
Exchange adjustments	(1,431)	(263)	(711)	(26)	(354)	(2,785)
At 28 February 2014	13,526	3,547	9,011	361	22,394	48,839
Amortisation and impairment losses						
Balance at 1 March 2013	-	1,356	3,653	156	2,705	7,870
Amortisation for the year	-	450	1,084	45	1,898	3,477
Exchange adjustment	-	(153)	(307)	(15)	(58)	(533)
At 28 February 2014	-	1,653	4,430	186	4,545	10,814
Carrying amounts						
At 28 February 2014	13,526	1,894	4,581	175	17,849	38,025

7 Report and accounts

Copies of the Annual Report will be available as of 9 June 2015 on the Group's website, www.firstderivatives.com and from the Group's headquarters at 3 Canal Quay, Newry, BT35 6BP.