Company	First Derivatives PLC
TIDM	FDP
Headline	Final Results
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First Derivatives plc (FDP)

Preliminary results for the year ended 28th February 2006

9th May 2006

The principal activities of FDP ("the Company") are the provision of a range of support services to the investment banking market and the derivatives technology industry and the provision of its own range of e-business applications.

Financial highlights

- Turnover £6.313m (2005: £3.793m) +66%
- Earnings before tax, depreciation and amortisation £1.916m (2005: £1.126m) + 70%
- Normalised PBT of £1.717m (2005: £0.991m) +73%
- Pre-tax profit £1.537m (2005: £0.811m) +90%, the first year to exceed £1.0m
- Earnings per share 8.6p (2005: 4.6p) + 87%
- Normalised EPS 10.0p(2005:6.1p) +64%
- Proposed final dividend more than doubled to 3.0p per share (2005: 1.46p)
- Cash balances as at 28th February 2006 of £1.061m (2005: £788,000) +35%

Business highlights

- Capital Markets consulting, support and development services continue to grow: this and other recurring revenues account for 70% of FDP's income
- A new partnership with Kx on enhanced terms and the Company, after exercising options, now holds approximately 4% of Kx
- Post year end – signed two more major Kx contracts with US banks
- FDP is now working with two other non-competing software vendors
- e-commerce division – remains small in relative terms but contributes to profitability

David Anderson, Chairman of FDP, commented:

"2005-06 has seen another year of growth for the Company, with the second half finishing strongly. For the first year, pre-tax profits have exceeded £1.0 million. The Company continues to increase its Capital Markets activity, increasing levels of business with existing customers and adding new customers. The Company's relationship with Kx has enhanced our credibility with the world's major investment banks and has resulted in additional consultancy work for the Company. Headcount has increased substantially in the past year and the Company's plans for staffing for future growth are well in hand."

For further information please contact:

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Chairman's Statement

2005/2006 has seen another year of growth for the Company with the second half finishing strongly. Turnover for the year was £6.313 million, up from £3.793 million, and earnings before tax, depreciation and amortisation were £1.916 million compared with £1,126,000 in the previous year, an increase of 70%. Pre-tax profits for the year were £1.537 million compared with £811,000 in the previous year, an increase of 90%. This is the first year that pre - tax profits have exceeded £1.0 million.

Earnings per share increased by 87% from 4.6p to 8.6p. The Board is recommending a dividend for the year of 3.0 p which will be covered approximately three times by earnings. The Board continues to review its dividend policy and barring unforeseen circumstances, intends to pay a maiden interim dividend in the financial year ending 28th February 2007.

In my interim statement I referred to a further increase in our Capital Markets activity. This has continued in the second half of the year and the company continues to increase the level of business with its existing customer base and at the same time adding new customers. This activity continues to benefit from the relationship with Kx which has enhanced our credibility with the world's major investment banks resulting in additional consultancy work for the Company.

The sales and support for Kx database technology continues to be a significant part of our continuing business. There were further substantial sales to new customers in the second half of the year both in the USA and in the UK. Increasingly the company is receiving orders from existing customers for other areas of their activities. A new partnership agreement with Kx has recently been signed on enhanced commission terms and the company, after exercising options, now holds approximately 4% of the share capital of Kx.

During the year two partnership agreements were entered into and the Company continues to look for further opportunities.

The e-business activity has continued at a relatively low level during the current year.

The company has continued its policy of acquiring residential properties to accommodate staff supporting contracts with London and New York based clients. The company has acquired further units which bring the portfolio to 8 properties. Shareholders' funds now stand at £3.372 million compared with £2.297 million a year ago.

I would like to thank Brian Conlon and his team for their continued and dedicated hard work which has led to the further growth during the financial year. There has been a significant increase in headcount in the financial year and the plans for staffing to cater for future growth are well in hand.

Since the financial year end the company has signed two major Kx contracts with US banks and the level of Capital Markets activity has seen a further increase. [Whilst it is too early in the year to predict the outcome for the whole year, management accounts to date together with the current order book indicate that the company will show further growth in the first half of the year.

David Anderson 9 May 2006
Chairman

Managing Director’s Statement

FDP operates primarily in the capital markets sector and major financial institutions continue to invest heavily in technology. Banks continue to focus on getting value for money from suppliers and are placing severe pressure on charge out rates, increasingly looking to outsource non-core functions. FDP has secured a small number of lucrative nearshore support contracts but the challenge from low cost centres such as India remains.

Review of activities

First Derivatives operates loosely as four profit centres. Personnel can easily transfer from one profit centre to another. Capital markets and Sales Partnerships contribute the vast majority of our current turnover and profitability but our investment in R&D has started to bear fruit and we made some small sales in this financial year. We are currently effectively operating at 100% utilisation of staff and have plans to increase our headcount by 25% in the coming year.

Capital Markets – FDP provides highly skilled resources to the capital markets in the areas of consulting, support and development services. We have ongoing contracts with 5 of the largest banks in Europe and have 4 nearshore support contracts in place. These nearshore contracts involve providing remote support services from our offices in Newry. This and other recurring revenues accounts for about 70% of our income.

Sales Partnership – FDP continues to provide sales and marketing support for all industry sectors (excluding insurance) to KX Systems on a worldwide basis. The contract was renegotiated with more favourable commercial terms, effective as of 1 January 2006. Their products continue to be widely used by some of the world’s leading financial institutions including JP Morgan, Merrill Lynch, Deutsche Bank and Dresdner. We have provided consulting and support services to 20 of these organisations in the past year at various locations including London, New York and Tokyo. Most of these contracts are recurring in nature. We continue to build our portfolio of alliances with other non-competing software vendors and are currently working with 2 other vendors.

Product Development – this group is still in the process of developing a number of products, primarily for the use of customers of KX Systems. No significant revenue will accrue from this division until the next financial year.

e-business – this division is now quite small in relative terms but makes a contribution to profits and will continue to do so.

Personnel

The company now employs more than 70 people and has staff based in London, New York and Stockholm. We will continue to source staff in Ireland due to the favourable cost differential vis-à-vis major financial centres. Many of our employees are participating in options schemes which we see as a key driver in retaining staff. Our staff turnover is relatively low which means that we are seeing increasing wage inflation as the experience profile of staff changes.

Once again I would like to pay tribute to all FDP employees who without exception are hard working, talented, flexible and dedicated. Our customer retention rates are evidence of this.

Property Portfolio

As the number of staff working on-site in the major financial centres increases we will continue to buy property in lieu of paying for hotels and rented accommodation. As at the balance sheet date we had purchased 6 properties in London financed by cash and term loans and a further property in New York purchased with cash

Financial Review

Our pre-tax profit (2006: £1,537,000; 2005: £811,000), EBITDA (2006: £1,916,000; 2005: £1,126,000) and turnover (2006: £6,313,000; 2005: £3,793,000) were significantly up on last year. This was largely due to increased consultant utilisation and sales commission from partner agreements. Our operating margins increased to 26% from 23%. Our balance sheet is strong with a cash balance of £1,061,000 and equity shareholders' funds of £3,372,000. This and our confidence in our ability to generate cash going forward enables us to declare a dividend of 3p per share.

Outlook

We are increasing headcount to meet demand from the current sales pipeline and to develop product. Our outlook for the year ahead is for trading to continue in line with previous trends and the further strengthening of our balance sheet. We now have a spread of activities with our recurring revenue stream insulating us against general industry downturn and our interest in the sale of various software products giving us the benefit of considerable potential upside.

Brian Conlon 9 May 2006
Managing Director

Profit and loss account
Year ended 28 February 2006

		Note	**Year ended 28 February 2006 £'000**	Year ended 28 February 2005 Restated £'000
Turnover - continuing operations		*2*	**6,313**	3,793
Cost of sales			**(3,959)**	(2,411)
Gross profit			**2,354**	1,382
Administrative expenses			**(812)**	(560)
Other income			**101**	55
Operating profit - continuing operations			**1,643**	877
Interest receivable			**7**	8
Interest payable and other similar charges		*4*	**(113)**	(74)
Profit on ordinary activities before taxation		*3*	**1,537**	811
Tax on profit on ordinary activities		*5*	**(468)**	(242)
Profit for the financial year		*18*	**1,069**	569
Earnings per share	**- basic**	*9a*	**8.6p**	4.6p
	- diluted	*9a*	**8.5p**	4.5p

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 27 form part of these financial statements.

First Derivatives plc

Balance sheet
Year ended 28 February 2006

	Note	At 28 February 2006 £'000	At 28 February 2006 £'000	At 28 February 2005 Restated £'000	At 28 February 2005 Restated £'000
Fixed assets					
Intangible assets	*10*		**360**		540
Tangible assets	*11*		**3,238**		2,032
Investment in associates	*12*		**90**		-
Other investments	*12*		**111**		111
			3,799		2,683
Current assets					
Debtors	*13*	**2,251**		1,046	
Cash at bank and in hand		**1,061**		788	
		3,312		1,834	
Creditors - amounts falling due within one year	*14*	**(2,082)**		(928)	
Net current assets			**1,230**		906
Total assets less current liabilities			**5,029**		3,589
Creditors - amounts falling due after more than one year	*15*		**(1,717)**		(1,289)
Provisions for liabilities and charges	*16*		**-**		(3)
Net assets			**3,312**		2,297
Share capital and reserves					
Called-up share capital	*17*		**64**		62
Shares to be issued	*18*		**4**		9
Share premium account	*18*		**910**		780
Profit and loss account	*18*		**2,334**		1,446
Shareholders' funds	*19*		**3,312**		2,297

These financial statements were approved by the board of directors on 4 May 2006.

Brian Conlon
Director

The notes on pages 14 to 27 form part of these financial statements.

First Derivatives plc

Cash flow statement

Year ended 28 February 2006

	Note	**Year ended 28 February 2006 £'000**	Year ended 28 February 2005 £'000
Cash inflow from operating activities	*25*	**1,606**	752
Returns on investment and servicing of finance	*26a*	**(106)**	(66)
Taxation	*26b*	**(232)**	(160)
Capital expenditure	*26c*	**(1,389)**	(1,318)
Equity dividends paid		**(181)**	(135)
Cash inflow before financing		**(302)**	(927)
Financing	*26d*	**574**	867
Increase/(decrease) in cash in the year		**272**	(60)

Reconciliation of net cash flow to movement in net debt

Year ended 28 February 2006

	Note	**Year ended 28 February 2006 £'000**	Year ended 28 February 2005 £'000
Increase/(decrease) in cash in the year		**272**	(60)
Decrease in debt		**103**	93
Change in net debt resulting from cash flows	*27*	**375**	33
New long term loan		**(550)**	(932)
Movement in net debt in the year		**(175)**	(899)
Net (debt)/funds at start of the year		**(622)**	277
Net debt at end of the year	*27*	**(797)**	(622)

The notes on pages 14 to 27 form part of these financial statements.

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 financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS 22 'Earnings per share'; and
- FRS 28 'Corresponding amounts'

The adoption of FRS 22 'Earnings per share' has not resulted in any material difference to the company's calculation of earnings per share.

The adoption of FRS 21 'Events after the balance sheet date' has been discussed in note 8. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as previously required.

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Intangible fixed assets

Intangible fixed assets comprise intellectual property rights over software and are capitalised where purchased on an arm's length basis. Such assets are amortised over their estimated useful lives, estimated to be 5 years and are reviewed for impairment only if there is some indication that an impairment may have occurred.

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
Buildings	-	2% straight line

Tangible fixed assets are reviewed for impairment only if there is some indication that an impairment may have occurred.

Fixed asset investments

Fixed asset investments are stated at cost unless, in the opinion of the Directors, there has been an impairment, in which case an appropriate adjustment is made. For shares acquired on the exercise of an option previously granted to the company, cost includes any in the money element of the option, as calculated at the date the option was granted. The fair value of this in the money element of the option reviewed is recorded in turnover and held as a current asset until the option has been exercised. Fixed asset investments are reviewed for impairment only if there is some indication that an impairment may have occurred.

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development

All research and development expenditure is written off in the period in which it is incurred.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

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.

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.

2 Turnover

Turnover excludes value added tax and represents the fair value of services delivered to customers in the accounting period. Services are deemed to have been delivered to customers when, and to the extent that, the entity has met its obligations under its service contracts. Credit for enterprise software licence revenue is deferred and released over the period of the licence on a straight line basis. Share options received in lieu of services are recorded in turnover at the fair value of the services provided.

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.

Notes *(continued* **)**

3 Profit on ordinary activities before taxation

	Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
Profit on ordinary activities before taxation has been arrived at after charging:		
Depreciation	**93**	69
Amortisation	**180**	180
Auditors' remuneration - audit	**18**	17
- other services	**7**	7
Hire of premises - rentals payable under operating lease	**15**	14
Grants received	**(85)**	(11)

4 Interest payable and other similar charges

	Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
On bank loans	**113**	74

5 Tax on profit on ordinary activities

	Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
UK corporation tax for the period	**492**	246
Adjustments relating to earlier years	**-**	-
Total current tax charge	**492**	246
Deferred tax (see note 16)	**(24)**	(4)
	468	242

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

Notes *(continued* **)**

5 Tax on profit on ordinary activities ***(continued)***

The current tax charge for the period is lower (2005: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,537**	811
Current tax at 30% (2004: 30%)	**461**	243
Effects of:		
Expenses not deductible for tax purposes	**29**	6
Capital allowances for period in excess of depreciation	**9**	15
Other differences	**44**	-
Small companies relief	-	(18)
Relief on share options exercised	**(70)**	-
Timing of pension contributions	**19**	-
Total current tax charge	**492**	246

The directors are not aware of any issues that will significantly impact on the future tax charge.

Notes *(continued* **)**

6 Staff numbers and costs

The average weekly number of persons (including the directors) employed by the company during the year is set out below.

	Year ended 28 February 2006 Average No.	Year ended 28 February 2005 Average No.
Administration	**1**	1
Technical	**57**	38
	58	39

Their total remuneration was:

	£'000	£'000
Wages and salaries	**2,133**	1,180
Social security costs	**226**	132
Other pension costs	**70**	70
	2,429	1,382

7 Emoluments of directors

The remuneration paid to the directors was:

	Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
Aggregate emoluments (including benefits in kind)	**187**	140
Company pension contributions	**27**	22
	214	162

During the period there were 2 directors accruing benefits under a defined contribution pension scheme (29 February 2005: 2). No directors exercised share options in the year.

The aggregate emoluments and company pension contributions of the highest paid director amounted to £84,133 and £20,135 respectively during the year (2005: £55,000 and £16,056 respectively).

Notes *(continued* **)**

8 Dividends

	Year ended 28 February 2006 Restated £'000	Year ended 28 February 2005 Restated £'000
Dividend paid 1.46p (2005: 1.1p) per share	**181**	135

Following the adoption of FRS21: Events after the balance sheet date, dividends have been accounted for in the financial year in which they were declared and approved. A prior year adjustment has been made in this regard which has resulted in the following adjustments:

	Profit and loss account at 1 March 2004 £'000	Dividend paid in the year ended 28 February 2005 £'000	Profit and loss account at 1 March 2005 £'000
As previously stated	877	181	1,265
Add back dividend previously accounted for	135	(181)	181
Correct dividend based on approved date	-	135	-
Restated	**1,012**	**135**	**1,446**

9 (a) Earnings per ordinary share

Basic

The calculation of basic 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 £1,069,000 (2005: £569,000). The weighted average number of ordinary shares for the year ended 28 February 2006 and ranking for dividend was 12,494,139 (2005: 12,360,620).

	Year ended 28 February 2006 Pence per share	Year ended 28 February 2005 Pence per share
Basic earnings per share	**8.6**	4.6

9 (a) Earnings per ordinary share *(continued)*

Diluted

The calculation of diluted 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 £1,069,000 (2005: £569,000). The weighted average number of ordinary shares for the year ended 28 February 2006 and ranking for dividend was 12,634,363 (2005: 12,560,149). Weighted average number of shares has been increased by 140,224 to reflect the shares under option disclosed in note 17.

	Year ended 28 February 2006 Pence per share	Year ended 28 February 2005 Pence per share
Diluted earnings per share	**8.5**	4.5

9 (b) Adjusted earnings per ordinary share

Adjusted earnings per share are based on profit before taxation of £1,537,000 (2005: £811,000). The number of shares used in this calculation is consistent with note 9(a) above.

	Year ended 28 February 2006 Pence per share	Year ended 28 February 2005 Pence per share
Basic adjusted earnings per ordinary share	**12.3**	6.6
Diluted adjusted earnings per ordinary share	**12.2**	6.5

Reconciliation from earnings per ordinary share to adjusted earnings per ordinary share.

	Year ended 28 February 2006 Pence per share	Year ended 28 February 2005 Pence per share
Basic earnings per share	**8.6**	4.6
Impact of taxation charge	**3.7**	2.0
Adjusted basic earnings per share	**12.3**	6.6
Diluted earnings per share	**8.5**	4.5
Impact of taxation charge	**3.7**	2.0
Adjusted diluted earnings per share	**12.2**	6.5

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

Notes *(continued* **)**

10 Intangible fixed assets

	2006 **£'000**
At 1 March 2005	**540**
Additions	**-**
Amortisation	**(180)**
At 28 February 2006	**360**

The intangible fixed asset relates to a software asset used in the company's trading activities.

11 Tangible fixed assets

	Land and buildings *£'000*	***Plant and equipment*** *£'000*	***Office furniture and equipment*** *£'000*	***Total*** *£'000*
Cost				
At 1 March 2005	2,015	193	25	2,233
Additions	1,286	13	-	1,299
At 28 February 2006	**3,301**	**206**	**25**	**3,532**
Depreciation				
At 1 March 2005	49	128	24	201
Charged during period	51	42	-	93
At 28 February 2006	**100**	**170**	**24**	**294**
Net book value				
At 28 February 2006	**3,201**	**36**	**1**	**3,238**
At 1 March 2005	1,966	65	1	2,032

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

12 Other investments

	[1]**Investment in associates**	[2]**Other investments**	**2006** **£'000**
Unlisted investments			
At 1 March 2004	**-**	111	**111**
Additions	90	-	**90**
At 28 February 2006	**90**	**111**	**201**

Notes *(continued* **)**

12 Other investments *(continued)*

[1]*Investment in associates*

The unlisted investment in which the company's interest is more than 20% is as follows:

Name	***Country of incorporation***	***Principal activity***	***Class and percentage of shares held***
Carrickbridge Developments Limited	Northern Ireland	Property investment and development	45% ordinary shares

Carrickbridge Developments Limited was incorporated on 24 February 2006 and its registered office is 21 Arthur Street, Belfast, BT1 4GA. Its share capital and net assets on incorporation were £200,000. No material transactions have occurred between 24 February 2006 and 28 February 2006 and as such no profit or loss has been accounted for in these financial statements.

[2]*Trade investment*

The company's investment in Kx Systems Inc., a company resident in the United States was valued on acquisition by the directors, on the basis of financial information available at that time.

13 Debtors

	28 February 2006 £'000	28 February 2005 £'000
Trade debtors	**1,872**	828
Amounts due from related undertaking	**-**	19
Sundry debtors	**319**	109
Deferred tax asset	**21**	-
Prepayments	**39**	39
Accrued income	**-**	51
	2,251	1,046

All debtors in the current and prior year are due within one year.

14 Creditors - amounts falling due within one year

	28 February 2006 £'000	28 February 2005 £'000
Bank loans	**140**	121
Trade creditors	**272**	182
Corporation tax	**551**	291
Other taxation and social security	**272**	111
Other creditors	**313**	34
Accruals and deferred income	**534**	189
	2,082	928

Notes *(continued* **)**

15 **Creditors -** amounts falling due after more than one year

	28 February 2006 £'000	28 February 2005 £'000
Loans	**1,717**	1,289

Analysis of debt:

Debt can be analysed as falling due:		
In one year or less	**140**	121
Between one and two years	**151**	133
Between two and five years	**524**	466
In five years or more	**1,042**	690
	1,857	1,410

The company refinanced its borrowings during the year into one loan. Interest will be charged on this loan at the aggregate amount of 1.5% per annum above the Bank of Ireland's Northern Ireland Base rate (at present 4.5% but subject to variation).

16 **Provisions for liabilities and charges**

	28 February 2006 £'000	28 February 2005 £'000
Deferred taxation		
At beginning of period	**3**	7
(Release)/charge for the period (see note 5)	**(24)**	(4)
Transfer to debtors	**21**	-
At end of period	**-**	3

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 2006 £'000	28 February 2005 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**1**	(4)
Other timing differences	**20**	1
Deferred tax asset/(liability)	**21**	(3)

Notes *(continued* **)**

17 Share capital

	28 February 2006 Number	28 February 2006 £'000	28 February 2005 Number	28 February 2005 £'000
Equity shares				
Authorised				
Ordinary shares of 0.5pence each	**20,000,000**	**100**	20,000,000	100
Issued, allotted and fully paid				
Ordinary shares of 0.5pence each	**12,714,858**	**64**	12,397,825	62

Options have been granted as set out below under the company's two share option schemes which are open to all directors and employees of the company. The options are subject to performance conditions as set by the company prior to the grant of the option, and are exercisable following the satisfaction of the performance criteria for a period not exceeding 10 years.

Options granted are as follows:

Number of shares under option at 28 February 2005	***Granted***	***Exercised***	***Lapsed***	***Number of shares under option at 28 February 2006***	***Exercise price***
195,000	-	110,000	-	85,000	26.5 pence
219,000	-	62,000	20,000	137,000	51.0 pence
329,000-		67,033	10,000	251,967	53.5 pence
70,000	-	60,000	-	10,000	40.0 pence
279,000	-	15,000	18,000	246,000	62.0 pence
	285,000	-	-	285,000	102.0 pence

314,033 share options were exercised during the year, giving rise to an increase in share capital of £1,585 and an increase in share premium of £129,869.

18 Share premium and reserves

	Shares to be issued	**Share premium account £'000**	**Profit and loss account Restated £'000**
At beginning of year as previously stated	9	780	1,265
Prior year adjustment – dividend paid	-	-	181
At beginning of year – restated	9	780	1,446
Retained profit for the period	-	-	1,069
Premium on shares issued	-	130	-
In the money element of options accrued	(5)	-	-
Dividend paid	-	-	(181)
At end of year	**4**	**910**	**2,334**

19 Shareholders' funds

		28 February 2006 Restated £'000		28 February 2005 Restated £'000
Profit for the financial year		**1,069**		569
Dividend (restated)		**(181)**		(135)
Net proceeds on issue of share capital		**132**		28
In the money element of options accrued		**(5)**		2
Increase in shareholders' funds		**1,015**		464
Opening shareholders' funds as originally stated	**2,116**		1,698	
Prior year adjustment – dividend paid	**181**		135	
Opening shareholders' funds - restated		**2,297**		1,833
Closing shareholders' funds		**3,312**		2,297

20 Commitments and contingencies

There was a capital commitment at the period end in relation to an apartment purchased in London for £460,000 which was completed post year end.

21 Leasing commitments

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

	28 February 2006 Land and buildings £'000	28 February 2005 Land and buildings £'000
Operating leases which expire:		
In the next 12 months	**15**	-
In the second to fifth years	-	14
	15	14

22 Pension contributions

The company makes contributions to the personal pension schemes of certain employees. The pension charge for the year amounted to £70,000 (2005: £70,000). Contributions amounting to £10,000 (2005: £Nil) were payable to the scheme and are included in creditors.

23 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 the grant.

24 Related party transactions

Brian Conlon is a shareholder of e-hub.com Limited. During the current and prior period the company did not trade with e-hub.com Limited. The amount due by e-hub.com Limited to the company at 28 February 2006 amounted to £13,287 (2005: £14,542). A full provision has been made against this receivable balance in the current year. The amount owed to e-hub.com Limited at 28 February 2006 amounted to £11,525 (2005: £11,525).

Brian Conlon is the majority shareholder in k-hub Limited. The company did not trade with k-hub in the current or prior year. The amount due from k-hub to the company at 28 February 2006 amounted to £15,933 (2005: £15,933). A full provision has been made against this receivable balance in the current year.

The company is charged rent annually for the use of apartments owned by the managing director, located in London. The charge incurred during the financial year amounted to £52,800 (2005: £52,800). Rent deposits of £26,400 have been paid to Brian Conlon in respect of these apartments.

The company provided a short term loan of £240,000 to its associate, Carrickbridge Developments Limited in February 2006 which was repaid in April 2006.

25 Ultimate controlling party

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

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

	Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
Operating profit	**1,643**	877
Depreciation on tangible fixed assets	**93**	69
Amortisation of intangible asset	**180**	180
(Increase)/decrease in debtors	**(1,184)**	(445)
(Decrease)/increase in creditors	**879**	69
In the money element of options accrued	**(5)**	2
Net cash inflow from operating activities	**1,606**	752

Notes *(continued* **)**

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

		Year ended 28 February 2006 £'000	Year ended 28 February 2005 £'000
a)	**Returns on investment and servicing of finance**		
	Interest paid	**(113)**	(74)
	Interest received	**7**	8
	Net cash inflow from returns on investment and servicing of finance	**(106)**	(66)
b)	**Taxation**		
	Corporation tax paid	**(232)**	(160)
c)	**Capital expenditure**		
	Purchase of tangible fixed assets	**(1,389)**	(1,318)
d)	**Financing**		
	Repayment of long term loan	**(103)**	(93)
	Issue of share capital	**127**	28
	Receipt of new long term loan	**550**	932
		574	867

28 Analysis of changes in net debt during the year

	Cash in hand £	Bank overdrafts £	Debt due within one year £	Debt due after one year £	Total £
Balance at 1 March 2004	848	-	(48)	(523)	277
Cash flow	(60)	-	48	45	33
New long term loan	-	-	(37)	(895)	(932)
Other non cash change	-	-	(84)	84	-
Balance at 1 March 2005	788	-	(121)	(1,289)	(622)
Cash flow	272	-	103	-	375
New long term loan	-	-	(122)	(428)	(550)
Other non cash change	-	-	-	-	-
Balance at 28 February 2006	1,060	-	(140)	(1,717)	(797)

First Derivatives plc

Notice of Annual General Meeting

Notice is hereby given that the Ninth Annual General Meeting of First Derivatives plc ("the company") will be held at the offices of Mills Selig, 21 Arthur Street, Belfast, BT1 6DH on Thursday, 1 June 2006 at 11.30am for the following purposes.

Ordinary business

1 That the directors' report, statement of accounts and independent auditor's report for the year ended 28 February 2006 be received and approved.

2 That a dividend of 3.0p per share be declared for the year ended 28 February 2006.

3 To re-elect David Anderson as a director of the company in accordance with Article 115 of the Articles of Association of the company.

4 To re-appoint KPMG as auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company at a remuneration to be fixed by the directors.

5 That in substitution for all existing and unexercised authorities, the directors of the company be and they are hereby generally and unconditionally authorised pursuant to Article 90 of the Companies (Northern Ireland) Order 1986 (the "Order") to allot relevant securities (as defined in the Article) up to an aggregate nominal amount of £20,000, such authority to expire on the earlier of the date falling 15 months after the date of passing of this resolution, and the next Annual General Meeting of the company, whichever is the later, but so that the company may, before such expiry, make an offer or agreement which could or might require relevant securities in pursuance of any such offer or agreement as if such authority has not expired.

6 That in substitution for all existing and unexercised authorities and subject to the passing of the immediately preceding resolution, the directors of the company be and they are hereby empowered pursuant to Article 105 of the Order to allot equity securities pursuant to the authority conferred by the preceding resolution as if Article 99(1) of the Order did not apply to any such allotment provided that the power conferred by the resolution, unless previously revoked or varied by special resolution of the company in general meeting, shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory, and;

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £xx representing 10% of the current issued share capital of the company;

and shall expire on the date of the next Annual General Meeting of the company or (if earlier) 15 months from the date of the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Registered Office:
21 Arthur Street
Belfast
BT1 4GA

John F Gibbons
Secretary

4 May 2006

Notes

1 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the company.

2 A proxy form is enclosed with this notice. Proxies must be lodged at the office of the company, Kilmorey Business Park, Kilmorey Street, Newry, BT34 2DH, not less than 48 hours before the time of the meeting.

3 The completion and return of a proxy will not prevent a member from attending and voting in person at the meeting if so desired.

4 To be entitled to attend and vote at all the annual general meetings (and for the purpose of determination by the company of the number of votes they may cast), members must be entered in the Companies Register of Members by xx May 2006.

5 Copies of the executive directors service contracts of service together with the engagement letters of the non-executive directors are available the register of directors (and their families) interest in the share capital of the company and the Memorandum and Articles of Association for inspection at the registered office of the company during usual business hours, and will be available for inspection at the Annual General Meeting from 11.15 am until the conclusion of the meeting.

END

Close