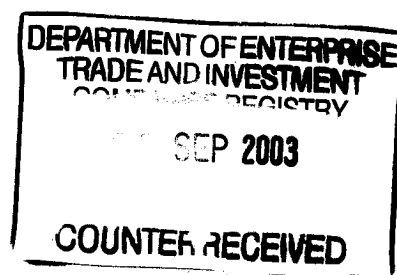
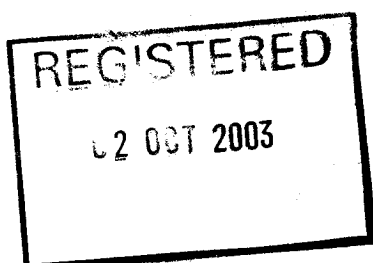


First Derivatives plc

Financial statements

For the year ended 28 February 2003

Company registration number: NI 30731



First Derivatives plc

<i>Contents</i>	<i>Page</i>
Chairman's statement	1
Managing Director's statement	2
Directors and advisers	5
Directors' report	6
Statement of directors' responsibilities	9
Corporate governance	10
Independent auditors' report	11
Profit and loss account	12
Balance sheet	13
Cashflow statement	14
Notes forming part of the financial statements	15
Notice of Annual General Meeting	26
Proxy form	28

First Derivatives plc

Chairman's statement

I have pleasure in reporting on the financial year ended 28th February 2003 of First Derivatives plc ("the company" or "First Derivatives" or "FDP") its first year as a company listed on the AIM market. At the interim stage the company reported a pre-tax profit of £125,000 on revenues of £689,000.

The pre-tax profit for the year was £406,000 compared with a profit of £612,000 in the previous year. Turnover at £1.649 million compared with £1.778 million in the previous year. Earnings per share for the year was 2.4p against 4.3p in the previous year. The Board has not recommended a dividend as the funds generated during the year are required to finance future growth.

The benefits of the Kx Systems Inc ("Kx") investment started to show strength in the second half of the year. Combined with a recovery in the level of consultancy business this led to a sharp improvement in profitability in the second half of the year.

The year has seen a number of strategic moves, further development of business into capital markets, the strengthening of the relationship with Kx and other US companies and entry into the e-commerce market. The client base in capital markets has been broadened and a significant part of the revenue generated is now from support contracts which tend to be of a recurring nature.

The company now supports the Kx range of software products worldwide and a new contract has recently been negotiated in favourable terms. After the year end the company exercised its vested options to subscribe for shares in Kx and further options have been granted. The continuing success of the Kx product suite should lead to further revenues from support, customisation and implementation. Kx products are currently being used by many leading financial institutions including J P Morgan, Credit Suisse and Credit Lyonnais.

In February this year the company signed an agreement with BT to market a range of e-business solutions under the BT name. The range was officially launched after the financial year end in early May. Due to the fact that a significant part of the package was based on software developed by First Derivatives for e-hub.com plc, it was felt prudent to bring this in-house. Therefore, this software was acquired in February this year.

Our first year as a plc has seen the transformation of the company from being one highly dependent on consultancy to a more broadly based business with two divisions involved in capital markets, partnership arrangements and e-commerce. There has been an encouraging start to the new financial year with the continuation of the recovery seen in the second half of the financial year.

David Anderson
Chairman



30 May 2003

First Derivatives plc

Managing Director's statement

The Technology, Media and Telecommunications (TMT) market has continued in decline. The expected recovery has yet to materialise and many businesses have significantly reduced their budgets for capital expenditure on IT. Many market segments have reached saturation point and there is oversupply in many segments.

The company has historically operated in the capital markets sector, which is experiencing lean times as equity markets and trading volumes fall. This downturn has prompted most banks to freeze or reduce IT budgets. Staff have been laid off in large numbers and there is significant pressure on suppliers to reduce margins.

The outlook is not all one of unremitting gloom. Banks are focusing on maintaining and enhancing legacy systems and looking to outsourcing as a leaner, more efficient way of managing their IT requirements. The UK government has set aside £5 billion to bring all government services online by 2005 and this presents a clear opportunity for IT companies with aspirations to break into the public sector market.

Partially in response to these opportunities First Derivatives has expanded its traditional core business in the capital markets sector and now provides a range of e-commerce products and services.

Review of Activities

Since its inception First Derivatives has provided a range of services to banks and to software companies selling to the capital markets sector. Our consultants are familiar with the economic concepts, market conventions and mathematical intricacies associated with the trading and risk management of equity, foreign exchange and fixed income products. They are also familiar with the practical aspects of software engineering, software development and project management. This understanding of finance and technology enables us to provide a compelling value proposition in a high value niche market. Our main services include:

- **Systems Support:** The company currently supports hundreds of individual users across 30 financial institutions worldwide. The systems supported range from third party trading systems to in-house applications and customised solutions developed by FDP. While support is predominantly provided from Newry, FDP presently has consultants working on-site at client locations in London, Europe and USA.
- **Software Development:** FDP has developed a range of applications on behalf of third party vendors and for banks using a wide range of technologies. In a number of cases the company has an interest in future revenue from the sale of these applications.
- **Consultancy:** FDP consultants provide a wide range of consultancy services including training, project management, architectural reviews, integration and financial engineering.

First Derivatives plc

Managing Director's statement

We continue to seek alliances with non-competing software vendors and we have strengthened some of our existing relationships. One of the main benefits of establishing such relationships is the resultant introduction to senior personnel at the banks buying the vendors' products. Our relationships with Kx Systems provide a clear validation of this model. Kx Systems have granted FDP exclusive rights to market and support their product suite worldwide in all industry sectors apart from insurance. FDP will also help Kx Systems to develop, market and support further niche products. Their products are used by many of the world's leading financial institutions including JPMorgan, Merrill Lynch and Credit Suisse First Boston. Kx Systems' main product, kdb, facilitates the capturing and analysis of enormous volumes of data in short periods of time. The product has numerous applications in many industries but it continues to sell well in the capital markets sector. Offices, staffed by FDP personnel, have been opened during the year in New York, Tokyo and Frankfurt to help drive and support the continuing success of the product. Our relationship with KxSystems and the success of our teams working with kdb at these large banks provides us with an opportunity to showcase other FDP services.

During the year we have broadened our customer base and now provide services to some of the largest banks in the world. As a strategic move we have been trying to increase our recurring revenue streams and ongoing contracts now account for 45% of revenue.

In 2001 we began development of a range of ASP products on behalf of a third party, e-hub.com plc. We acquired the software associated with these products in February 2003 which enabled us to complete an agreement on a Joint Venture with British Telecom. The suite of ASP products covers project management, procurement, tendering, quality management, customer relationship management and recruitment. The potential users of the software include public sector bodies and companies of any size. The agreement gives BT exclusive rights to sell the software in Europe and they launched the product in UK in May 2003 (www.btebusinessmanager.com). As well as a revenue share from the sale of these products FDP hopes to gain additional revenue from associated consultancy and customisation work.

Personnel

During the year we implemented an EMI Scheme for senior personnel and we granted further options under our Unapproved Scheme. FDP now employs 33 people and the retention of key staff members is an integral part of our plans for continued organic growth. We now have staff based in New York, Tokyo, Frankfurt, London and Stockholm but as we expand, we will continue where possible to source personnel locally. There is still a plentiful supply of high quality consultants and graduates in the local labour market.

I would like to thank all FDP employees for their continuing hard work, flexibility and dedication.

Financial Review

Both pre-tax profit (2003: - £409,000; 2002: - £612,000) and turnover (2003: - £1,692,000; 2002: - £1,778,000) were down compared with the previous year. This was mainly due to the investment required to increase our recurring revenue streams and the opportunity costs of investing the time of senior personnel in learning kdb technology.

First Derivatives plc

Managing Director's statement

During the year we purchased an apartment in London to save on staff costs. Our cash balance of £555,000 is healthy and should allow us to continue to look for opportunities to purchase property in lieu of paying for hotels and rented accommodation.

Outlook

Our trading in the period since the financial year end indicates a continuation of the recovery shown in the second six months of the last financial year. Our outlook for the year ahead is for trading to continue in line with previous trends and the strengthening of our balance sheet. We now have a spread of activities with our recurring revenue stream insulating us against further general industry downturn and our interest in the sale of various software products giving us the benefit of considerable potential upside.



Brian Conlon
Managing Director

30 May 2003

First Derivatives plc

Directors and advisers

Directors	R D Anderson – Non-executive chairman* B G Conlon – Managing director M G O'Neill – Operations director M J Chicken – Non-executive director*	
Secretary	Richard Fulton	
Registered Office	21 Arthur Street Belfast BT1 4GA	
Auditors	KPMG Chartered Accountants Stokes House 17/25 College Square East Belfast BT1 6DH	
Solicitors	Mills Selig 21 Arthur Street Belfast BT1 4GA	
Bankers	Bank of Ireland Trevor Hill Newry Co Down BT34 1DN	Bank of Ireland Corporate Headquarters Donegall Place Belfast BT1 5LU
Nominated adviser	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP	
Stockbrokers	J M Finn & Co Salisbury House London Wall London EC2M 5TA	
Company registration number	NI 30731	
Registrar and Transfer Office	Melton Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	

* Members of the audit committee and of the remuneration committee.

First Derivatives plc

Directors' report

The directors have pleasure in submitting to the shareholders their annual report and the audited financial statements for the year ended 28 February 2003.

Activities and business review

The principal activities of the company are the provision of a range of support services to the derivatives market and the derivatives technology industry.

A review of business is given in the chairman's and managing director's statements.

Share capital

At the forthcoming Annual General Meeting, further to the ordinary business to be dealt with, the following resolutions will be considered:

An ordinary resolution, resolution 4, will be proposed to give until the next Annual General Meeting or the date falling 15 months after the passing of the resolution, whichever is the earlier, the directors power to allot relevant securities up to an aggregate nominal amount of £20,000. In addition a further ordinary resolution 5, will be proposed to disapply the statutory pre-emption provisions of Article 99(1) of the Companies (Northern Ireland) Order 1986 in respect of any rights issues, and for cash issues up to an aggregate nominal amount of £6,148 (1,229,600 shares) being 10 per cent of the issued share capital of the company, which power will expire at the conclusion of the next annual general meeting, or the date falling 15 months after the passing of the resolution, whichever is the earlier.

Post balance sheet events

On 4 March 2003 the company exercised its option to purchase 13,815 ordinary shares in Kx Systems Inc. for £1.03 per share.

Dividend

The directors do not propose the payment of a dividend for the year.

First Derivatives plc

Directors' report *(continued)*

Directors and their interests

Directors beneficial interests in the issued share capital of the company at 28th February 2003 and 28th February 2002 were as follows:

	28 th February 2003 Ordinary shares of 0.5 pence each	28 th February 2002 Ordinary shares of 0.5 pence each
R D Anderson	5,000	-
B G Conlon	9,999,000	9,999,000
M G O'Neill	-	-
M J Chicken	-	-

On floatation R D Anderson was granted an option to subscribe for 30,000 ordinary shares at the subscription price of 50p per share. No other director holds any options to purchase shares in the company.

R D Anderson is currently a non-executive chairman or non-executive director of several other companies. He is a non-executive director of Prestbury Holdings plc, an AIM listed company, and has 21 years experience in corporate advisory work.

M J Chicken is a director of Merchant Place Corporate Finance Limited, which holds 207,358 Ordinary shares received in lieu of fees for advice on floatation. He is non-executive director of a number of other companies.

The directors did not have any interest in contracts requiring disclosure under the Companies (Northern Ireland) Order 1986, except for the matters referred to in note 22 to the financial statements.

Substantial shareholdings

At 30 May 2003 the company had received no notification of any interests in 3% or more of the ordinary share capital, other than B G Conlon's interest.

Going concern

The directors consider that due to the company's strong cash and net asset position, combined with its forecasts for the next twelve months it is appropriate to prepare the financial statements on the going concern basis.

First Derivatives plc

Directors' report (*continued*)

Employees

It is company policy to ensure that equal opportunity is given for the employment, training and career development of disabled persons, including persons who become disabled whilst in the company's employment.

The company is committed to keeping employees as fully informed as possible, on matters which affect them as employees.

Political and charitable donations

During the year the company made charitable donations of £Nil (2002: £2,000).

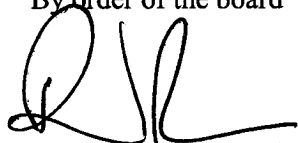
Supplier payment policy

The company does not have a standard code which deals specifically with the payment of suppliers. However, suppliers are made aware of payment terms and how any disputes are to be settled and payment is made in accordance with those terms. At 28 February 2003 the company had 18 days purchases outstanding (28 February 2002: 45 days).

Auditors

KPMG have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the board



Richard Fulton
Secretary

30 May 2003

First Derivatives plc

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give, in accordance with applicable Northern Ireland law and accounting standards, a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

First Derivatives plc

Corporate governance

There is no requirement for the directors to report on compliance with the Combined Code on Corporate Governance. The board has, however, considered the Combined Code in addition to the recent combined code of guidance set out in the "Report and proposed guidance on Audit Committees" document published by the Financial Reporting Council in January 2003 and the "Review of the role and effectiveness of non-executive directors" document issued by the Department of Trade and Industry in January 2003. The board fully supports the principles contained in the Combined Code and related guidance and has sought to generally comply with the provisions of this guidance, in as far as it is appropriate given the company's size and structure.

The main features of the company's corporate governance procedures are:

- The board meets on a regular basis and brings independent judgement to bear. It approves budgets, long term plans, significant contracts. There is a formal schedule of matters reserved for decision by the board in place.
- The board has two non-executive directors, both take an active role in board matters.
- The company has an audit committee and a remuneration committee. These committees consist of the non-executive directors with executive directors in attendance when necessary. They have written constitutions and terms of reference.
- The audit committee meets twice each year, prior to the publication of the interim and final results. The auditors attend audit committee meetings.
- The remuneration committee meets annually to determine the remuneration of the board. Levels of remuneration are set in order to attract and retain the directors needed to run the company without paying more than is necessary for this purpose.
- The board of directors recognises its overall responsibility for the company's systems of internal control and for monitoring their effectiveness. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority. The company produces information packs on a weekly and monthly basis. These packs, together with annual budgets, enable the board to monitor operational performance and cash position each month.



Chartered Accountants

Stokes House
College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of First Derivatives plc

We have audited the financial statements on pages 12 to 25.

This report is made solely to the company's members as a body in accordance with article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 9, the financial statements in accordance with applicable Northern Ireland law and accounting standards. Our responsibilities, as independent auditors, are established in Northern Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

KPMG
Chartered Accountants
Registered Auditors

30 May 2003



First Derivatives plc

Profit and loss account

Year ended 28 February 2003

	<i>Note</i>	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Turnover - continuing operations	2	1,649	1,778
Cost of sales		(1,186)	(1,152)
Gross profit		463	626
Administrative expenses		(284)	(85)
Other income		236	92
Operating profit - continuing operations		415	633
Interest receivable		9	-
Interest payable and other similar charges	4	(18)	(21)
Profit on ordinary activities before taxation	3	406	612
Tax on profit on ordinary activities	5	(113)	(182)
Profit on ordinary activities after taxation		293	430
Retained profit brought forward		307	492
		600	922
Dividends paid	8	-	(575)
Transfer from reserves		-	(40)
Retained profit carried forward		600	307
Earnings per share	9	2.4p	4.3p

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the company's results as reported and on a historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

The turnover and operating profit amounts as stated above are derived solely from continuing operations.

The notes on pages 15 to 25 form part of these financial statements.

First Derivatives plc

Balance sheet

Year ended 28 February 2003

	<i>Note</i>	At 28 February 2003		At 28 February 2002	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		900		-
Tangible assets	11		313		37
			<u> </u>		<u> </u>
			1,213		37
Current assets					
Debtors	12	741		1,514	
Cash at bank and in hand		555		-	
		<u> </u>		<u> </u>	
			1,296		1,514
Creditors - amounts falling due within one year	13	(913)		(1,184)	
		<u> </u>		<u> </u>	
Net current assets			383		330
			<u> </u>		<u> </u>
Total assets less current liabilities			1,596		367
Creditors - amounts falling due after more than one year	14		(215)		-
Provisions for liabilities and charges	15		(5)		(10)
			<u> </u>		<u> </u>
Net assets			1,376		357
			<u> </u>		<u> </u>
Share capital and reserves					
Called-up share capital	16		61		50
Share premium account	17		715		-
Profit and loss account	17		600		307
			<u> </u>		<u> </u>
Equity shareholders' funds	18		1,376		357
			<u> </u>		<u> </u>

These financial statements were approved by the board of directors on 30 May 2003.



Brian Conlon
Director

The notes on pages 15 to 25 form part of these financial statements.

First Derivatives plc

Cash flow statement

Year ended 28 February 2003

	<i>Note</i>	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Cash inflow from operating activities	<i>24</i>	694	844
Returns on investment and servicing of finance	<i>25a</i>	(9)	(22)
Taxation	<i>25b</i>	(170)	(130)
Capital expenditure	<i>25c</i>	(412)	(15)
Equity dividend	<i>25d</i>	-	(575)
		<hr/>	<hr/>
Cash inflow before financing		103	102
Financing	<i>25e</i>	720	(15)
		<hr/>	<hr/>
Increase in cash in the period		823	87
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net funds/(debt)

Year ended 28 February 2003

	<i>Note</i>	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Increase in cash in the period		823	87
Decrease in debt		8	16
		<hr/>	<hr/>
Change in net debt resulting from cash flows	<i>26</i>	831	103
New long term loan		(237)	
		<hr/>	<hr/>
Movement in net debt in the period		594	103
Net debt at start of the period		(271)	(374)
		<hr/>	<hr/>
Net funds/(debt) at end of the period	<i>26</i>	323	(271)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 25 form part of these financial statements.

First Derivatives plc

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

Intangible fixed assets

Intangible fixed assets such as intellectual property rights over software are capitalised where purchased on an arm's length basis. Such assets are amortised over their estimated useful lives, assumed to be 5 years.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, less accumulated depreciation. Depreciation is calculated to write off the original cost less the expected residual value of fixed assets over their anticipated useful lives at the following annual rates:

Motor vehicles	-	25% straight line
Office furniture and equipment	-	25% straight line
Plant and equipment	-	25-50% straight line
Land and buildings	-	2% straight line

Government grants

Government grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute.

Pension plans

The company operates "Personal Pension Plans" whereby the company agrees to pay, for eligible employees, a defined contribution into the employee's own personal pension scheme. The pension charge represents contributions payable by the company for the period. The company's liability is limited to the amount of the contribution. The liability for meeting future pension payments rests solely with the employee's personal pension scheme.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

First Derivatives plc

Notes (continued)

2 Turnover

Turnover represents the invoiced value of services to third parties exclusive of value added tax and trade discounts and includes expenses recharged to customers.

The directors are of the opinion that disclosure of the analysis of turnover and profit by geographical market would be prejudicial to the interests of the company.

3 Profit on ordinary activities before taxation

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Profit on ordinary activities before taxation has been arrived at after charging:		
Depreciation	20	19
Auditors' remuneration - audit	10	10
- tax	47	14
Hire of premises - rentals payable under operating lease	14	13
	<u> </u>	<u> </u>

4 Interest payable and other similar charges

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
On bank loans and overdrafts	3	21
On other loans	4	-
Other	11	-
	<u> </u>	<u> </u>
	18	21
	<u> </u>	<u> </u>

First Derivatives plc

Notes (continued)

5 Tax on profit on ordinary activities

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
UK corporation tax for the period	136	175
Adjustments relating to earlier years	(18)	-
	<hr/>	<hr/>
Total current tax charge	118	175
Deferred tax (see note 15)	(5)	7
	<hr/>	<hr/>
	113	182
	<hr/> <hr/>	<hr/> <hr/>

The basis by which taxation is calculated is stated in Note 1.

The current tax charge for the period is lower (2002: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	406	611
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	122	183
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9	(5)
Capital allowances for period in excess of depreciation	5	1
Small companies relief	-	(4)
Adjustments to tax charge in respect of previous periods	(18)	-
	<hr/>	<hr/>
Total current tax charge	118	175
	<hr/> <hr/>	<hr/> <hr/>

First Derivatives plc

Notes (continued)

6 Staff numbers and costs

The average weekly number of persons (including the directors) employed by the company during the year end is set out below. The company employed 26 people at the year end (2002: 22).

	Year ended 28 February 2003 Average No.	Year ended 28 February 2002 Average No.
Administration	2	3
Technical	25	19
	<hr/>	<hr/>
	27	22
	<hr/>	<hr/>
Their total remuneration was:	£'000	£'000
Wages and salaries	723	607
Social security costs	71	60
Other pension costs	26	26
	<hr/>	<hr/>
	820	693
	<hr/>	<hr/>

7 Emoluments of directors

The remuneration paid to the directors was:

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Aggregate emoluments (including benefits in kind)	99	37
Company pension contributions	20	17
	<hr/>	<hr/>
	119	54
	<hr/>	<hr/>

During the period there were two directors accruing benefits under a defined contribution pension scheme (28 February 2002: 2).

The aggregate emoluments and company pension contributions of the highest paid director amounted to £55,000 and £4,000 respectively during the year (2002: £24,000 and £16,000 respectively).

First Derivatives plc

Notes (continued)

8 Dividend paid

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Interim dividend paid on ordinary shares	-	575

No final dividend for either year was proposed.

9 Earnings per ordinary share

The calculation of earnings per share is based on the profit on ordinary activities after taxation and before deduction of dividend appropriations in respect of equity shares, namely £293,000 (2002: £430,000). The number of ordinary shares outstanding at 28 February 2003 and ranking for dividend was 12,296,158. Earnings per share for the period ended 28 February 2002 have been calculated based on 10,000,000 shares outstanding.

	Year ended 28 February 2003 Pence per share	Year ended 28 February 2002 Pence per share
Earnings per share	2.4	4.3

First Derivatives plc

Notes (continued)

10 Intangible fixed assets

	2003 £'000
At 1 March 2002	-
Additions	900
	<hr/>
At 28 February 2003	900
	<hr/> <hr/>

The purchase of the intangible fixed asset in the current year relates to the purchase of the software asset discussed in note 22. The purchase was made on 28 February 2003 and accordingly no depreciation has yet been charged.

11 Tangible fixed assets

	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Office furniture and equipment</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
Cost				
At 1 March 2002	-	94	25	119
Additions	292	4	-	296
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2003	292	98	25	415
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 March 2002	-	63	19	82
Charged during period	2	15	3	20
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2003	2	78	22	102
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 28 February 2003	290	20	3	313
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 28 February 2002	-	31	6	37
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The bases by which depreciation is calculated are stated in Note 1.

First Derivatives plc

Notes (continued)

12 Debtors

	28 February 2003 £'000	28 February 2002 £'000
Trade debtors	470	1,065
Sundry debtors	255	58
Prepayments	16	391
	<u>741</u>	<u>1,514</u>

13 Creditors - amounts falling due within one year

	28 February 2003 £'000	28 February 2002 £'000
Bank overdraft	-	267
Trade creditors	59	141
Other taxation and social security	24	103
Accruals and deferred income	59	300
Corporation tax	311	360
Other creditors	111	9
Other loans	18	4
Capital creditor	331	-
	<u>913</u>	<u>1,184</u>

14 Creditors - amounts falling due after more than one year

	28 February 2003 £'000	28 February 2002 £'000
Loan	215	-
	<u>215</u>	<u>-</u>
	28 February 2003 £'000	28 February 2002 £'000
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less, or on demand	17	-
Between one and two years	19	-
Between two and five years	68	-
In five years or more	141	-
	<u>215</u>	<u>-</u>

The loan is secured on the company's property in London.

First Derivatives plc

Notes (continued)

15 Provisions for liabilities and charges

	28 February 2003 £'000	28 February 2002 £'000
<i>Deferred taxation</i>		
At beginning of period	10	3
(Release)/charge for the period (see note 5)	(5)	7
	<hr/>	<hr/>
At end of period	5	10
	<hr/> <hr/>	<hr/> <hr/>

The basis by which taxation is calculated is stated in Note 1. There is no unprovided deferred tax.

The elements of deferred taxation are as follows:

	28 February 2003 £'000	28 February 2002 £'000
Difference between accumulated depreciation and amortisation and capital allowances	5	10
	<hr/>	<hr/>
Deferred tax liability	5	10
	<hr/> <hr/>	<hr/> <hr/>

16 Share capital

	28 February 2003		28 February 2002	
	Number	£'000	Number	£'000
<i>Equity shares</i>				
<i>Authorised</i>				
Ordinary shares of 0.5pence each	20,000,000	100	20,000,000	100
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Issued, allotted and fully paid</i>				
Ordinary shares of 0.5pence each	12,296,158	61	10,000,000	50
	<hr/>	<hr/>	<hr/>	<hr/>

During the financial year 2,296,158 Ordinary shares of 0.5 pence were issued at 50 pence each.

First Derivatives plc

Notes (continued)

17 Share premium and reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of year	-	307
Retained profit for the period	-	293
Premium on share issues	1,137	-
Share issue expenses	(422)	-
	<hr/>	<hr/>
At end of year	715	600
	<hr/> <hr/>	<hr/> <hr/>

18 Equity shareholders' funds

	28 February 2003 £'000	28 February 2002 £'000
Profit for the financial year	293	430
Dividends paid	-	(575)
Net proceeds on issue of share capital	726	-
	<hr/>	<hr/>
Increase/(reduction) in shareholders' funds	1,019	(145)
Opening shareholders' funds	357	502
	<hr/>	<hr/>
Closing shareholders' funds	1,376	357
	<hr/> <hr/>	<hr/> <hr/>

19 Commitments and contingencies

There were no capital commitments at either period end, with the exception of the contingent commitment to make additional payments under a software purchase agreement (note 22).

20 Leasing commitments

Annual commitments under non-cancellable operating leases are as follows:

	28 February 2003 Land and buildings £'000	31 March 2002 Land and buildings £'000
Operating leases which expire: In the second to fifth years inclusive	12	12
	<hr/> <hr/>	<hr/> <hr/>

First Derivatives plc

Notes (continued)

21 Contingent liabilities

Contingent liabilities exist in respect of grants received by the company, whereby, in the event of the company failing to meet one or more of the conditions contained in the letters of offer to the company, the company would be liable to repay grant.

22 Related party transactions

Brian Conlon is a shareholder of e-hub.com plc. During the period the company traded with e-hub.com plc on a normal commercial basis resulting in sales of £228,760 (2002: £202,000). The amount due by e-hub.com plc to the company at 28 February 2003 amounted to £Nil (2002: £536,000).

Included within capital creditors is an amount due to e-hub.com plc of £331,000.

During the year the company purchased a software asset from e-hub.com plc for a minimum consideration of £900,000. Of this total consideration £550,000 was offset against a debtor balance owed by e-hub.com plc. Additional consideration will be paid, at a rate of 20% of future sales of the software to e-hub.com plc up to a maximum of another £1,100,000. This transaction was approved by the shareholders at an extraordinary general meeting.

The company is charged rent annually for the use of the managing director's apartment located in Kensington, London. The charge incurred during the financial year amounted to £14,500 (2002: £29,000).

23 Ultimate controlling party

The company is controlled by Brian Conlon, its majority shareholder.

24 Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Operating profit	415	633
Depreciation on tangible fixed assets	20	20
Decrease in debtors	224	275
Increase/(decrease) in creditors	35	(84)
	<hr/>	<hr/>
Net cash inflow from operating activities	694	844
	<hr/> <hr/>	<hr/> <hr/>

First Derivatives plc

Notes (continued)

25 Analysis of cash flows for headings in the cash flow statement

	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
a) Returns on investment and servicing of finance		
Interest paid	(18)	(22)
Interest received	9	-
	<u> </u>	<u> </u>
Net cash inflow from returns on investment and servicing of finance	(9)	(22)
	<u> </u>	<u> </u>
b) Taxation		
Corporation tax paid	(170)	(130)
	<u> </u>	<u> </u>
c) Capital expenditure		
Purchase of tangible fixed assets	(412)	(15)
	<u> </u>	<u> </u>
d) Equity dividends paid		
Dividends on equity shares	-	(575)
	<u> </u>	<u> </u>
e) Financing		
Repayment of long term loan	(5)	(15)
Issue of share capital	725	-
	<u> </u>	<u> </u>
	720	(15)
	<u> </u>	<u> </u>

26 Analysis of changes in net debt during the period

	Cash in hand £	Bank overdrafts £	Debt due within one year £	Debt due after one year £	Total £
Balance at 1 April 2001	-	(354)	(16)	(4)	(374)
Cash flow		87	16	-	103
Other non cash change	-	-	(4)	4	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 1 April 2002	-	(267)	(4)	-	(271)
Cash flow	556	267	8	-	831
Other non cash change	-	-	(22)	(215)	(237)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 28 February 2003	556	-	(18)	(215)	323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>