INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FDM Group (Holdings) plc

Contents

Highlights

	30 June 2018	30 June 2017	% change
Revenue	£117.8m	£117.1m	+1%
Mountie revenue	£114.6m	£100.8m	+14%
Adjusted operating profit[1]	£25.0m	£22.4m	+12%
Profit before tax	£23.0m	£20.6m	+12%
Adjusted profit before tax[1]	£25.0m	£22.3m	+12%
Basic earnings per share	16.4p	14.0p	+17%
Adjusted basic earnings per share[1]	17.9p	15.5p	+15%
Interim dividend per share	14.5p	12.0p	+21%
Cash flow generated from operations	£17.6m	£20.0m	-12%
Cash conversion[2]	76.4%	96.8%	-20.4%
Net cash position at period end	£29.8m	£29.3m	+2%

- Continued growth in operating profit in a period of significant investment in our people, training facilities and technology to support future growth
- Period on period movement in revenue reflects the planned reduction in contractor revenue, which contributed to an increase in gross margin to 49% (2017: 43%)
- Mounties assigned to client sites at week 26[3] were up 16% at 3,416
- Mountie utilisation rate[4] for the six months to 30 June 2018 was 97.2% (2017: 96.7%)
- Strongest regional operating profit growth was in the UK and Ireland, up 24%
- Diversified new clients across the Group with 38 new clients secured in the period
- Further sector diversification, with 66% of new clients outside the financial services sector
- Good growth in ex-Forces and Getting Back to Business programmes
- Online applications to join FDM training programmes increased by 31% compared with the first half of 2017
- Continued investment in training resulted in training completions in the six months to 30 June 2018 of 965 up 30% (2017: 741)
- Decrease in cash conversion due to an exceptionally strong working capital position at the close of 2017
- Interim dividend of 14.5 pence per share, an increase of 21% on 2017 (12.0 pence)

1 The adjusted operating profit and adjusted profit before tax are calculated before performance share plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of performance share plan expenses (including social security costs and associated deferred tax).

2 Cash conversion is calculated by dividing cash flow from operations by profit before tax.

3 Week 26 in 2018 commenced on 25 June 2018 (2017: week 26 commenced on 26 June 2017).

4 Utilisation is calculated as the ratio of cost of utilised Mounties to the total Mountie payroll cost.

The first six months of 2018 have seen us continue to focus on investment to increase the geographic diversity and capacity of our business. During the period we have, nearly doubled the size of our Toronto centre; and trained and deployed Mounties via pop-up Academies in Birmingham and Cardiff in the UK, Austin and St. Louis in the USA, Montreal and Toronto in Canada, Sydney in Australia, Madrid in Spain, Cape Town in South Africa, and Shanghai in China. We continue to increase the disciplines in which we train, the talent pools from which we recruit and the market sectors into which we deploy.

The first half of 2018 has seen a solid performance, with constant currency growth in Mountie revenue and in profit before tax of 17% and 14% respectively, culminating in Mountie headcount exceeding 3,500 today. The Board anticipates that the Group's results for the year will be in line with its expectations and that we will continue to deliver for all of our stakeholders.

Rod Flavell
Chief Executive Officer

About FDM

FDM Group (Holdings) plc ("the Company") and its subsidiaries (together "the Group" or "FDM") is a global professional services provider with a focus on Information Technology ("IT"). FDM brings people and technology together; creating and inspiring exciting careers that shape our digital future.

The Group's principal business activities involve recruiting, training and deploying its own permanent IT and business consultants ("Mounties") at client sites. The Group also supplies contractors to clients, either to supplement its own employed consultants' skill sets or to provide additional experience where required. FDM specialises in a range of technical and business disciplines including Development, Testing, IT Service Management, Project Management Office, Data Services, Business Analysis, Business Intelligence, Cyber Security and Robotic Process Automation.

The FDM Careers Programme bridges the gap for graduates, ex-Forces and returners to work, providing them with the training and experience required to successfully launch or re-launch their career. FDM has dedicated training centres and sales operations located in London, Leeds, Glasgow, New York, Virginia, Toronto, Frankfurt, Singapore and Hong Kong. FDM also operates in Ireland, France, Switzerland, Austria, Denmark, Spain, Luxembourg, China, Australia and South Africa.

FDM is a strong advocate of diversity and inclusion in the workplace, with over 75 nationalities working together as a team. The UK business' Gender Pay Gap Report 2018 showed a median pay gap of 0.0%, for the second consecutive year.

Forward-looking statements
This Interim Report contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Industry awards received during the period included:

- Stock Market Awards – Growth Company of the Year 2018
- Megabuyte – Best Performing Company 2018 (Consulting & Systems Integration)
- Megabuyte Quoted25 Awards – Top 25 PLCs 2018 (FDM ranked 4th)
- Information Age Women in IT Awards – Employer of the Year 2018
- Mogul – Top 1,000 Companies Worldwide for Millennial Women 2018
- Management Today – Agents of Change Power List 2018 – Rod Flavell, FDM CEO
- Target Jobs Awards – AGCAS Award for Excellence in Careers and Employability Service Engagement 2018
- National Undergraduate Employability Awards – Best Collaboration between a University and Employer 2018
- Information Age Women in IT Awards – Woman of the Year 2018 – Sheila Flavell, FDM COO
- MINT Minded Company and Fair Company 2018 (Germany)
- Military Times Best for Vets Employer 2018 (USA)

FDM's UK Gender Pay Gap Report 2018 showed a median pay gap of 0.0%, for the second consecutive year

Nationalities

75+

nationalities working together as a team at FDM

Gender

c. 50%

of the FDM Management Team are female

Ex-Forces

520+

former service men and women have been placed through the programme in the UK and US since its inception

Median Pay Gap

0.0%

UK business reported a 0.0% median gender pay gap for two consecutive years

Interim Management Review

Overview

The Group delivered an underlying operating result in line with the Board's expectations for the period. We ended the half year with 3,416 Mounties placed with clients and delivered an adjusted profit before tax of £25.0 million. Market conditions remain buoyant across all our operating regions.

Strategy

We continue to make good progress in delivering on our key strategic objectives: 'Attract, train and develop high-calibre Mounties; Invest in leading-edge training Academies; Grow and diversify our client base; Expand our geographic presence.'

Our strategic objectives continue to provide a disciplined framework to focus our plans for investing in new and existing territories and for investing in the training facilities needed to attract the highest calibre of people to our business.

We have made significant strategic investments in the first six months as follows:

- **People:** We have responded to encouraging levels of sales activity and demand across all our geographical regions by increasing headcount in key areas of our business, with a particular focus on sales, recruitment and training, ensuring we are best placed to capitalise on future growth opportunities. Total headcount in sales, recruitment and training has increased since 30 June 2017 by 35%, 44% and 30% respectively.

- **Training facilities:** We expanded our Toronto centre in the period through a near doubling of floor space, which will add 71 seats to our training capacity. We are increasingly establishing and operating from pop-up centres to facilitate demand in localised areas. Pop-up centres have been established for various reasons, including to facilitate initial geographic penetration, to meet specific client requirements or simply to increase existing capacity. Our pop-ups are quick to establish and offer flexible availability to meet local candidate and client demand.

- **Technology:** Over the past six months we have made substantial investment in our business infrastructure, in particular web and Wi-Fi upgrades and the roll-out of Office 365 and Windows 10 across the Group. The security and resilience of our technology remains key and has been strengthened through the virtualisation of the server estate.

Financial Review

Group results

Summary income statement

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	% change
Mountie revenue	114.6	100.8	+14%
Contractor revenue	3.2	16.3	-80%
Revenue	117.8	117.1	+1%
Adjusted operating profit	25.0	22.4	+12%
Adjusted profit before tax	25.0	22.3	+12%
Profit before tax	23.0	20.6	+12%
	Pence per share	**Pence per share**	**% change**
Adjusted basic earnings per share	17.9	15.5	+15%
Basic earnings per share	16.4	14.0	+17%

Mountie revenue increased by 14% to £114.6 million (2017: £100.8 million). The reported results include the impact of adverse exchange rate movements. On a constant currency basis, Mountie revenue increased by 17% and profit before tax increased by 14%. As planned, contractor revenue decreased by 80% to £3.2 million (2017: £16.3 million). As anticipated, this had an impact on total revenue which remained broadly flat at £117.8 million (2017: £117.1 million), and resulted in an increase in gross margin to 49.0% (2017: 43.3%). The Group's strategy remains focussed on growing Mountie numbers and revenues whilst contractor revenues will remain ancillary to the Group.

Mounties assigned to client sites at week 26 2018 totalled 3,416, an increase of 16% from 2,947 at week 26 2017 and an increase of 8% from 3,170 at week 52 2017. The ex-Forces programme continues its growth with 286 ex-Forces Mounties deployed worldwide at week 26 2018 (week 26 2017: 235). Our Getting Back to Business programme had 72 deployed at week 26 2018 (week 26 2017: 34).

An analysis of Mountie revenue and headcount by region is set out in the table below:

	Six months to 30 June 2018 Mountie revenue £m	Six months to 30 June 2017 Mountie revenue £m	Year to 31 December 2017 Mountie revenue £m
UK and Ireland	61.4	51.0	106.7
North America	38.1	36.9	73.8
EMEA	6.6	6.5	13.1
APAC	8.5	6.4	13.7
	114.6	**100.8**	**207.3**

	2018 Mounties assigned to client site at week 26	2017 Mounties assigned to client site at week 26	2017 Mounties assigned to client site at week 52
UK and Ireland	1,847	1,641	1,744
North America	1,033	892	965
EMEA	167	143	155
APAC	369	271	306
	3,416	**2,947**	**3,170**

Using cash generated from operations, we have invested significantly during the period in our people, training facilities and technology. This has resulted in overheads increasing to £34.8 million (2017: £30.0 million) and adjusted operating profit increasing by 12% to £25.0 million (2017: £22.4 million).

Segmental review

UK and Ireland

The UK and Ireland had an encouraging start to 2018 and has delivered a strong performance for the period. Mounties deployed on client sites in the UK and Ireland at week 26 2018 were 1,847, an increase of 13% over 1,641 at week 26 2017, generating an increase of 20% in Mountie revenue for the six month period to 30 June 2018. Total revenue generated in the region during the same period fell due to the planned decline in lower margin contractor revenue (2018: £2.8 million; 2017: £15.3 million). Adjusted operating profit increased by 24% to £18.2 million (2017: £14.7 million).

The number of ex-Forces Mounties placed with clients grew by 22% to 242 (2017: 199). There were seven Getting Back to Business courses delivered in the UK in the period; the number of Getting Back to Business Mounties deployed on client sites at week 26 was 63 (2017: 26). Overall there was significant Mountie headcount growth in the energy and resources sector, as well as the public services sector.

North America

Mountie headcount in North America has passed the 1,000 milestone, with 1,033 deployed at client sites at week 26 2018 (week 26 2017: 892). Mountie revenue increased by 3% to £38.1 million (2017: £36.9 million). Significant investment to support future growth resulted in adjusted operating profit falling to £6.5 million (2017: £7.6 million). Headcount in recruitment and training in Canada has increased by 120% and 157% respectively since 30 June 2017.

In North America we gained 11 new clients in the period. In addition to the newly expanded Toronto Academy, there have been pop-up Academies operating in Toronto and Montreal, with two pop-up Academies in USA in the period; Austin and St. Louis. We are in the process of exploring further opportunities, with planned pop-ups in Charlotte and Chicago in the next quarter. These small-scale centres will allow a local FDM team to develop local demand and source local talent from a fixed location.

In addition to the newly expanded Toronto Academy, there have been two pop-up Academies in the USA in the period; Austin and St. Louis

The growth of our Australian business continues, with 41 Mounties placed at clients in week 26

EMEA (Europe, Middle East and Africa, excluding UK and Ireland)

Mounties deployed on client sites was up 17% at 167 for week 26 2018 (week 26 2017: 143). Mountie revenue was £6.6 million (2017: £6.5 million). Adjusted operating profit was £0.5 million (2017: £0.3 million), the increase reflecting the Academy investments in 2017.

FDM's regional presence broadened with placements in Austria and Luxembourg. There was pop-up training in South Africa to service client demand.

APAC (Asia Pacific)

Mounties placed on site at week 26 were 369, up from 271 at week 26 2017. APAC Mountie revenue grew by 32% to £8.5 million (2017: £6.4 million) and the region delivered a reduced adjusted operating loss of £0.1 million (2017: loss of £0.3 million).

The growth of our Australian business continues, with 41 Mounties placed at clients in week 26 (week 52 2017: 20). We recently opened a pop-up Academy in Shanghai and are exploring demand with potential new clients in the city. There has been Mountie growth in the six months in Hong Kong and Singapore.

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide an indication of underlying performance. The adjusted results are stated before performance share plan expenses including associated taxes (where applicable).

The performance share plan expenses including social security costs were £2.0 million in the six months to 30 June 2018 (2017: £1.7 million). Details of the performance share plan are set out in note 11 to the Condensed Consolidated Interim Financial Statements.

Net finance income

As the Group has no borrowings, finance costs are minimal. The net credit for the period represents £63,000 of finance income and a finance expense of £60,000 representing non-utilisation charges on the undrawn element of the Group's revolving credit facility. The Group's revolving credit facility, which expires on 14 August 2018, will not be renewed given the strong cash position of the Group.

Taxation

The tax charge of £5.4 million represents the effective tax charge on the Group profit before taxation at the Group's effective tax rate of 23.3% (2017: 26.8%). The effective rate is higher than the underlying UK rate because of profits earned in higher tax jurisdictions. The drop in effective rate in 2018 is attributable to changes in the US federal tax rate.

Earnings per share

The basic earnings per share increased in the period to 16.4 pence (2017: 14.0 pence), whilst adjusted basic earnings per share was 17.9 pence (2017: 15.5 pence). Diluted earnings per share was 16.3 pence (2017: 14.0 pence).

We have grown our ex-Forces headcount to 286 (2017: 235)

In the UK and Ireland the number of Getting Back to Business Mounties deployed on client sites at week 26 was 63 (2017: 26)

Dividend

An interim dividend of 14.5 pence per ordinary share (2017: 12.0 pence) was declared by the Directors on 20 July 2018 and will be payable on 21 September 2018 to holders of record on 24 August 2018. The Board continues to follow a progressive dividend policy, its aim being to steadily increase the Group's base dividend, on an annual basis, approximately in line with the growth in the Group's earnings per share.

Cash flow and net cash

Net cash flow from operating activities decreased from £13.7 million in the half year to 30 June 2017 to £12.2 million in the first six months to 30 June 2018. The Group's cash balance increased to £29.8 million as at 30 June 2018 (2017: £29.3 million), despite an outflow of £3.4 million in respect of an investment by the Group in its own shares following a share buy-back (see note 12).

Cash conversion for the period was 76% compared with 97% in the comparative prior period, the decrease primarily due to movements in working capital. The closing 2017 working capital position was exceptionally strong resulting in actual cash conversion of 111% for the year to 31 December 2017.

Related party transactions

Details of related party transactions are included in note 13 to the Condensed Interim Financial Statements.

Our people

We are a people business and are proud of the fact our business model continues to provide an effective platform for creating and launching exciting careers in the IT industry. During the first six months, we progressed the following initiatives in two key areas of our Corporate Social Responsibility strategy; 'diversity and inclusion' and 'employee experience':

Diversity and inclusion

- The UK business Gender Pay Gap Report showed that the median gender pay gap remains at 0%, and the percentage of females increased in each quartile of period under review.
- We have grown our ex-Forces headcount to 286 (2017: 235).
- We have introduced regular open evenings in the UK to encourage potential applicants who are thinking of returning to work to meet the FDM team before applying.

Employee experience

- A number of our employees were rewarded for their hard work and commitment to the Company with the first tranche of share options under the Performance Share Plan being exercised in May at a price of £10.10 per share. Further awards were made under the Plan in June.
- We are rolling out a new Applicant Tracking System which enables a smoother and more efficient recruitment process and adds value to the candidate experience.
- Our intern programme is growing with 18 interns joining us this summer to gain industry experience.
- FDM was sponsoring partner of the UK Employee Experience Awards 2018.

Principal risks facing the business

The Group faces a number of risks and uncertainties which could have a material impact upon its long-term performance. The principal risks and uncertainties faced by the Group are set out in the Annual Report and Accounts for the year ended 31 December 2017 on pages 37 to 45.

There has been one change in the principal risks faced by the Group: 'The ability to upscale as a result of not securing the required physical infrastructure (sites)' is no longer considered to be a principal risk. The Group's proven track record of securing new sites together with its ability to operate effectively on a short-term basis from pop-ups, has resulted in the Board downgrading this risk.

We continue to monitor the risks and potential impact of Brexit to the Group.

Summary and outlook

We are satisfied with FDM's financial performance for the six months to 30 June 2018, taken with the high levels of investment in the period, and the Board anticipates that the Group's results for the full year will be in line with the Board's expectations.

By order of the Board

Rod Flavell
Chief Executive Officer

Mike McLaren
Chief Financial Officer

20 July 2018

Condensed Consolidated Income Statement

for the six months ended 30 June 2018

	Note	**Six months to 30 June 2018 (Unaudited) £000**	Six months to 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Revenue		**117,827**	117,098	233,575
Cost of sales		**(60,095)**	(66,367)	(129,323)
Gross profit		**57,732**	50,731	104,252
Administrative expenses		**(34,757)**	(30,048)	(60,496)
Operating profit		**22,975**	20,683	43,756
Finance income		**63**	12	29
Finance expense		**(60)**	(64)	(130)
Net finance income/ (expense)		**3**	(52)	(101)
Profit before income tax		**22,978**	20,631	43,655
Taxation	7	**(5,354)**	(5,529)	(11,643)
Profit for the period		**17,624**	15,102	32,012

Earnings per ordinary share		**pence**	pence	pence
Basic	9	**16.4**	14.0	29.8
Diluted	9	**16.3**	14.0	29.4

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2018

	Six months to 30 June 2018 (Unaudited) £000	Six months to 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Profit for the period	**17,624**	15,102	32,012
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on retranslation of foreign operations (net of tax)	**200**	(348)	(673)
Total other comprehensive income/ (expense)	**200**	(348)	(673)
Total comprehensive income for the period	**17,824**	14,754	31,339

Condensed Consolidated Statement of Financial Position

as at 30 June 2018

	Note	**30 June 2018 (Unaudited) £000**	30 June 2017 (Unaudited) £000	31 December 2017 (Audited) £000
Non-current assets				
Property, plant and equipment		**5,261**	5,271	4,926
Intangible assets		**19,322**	19,320	19,471
Deferred income tax assets		**2,991**	1,486	2,275
		27,574	26,077	26,672
Current assets				
Trade and other receivables		**39,344**	36,383	30,716
Cash and cash equivalents	10	**29,758**	29,311	36,846
		69,102	65,694	67,562
Total assets		**96,676**	91,771	94,234
Current liabilities				
Trade and other payables		**27,413**	29,115	26,616
Current income tax liabilities		**3,528**	3,737	3,239
		30,941	32,852	29,855
Total liabilities		**30,941**	32,852	29,855
Net assets		**65,735**	58,919	64,379
Equity attributable to owners of the parent				
Share capital		**1,082**	1,075	1,075
Share premium		**8,705**	7,873	7,873
Capital redemption reserve		**52**	52	52
Own shares reserve		**(4,224)**	–	–
Translation reserve		**991**	1,116	791
Other reserves		**6,511**	4,371	6,148
Retained earnings		**52,618**	44,432	48,440
Total equity		**65,735**	58,919	64,379

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2018

	Note	**Six months to 30 June 2018 (Unaudited) £000**	Six months to 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Cash flows from operating activities				
Profit before tax for the period		**22,978**	20,631	43,655
Adjustments for:				
Depreciation and amortisation		**736**	680	1,408
Loss on disposal of non-current assets		**–**	–	4
Finance income		**(63)**	(12)	(29)
Finance expense		**60**	64	130
Share-based payment charge (including associated social security costs)		**2,044**	1,713	3,576
Increase in trade and other receivables		**(8,629)**	(7,220)	(1,552)
Increase in trade and other payables		**440**	4,106	1,088
Cash flows generated from operations		**17,566**	19,962	48,280
Interest received		**63**	12	29
Income tax paid		**(5,464)**	(6,300)	(13,263)
Net cash flow from operating activities		**12,165**	13,674	35,046
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(913)**	(780)	(1,350)
Acquisition of intangible assets		**–**	(14)	(18)
Net cash used in investing activities		**(913)**	(794)	(1,368)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		**7**	–	–
Payment for shares bought back		**(3,409)**	–	–
Finance costs paid		**(60)**	(57)	(130)
Dividends paid	8	**(15,086)**	(11,074)	(23,976)
Net cash used in financing activities		**(18,548)**	(11,131)	(24,106)
Exchange gains/ (losses) on cash and cash equivalents		**208**	(282)	(570)
Net (decrease)/ increase in cash and cash equivalents		**(7,088)**	1,467	9,002
Cash and cash equivalents at beginning of period		**36,846**	27,844	27,844
Cash and cash equivalents at end of period		**29,758**	29,311	36,846

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2018

Unaudited	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2018	1,075	7,873	52	–	791	6,148	48,440	64,379
Profit for the period	–	–	–	–	–	–	17,624	17,624
Other comprehensive income for the period	–	–	–	–	200	–	–	200
Total comprehensive income for the period	–	–	–	–	200	–	17,624	17,824
Share-based payments (note 11)	–	–	–	–	–	2,003	–	2,003
Transfer to retained earnings	–	–	–	–	–	(1,640)	1,640	–
New share issue	7	832	–	–	–	–	–	839
Own shares bought back (note 11)	–	–	–	(4,224)	–	–	–	(4,224)
Dividends (note 8)	–	–	–	–	–	–	(15,086)	(15,086)
Total transactions with owners, recognised directly in equity	7	832	–	(4,224)	–	363	(13,446)	(16,468)
Balance at 30 June 2018	**1,082**	**8,705**	**52**	**(4,224)**	**991**	**6,511**	**52,618**	**65,735**

Condensed Consolidated Statement of Changes in Equity *(continued)*

for the six months ended 30 June 2018

Unaudited	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	1,075	7,873	52	–	1,464	2,470	40,404	53,338
Profit for the period	–	–	–	–	–	–	15,102	15,102
Other comprehensive expense for the period	–	–	–	–	(348)	–	–	(348)
Total comprehensive (expense)/ income for the period	–	–	–	–	(348)	–	15,102	14,754
Share-based payments (note 11)	–	–	–	–	–	1,901	–	1,901
Dividends (note 8)	–	–	–	–	–	–	(11,074)	(11,074)
Total transactions with owners, recognised directly in equity	–	–	–	–	–	1,901	(11,074)	(9,173)
Balance at 30 June 2017	**1,075**	**7,873**	**52**	**–**	**1,116**	**4,371**	**44,432**	**58,919**

Condensed Consolidated Statement of Changes in Equity *(continued)*

for the six months ended 30 June 2018

Audited	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	1,075	7,873	52	–	1,464	2,470	40,404	53,338
Profit for the year	–	–	–	–	–	–	32,012	32,012
Other comprehensive expense for the year	–	–	–	–	(673)	–	–	(673)
Total comprehensive (expense)/ income for the year	–	–	–	–	(673)	–	32,012	31,339
Share-based payments	–	–	–	–	–	3,678	–	3,678
Dividends (note 8)	–	–	–	–	–	–	(23,976)	(23,976)
Total transactions with owners, recognised directly in equity	–	–	–	–	–	3,678	(23,976)	(20,298)
Balance at 31 December 2017	**1,075**	**7,873**	**52**	**–**	**791**	**6,148**	**48,440**	**64,379**

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

The Group is an international professional services provider focusing principally on IT, specialising in the recruitment, training and deployment of its own permanent IT consultants.

The Company is a public limited company incorporated and domiciled in the UK with a Premium Listing on the London Stock Exchange. The Company's registered office is 3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG and its registered number is 07078823.

These Condensed Interim Financial Statements were approved for issue by the Board of Directors of the Group on 20 July 2018. They have not been audited, but have been subject to an independent review by PricewaterhouseCoopers LLP, whose independent report is included on pages 38 and 39.

These Condensed Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 31 December 2017 was approved by the Board of Directors of the Group on 6 March 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2 Basis of preparation

These Condensed Interim Financial Statements for the six months ended 30 June 2018 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union. These Condensed Interim Financial Statements should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2017, which has been prepared in accordance with IFRSs as adopted by the European Union.

2 Basis of preparation *(continued)*

Going concern basis

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and training facilities, have enabled the Group to manage its business risks. The Group's forecasts and projections show that it will continue to operate with adequate cash resources and within the current working capital facilities. The Group passed all bank covenants tested in the period and forecasts that all covenants will be passed for a period of at least twelve months from the date of signing this interim report.

Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

3 Significant accounting policies

These Condensed Interim Financial Statements have been prepared in accordance with the accounting policies, methods of computation and presentation adopted in the financial statements for the year ended 31 December 2017, except for; IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers', effective 1 January 2018 and certain IAS 34 Interim Financial Reporting requirements in respect of income tax.

The Directors have considered all new, revised or amended standards and interpretations which are mandatory for the first time for the financial year ending 31 December 2018, and concluded that none have had any significant impact on these interim financial statements. New, revised or amended standards and interpretations that are not yet effective have not been adopted early. With the exception of IFRS 16 'Leases', the Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application. The Group has carried out an assessment of the likely impact of IFRS 16 'Leases', on its lease portfolio as at 31 December 2017. Application of the new standard will result in a material increase in assets and liabilities on the Consolidated Statement of Financial Position, however the impact on net assets and the income statement will not be material. IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 Significant accounting estimates and assumptions

The preparation of the Group's Condensed Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods. The judgements, estimates and assumptions applied in the Condensed Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's annual financial statements for the year ended 31 December 2017, with the following exception:

- The estimate of the provision for income taxes, is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The following are considered to be the Group's significant areas of judgement:

Share-based payment charge

A share-based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest based on the performance conditions of the awards, which comprise adjusted earnings per share growth and the number of employees that will leave before vesting. The charge is calculated based on the fair value on the grant date using the Black Scholes model and is expensed over the vesting period.

Impairment of goodwill

For impairment testing of goodwill the weighted average cost of capital ("WACC") is calculated to reflect a required rate of return. The WACC is used to discount the estimated future cash flows of the Group to arrive at a value in use, which is compared to the carrying value of the goodwill and other net assets of the respective cash generating unit at the balance sheet date. If the value in use is greater than the carrying value of goodwill and other net assets at the balance sheet date, there is no impairment.

5 Seasonality

The Group is not significantly impacted by seasonality trends. A lower number of working days in the first half of the year is approximately offset by increased annual leave in the second half of the year.

6 Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Directors are the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

At 30 June 2018, the Board of Directors consider that the Group is organised into four core geographical operating segments:

(1) UK and Ireland;
(2) North America;
(3) Europe, Middle East and Africa, excluding UK and Ireland ("EMEA"); and
(4) Asia Pacific ("APAC").

Each geographical segment is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

All segment revenue, profit before income taxation, assets and liabilities are attributable to the principal activity of the Group, being an international professional services provider with a focus on IT.

Segmental reporting for the six months ended 30 June 2018

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	64,143	38,440	6,639	8,605	117,827
Depreciation and amortisation	(392)	(241)	(37)	(66)	(736)
Segment operating profit/ (loss)	**16,601**	**6,170**	**397**	**(193)**	**22,975**
Finance income	54	7	1	1	63
Finance costs	(51)	(2)	(5)	(2)	(60)
Profit/ (loss) before income tax	**16,604**	**6,175**	**393**	**(194)**	**22,978**
Total assets	**65,851**	**20,025**	**4,943**	**5,857**	**96,676**
Total liabilities	**(17,325)**	**(5,814)**	**(1,648)**	**(6,154)**	**(30,941)**

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
30 June 2018	**22,200**	**1,786**	**360**	**237**	**24,583**

6 Segmental reporting *(continued)*

Segmental reporting for the six months ended 30 June 2017

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	66,330	37,732	6,515	6,521	117,098
Depreciation and amortisation	(398)	(219)	(18)	(50)	(685)
Segment operating profit/ (loss)	**13,365**	**7,307**	**304**	**(293)**	**20,683**
Finance income	10	1	1	–	12
Finance costs	(54)	(3)	(5)	(2)	(64)
Profit/ (loss) before income tax	**13,321**	**7,305**	**300**	**(295)**	**20,631**
Total assets	**64,349**	**17,377**	**5,440**	**4,605**	**91,771**
Total liabilities	**(16,087)**	**(9,840)**	**(2,134)**	**(4,791)**	**(32,852)**

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
30 June 2017	22,401	1,465	318	407	24,591

Segmental reporting for the year ended 31 December 2017

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	131,479	75,069	13,077	13,950	233,575
Depreciation and amortisation	(792)	(447)	(57)	(112)	(1,408)
Segment operating profit/ (loss)	**28,694**	**14,700**	**765**	**(403)**	**43,756**
Finance income	24	3	1	1	29
Finance costs	(110)	(5)	(10)	(5)	(130)
Profit/ (loss) before income tax	**28,608**	**14,698**	**756**	**(407)**	**43,655**
Total assets	**66,565**	**17,601**	**4,563**	**5,505**	**94,234**
Total liabilities	**(16,426)**	**(6,253)**	**(1,534)**	**(5,642)**	**(29,855)**

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2017	22,431	1,322	384	260	24,397

Information about major customers

Two customers each represent 10% or more of the Group's revenue from all four operating segments and are presented as follows:

	Six months to 30 June 2018 £000	Six months to 30 June 2017 £000	Year ended 31 December 2017 £000
Revenue from customer A	**12,347**	12,310	23,718
Revenue from customer B	**6,828**	23,444	40,328

7 Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2018 is 23.3% (the estimated tax rate for the six months ended 30 June 2017 was 26.8%).

8 Dividends

2018

An interim dividend of 14.5 pence per ordinary share was declared by the Directors on 20 July 2018 and will be payable on 21 September 2018 to holders of record on 24 August 2018.

2017

An interim dividend of 12 pence per ordinary share was declared by the Directors on 28 July 2017 and paid on 22 September 2017 to holders of record on 25 August 2017. In respect of the full year to 31 December 2017, the Board proposed a final dividend of 14 pence per share. This was approved by shareholders at the Annual General Meeting on 26 April 2018, and was paid on 15 June 2018 to shareholders of record on 25 May 2018.

9 Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the period.

		Six months to 30 June 2018	Six months to 30 June 2017	Year ended 31 December 2017
Profit for the period	£000	**17,624**	15,102	32,012
Average number of ordinary shares in issue (thousands)	Number	**107,712**	107,518	107,518
Basic earnings per share	Pence	**16.4**	14.0	29.8

Adjusted basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company, excluding performance share plan expense (including social security costs and associated deferred tax), by the weighted average number of ordinary shares in issue during the period.

		Six months to 30 June 2018	Six months to 30 June 2017	Year ended 31 December 2017
Profit for the period (basic earnings)	£000	**17,624**	15,102	32,012
Share-based payment expense (including social security costs) (see note 11)	£000	**2,044**	1,713	3,576
Tax effect of share-based payment expense	£000	**(421)**	(173)	(483)
Adjusted profit for the period	£000	**19,247**	16,642	35,105
Average number of ordinary shares in issue (thousands)	Number	**107,712**	107,518	107,518
Adjusted basic earnings per share	Pence	**17.9**	15.5	32.6

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares in the form of share options; the number of shares in issue has been adjusted to include the number of shares that would have been issued assuming the exercise of the share options.

		Six months to 30 June 2018	Six months to 30 June 2017	Year ended 31 December 2017
Profit for the period (basic earnings)	£000	**17,624**	15,102	32,012
Average number of ordinary shares in issue (thousands)	Number	**107,712**	107,518	107,518
Adjustment for share options (thousands)	Number	**734**	554	1,465
Diluted number of ordinary shares in issue (thousands)	Number	**108,446**	108,072	108,983
Diluted earnings per share	Pence	**16.3**	14.0	29.4

10 Cash and cash equivalents

	30 June 2018 £000	30 June 2017 £000	31 December 2017 £000
Cash and cash equivalents	**29,758**	29,311	36,846

The Group had undrawn borrowings at 30 June 2018 of £20,000,000 (2017: £20,000,000).

11 Share-based payments

During the six month period ended 30 June 2018 the Group recognised a share-based payment charge of £1,659,000 (2017: £1,337,000) and associated social security costs of £385,000 (2017: £376,000). Also recognised in Other reserves is deferred tax of £317,000 (2017: £564,000). A transfer of £1,640,000 was made from Other reserves to Retained earnings in respect of the exercise of share options during the period, see below.

During the period the share options issued in 2015 vested, of which 665,433 were exercised, and 189,474 linked shares lapsed (linked shares which were not required to fund the price at date of exercise). The share options exercised were satisfied by the issue of 665,433 new shares, of which 418,037 were subsequently sold to the FDM Group Employee Benefit Trust, at the market value at date of exercise. For detail of the shares held in the FDM Group Employee Benefit Trust see note 12.

12 Investment in own shares

During the period the FDM Group Employee Benefit Trust was established to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan. The Group accounts for its own shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

13 Related party transactions

During the six month period ended 30 June 2018 the Company paid £18,000 (six months ended 30 June 2017: £18,000) to Rod Flavell, Chief Executive Officer and Sheila Flavell, Chief Operating Officer, for rent of an apartment used for short-term employee accommodation. The rent payable was at market rate, no balances were outstanding at period end (2017: £nil). At no time during the six months to 30 June 2018 or during 2017 was the apartment used by any of the Directors.

During the six month period ended 30 June 2018 the Company paid £nil (six months ended 30 June 2017: £16,000) for contractor IT services to Viper Business Solutions Limited, which is a limited company wholly owned by the daughter of Sheila Flavell. The IT services performed were provided to a client of the Group and were charged at market rate, no balances were outstanding at period end (2017: £nil).

A number of the Directors' family members are employed by the Group. The employment relationships are at market rate and are carried out on an arm's length basis.

The key management personnel comprise the Directors of the Group. The compensation of key management is set out below:

	Six months to 30 June 2018 £000	Six months to 30 June 2017 £000	Year ended 31 December 2017 £000
Short-term employee benefits	**1,140**	1,243	2,490
Post-employment benefits	**12**	4	32
Share-based payments	**345**	357	566
	1,497	1,604	3,088

14 Financial instruments

There are no material differences between the fair value of the financial assets and liabilities included within the following categories in the Condensed Consolidated Statement of Financial Position and their carrying value:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Statement of Directors' Responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the Financial Conduct Authority, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

Directors who held office during the period:

Ivan Martin	Non-Executive Chairman
Roderick Flavell	Chief Executive Officer
Sheila Flavell	Chief Operating Officer
Michael McLaren	Chief Financial Officer
Andrew Brown	Chief Commercial Officer
Peter Whiting	Non-Executive Director
Robin Taylor	Non-Executive Director
Michelle Senecal de Fonseca	Non-Executive Director
David Lister	Non-Executive Director

The Executive Directors and Chairman of FDM were listed in the Annual Report and Accounts of the Company for the year ended 31 December 2017 and remained the same in the six months to 30 June 2018.

By order of the Board

Rod Flavell
Chief Executive Officer

Mike McLaren
Chief Financial Officer

20 July 2018

Independent review report to FDM Group (Holdings) plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed FDM Group (Holdings) plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Interim Report of FDM Group (Holdings) plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2018;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

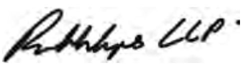
Our responsibility is to express a conclusion on the interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants
London
20 July 2018

Notes

UK
IRELAND
USA
CANADA
GERMANY
SWITZERLAND
AUSTRIA
FRANCE
SPAIN
LUXEMBOURG
DENMARK
SOUTH AFRICA
HONG KONG
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