FDM
25
Years in IT

ANNUAL REPORT AND ACCOUNTS 2016

FDM Group (Holdings) plc

Contents

About FDM

The Group

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"). The Group takes pride in training and providing the next generation of specialised IT and business service consultants, with 2,705 consultants placed with clients across a variety of sectors at week 52 2016.

The Group's principal business activities are recruiting, training and placing 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 greater experience where required. FDM specialises in a range of technical and business disciplines including Development, Testing, Support, Project Management Office, Data Services, Business Analysis, Business Intelligence and Cyber Security.

By combining training with commercial experience and a dynamic company culture, the Group continues to create and inspire exciting careers that shape our digital future. FDM is a people business and has won numerous awards including The JobCrowd's 'Top Companies For Graduates To Work For', for the 6th year in a row.

FDM has dedicated training centres and sales operations in facilities located in London, Leeds, Glasgow, New York, Virginia, Toronto, Frankfurt, Singapore and Hong Kong. FDM also operates in China, Ireland, France, Switzerland, Austria, Denmark, Australia and South Africa. FDM has established partnerships with key universities, enabling it to recruit high quality graduates to train as 'Mounties'.

FDM is a strong advocate of diversity and inclusion in the workplace, with around 75 nationalities working together as a team.

FDM's vision and values

FDM's vision is to be recognised as the leading provider and preferred choice for innovative and specialised IT and business services, whilst creating and inspiring exciting careers that shape our digital future. This is driven through the values on the following page.

Forward-looking statements

This Annual 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.

AMBITION

We set ourselves challenging goals and are determined to achieve them

COLLABORATION

We work best when we work together

ENERGY

We thrive on activity and getting things done

INCLUSIVITY

We embrace and bring together the best people with diverse backgrounds and experiences

PROFESSIONALISM

We work to high standards

GROWTH

We like to be challenged and have a willingness to learn, innovate and improve

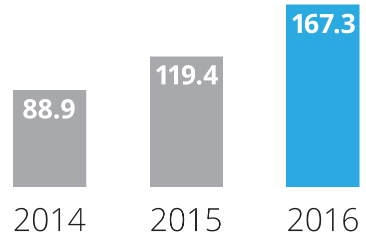
Highlights

FDM has delivered on its key financial and operational objectives.

Financial

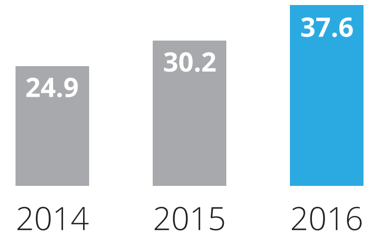
Mountie revenue (£m)

£167.3m +40%



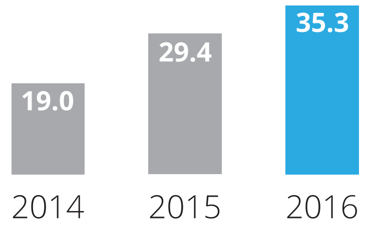
Adjusted operating profit[1] (£m)

£37.6m +25%



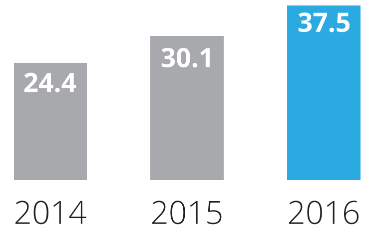
Profit before tax (£m)

£35.3m +20%



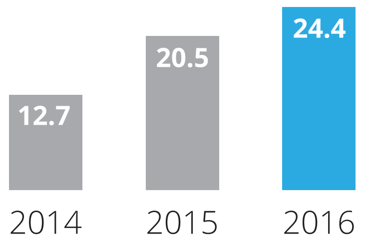
Adjusted profit before tax[1] (£m)

£37.5m +25%



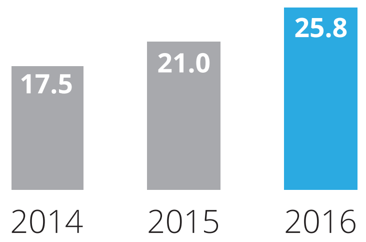
Basic earnings per share (pence)

24.4 pence +19%



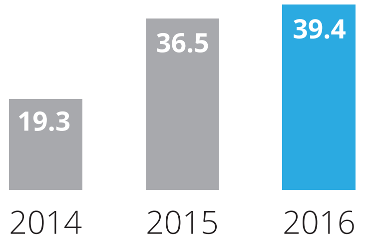
Adjusted basic earnings per share[1] (pence)

25.8 pence +23%



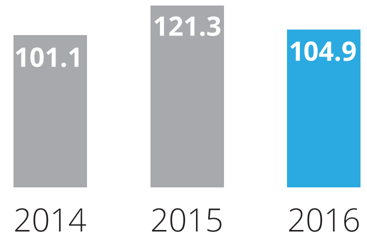
Cash flow generated from operations (£m)

£39.4m +8%



Adjusted cash conversion[1] (%)

104.9% -14%



Operational

- Mounties assigned to client sites at the start of week 52[2] were up 34% at 2,705 (2015: 2,022)
- 1,807 training completions in 2016, up 46% (2015: 1,240)
- Mountie utilisation rate[3] for the year to 31 December 2016 was 97.4% (2015: 97.8%)
- Continued sector diversification, with 67% of new clients won during the year outside the financial services sector
- Further successful geographic expansion particularly in North America and APAC, which grew Mounties assigned by 60% and 122% respectively compared with week 52 2015
- Continued investment in training Academies, with global training capacity at year-end up by 36% over December 2015
- Final dividend of 10.3 pence per share giving a total ordinary dividend for the year of 19.6 pence

1 The adjusted operating profit, adjusted profit before tax and adjusted cash conversion are calculated before exceptional items and performance share plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of exceptional items and performance share plan expenses (including social security costs and associated deferred tax). Adjusted cash conversion is calculated by dividing adjusted cash flow from operations divided by adjusted profit before tax.
2 Week 52 in 2016 commenced on 26 December 2016 (2015: week 52 commenced on 21 December 2015).
3 Utilisation is calculated as the ratio of cost of utilised Mounties to the total Mountie payroll cost.

Industry awards received during the year included:

The Job Crowd's Top Companies For Graduates To Work For 2016/17

TARGETjobs National Graduate Recruitment Awards – The Diversity Recruitment Award 2016

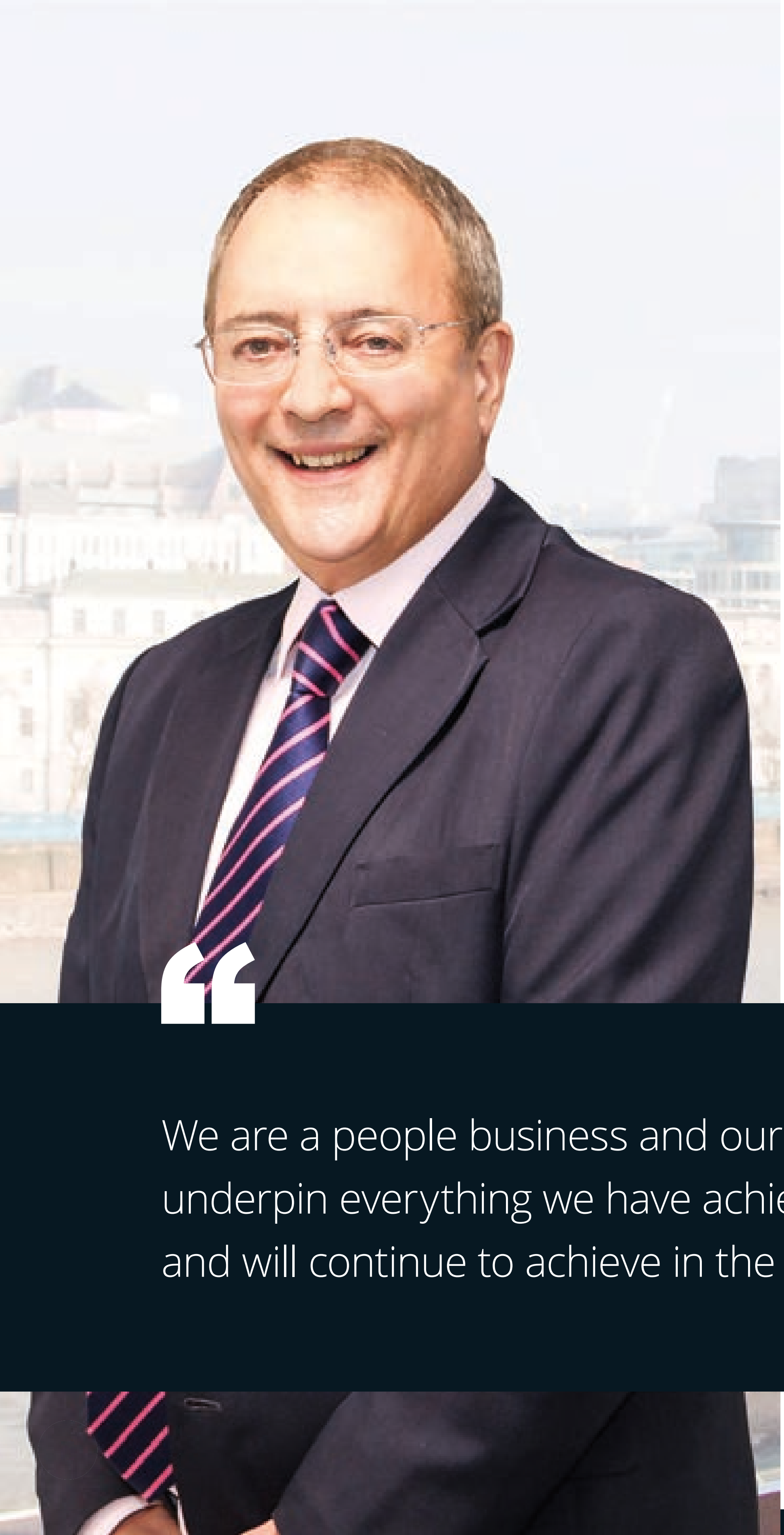
Information Age Women in IT Awards – Advocate of the Year 2016

s1 Recruitment Awards – Best Employer Brand 2016

- The JobCrowd's Top Companies For Graduates To Work For 2016/17
- The JobCrowd's Top IT Development & Consulting Companies To Work For 2016/17
- TARGETjobs National Graduate Recruitment Awards – The Diversity Recruitment Award 2016
- Information Age Women in IT Awards – Advocate of the Year 2016
- CEO Insight Awards – Best IT Services Employer 2016
- CEO Connection - Most Influential Women of the Mid Market 2016 – FDM COO
- Computer Weekly 50 Most Influential Women in IT 2016 – FDM COO
- s1 Recruitment Awards – Best Employer Brand 2016
- Kununu Top Company and Open Company 2016
- MINT Minded Company 2016
- Ministry of Defence Employer Recognition Scheme Silver Award 2016
- USA Civilianjobs.com Most Valuable Employer for Military 2016
- USA Military Times Best for Vets 2016

FDM is a strong advocate of diversity and inclusion in the workplace, with around 75 nationalities working together as a team

Chairman's Statement



Group revenues

+18%

Group revenues increased by 18% to £189.4 million (2015: £160.7 million) with growth in revenues being delivered by each operating region

Total ordinary dividend

+19%

The total ordinary dividend for 2016 is 19.6 pence, up 19% on 2015, in line with growth in the Group's basic earnings per share

Ivan Martin
Chairman

> We are a people business and our people underpin everything we have achieved to date and will continue to achieve in the future.

Performance

I am pleased to report another good performance by the Group. We delivered 34% growth in Mountie headcount in 2016, achieving a record number of 2,705 Mounties placed with clients at week 52 2016. Group revenues increased by 18% to £189.4 million (2015: £160.7 million) with growth in revenues being delivered by each operating region. North America has had a particularly impressive year, achieving a growth in Mountie headcount of 60% and growth in adjusted operating profit of 55%.

Strategic focus

Our strategy is clear and we strive continually to develop and refine it. At the core of our strategy is investment in our people and infrastructure, enabling us to create value for our shareholders. We opened four new Academies during 2016; a combination of new facilities in new locations and larger facilities in existing locations. New FDM Academies are fitted with the latest technology and are branded consistently across the Group. The high specification of our Academies, together with the expertise of our in-house trainers allows us to demonstrate to our applicants and clients the quality and breadth of training we provide.

Culture and values

As a Board we recognise that setting the tone of the organisation starts with us. Our Executive Board has a long standing involvement with FDM; our values of ambition, collaboration, energy, inclusivity, professionalism and growth were developed by them and these are all now ingrained within our culture. Adherence to our values is what we expect from every FDM employee.

Board changes

Michelle Senecal de Fonseca and David Lister were welcomed to our Board during 2016, Michelle joined the Board on 15 January 2016 with David's appointment on 9 March 2016. Both Michelle and David's diverse experiences and capabilities have further strengthened the Board.

Shareholder returns

Our dividend policy remains progressive, with the aim of steadily increasing the annual dividend in line with growth in the Group's earnings per share. We intend to pay a final dividend of 10.3 pence, taking the total ordinary dividend to 19.6 pence, up 19% on 2015.

Our people

I would like to thank all our employees for their hard work over the past year. FDM is a people business and it is the quality and commitment of our employees that enables us to continue to grow our business year on year. We are very proud that our unique business model enables us to create and inspire exciting careers that shape our digital future.

Current trading and outlook

2017 has started well for the Group and I am confident we are well-placed to deliver another year of good progress.

I. Martin

Ivan Martin
Chairman
7 March 2017

Chief Executive's Review

Mounties placed with clients

+34%

We delivered 34% growth in Mountie headcount in 2016, achieving a record number of 2,705 Mounties placed with clients at week 52 2016

Training completions

1,807

2016 saw 1,807 training completions across the Group in 2016

Rod Flavell
Chief Executive Officer

> "2016 saw the Group perform well against a backdrop of political surprises, growing Mountie revenues by 40% on a reported basis and over 34% on a constant currency basis. The Group's overall financial performance was strong. With our robust balance sheet and increased training capacity, we are well positioned as we enter 2017."

Our strategy

FDM's strategy is to deliver customer led, sustainable profitable growth on a consistent basis, through its well established Mountie model. This strategy requires that all activities and investments produce the appropriate level of profit and cash returns, deliver sustained and measurable improvements for all stakeholders including customers, staff and shareholders and further FDM's objective of launching the careers of talented people worldwide.

FDM's strategy has driven four key objectives:

- Attract, train and develop high-calibre Mounties
- Invest in leading edge training Academies
- Grow and diversify our client base
- Expand our geographic presence

During 2016 we can report the following progress against our strategic objectives:

Mounties

Attracting Mounties

The Group received over 63,000 on-line applications and launched a record number of careers in 2016. In the UK, FDM is one of the leading graduate employers and across the Group our reputation has developed through relationships with leading universities and multiple arms of the military. With on-line applications up 67% year on year, FDM is in a strong position for the start of 2017.

Training Mounties

Once selected, our trainees embark upon a tailored training programme, which includes both technical and soft skills training (see illustration of the UK business model on pages 18 and 19 for details). 2016 saw 1,807 training completions across the Group (2015: 1,240 training completions). Investment in training has generated an increase in trainers of 42%, with 84 trainers employed across the Group's training Academies on 31 December 2016.

Developing Mounties

Every Mountie is assigned a relationship manager as a sustained point of contact throughout their time at FDM. FDM provides support via a network of Consultant Peer Support ambassadors; a mentoring programme and ME+®scheme. Further details of the mentoring programme and ME+®scheme are included on page 42. Whilst our business model operates on the premise that the average length of a Mountie's engagement with FDM is approximately three years, the training provided by FDM enables our Mounties to develop exciting and rewarding careers beyond their time with us. At the end of their placements, a significant proportion of Mounties join our clients on a permanent basis. This provides our clients with experienced individuals, who they know and have a proven track record with them.

In 2016, there has been a 34% increase in the number of Mounties placed across all territories, reaching a record 2,705 at week 52 2016. Our Ex-Forces Programme has performed strongly, with over 190 ex-Forces personnel placed at client sites across all territories (week 52 2015: 134).

Investment in Academies

The FDM Academies are dynamic, high technology facilities, where our skilled and knowledgeable trainers provide first class training. Academy development is key to us securing a flow of Mounties to support our growth. The training capacity (the number of available training seats at a point in time) has increased by 36% over the year to 710 at 31 December 2016. Over 1,800 individuals have completed training through FDM's Academies during 2016, an increase of 46% on 2015.

In Singapore we currently operate from serviced offices. A permanent facility has been identified, which is similar in size to our Hong Kong Academy and will add 30 training seats and be operational in mid-2017. A temporary training centre opened in Sydney in January 2017, training the first Mounties for placement in Australia.

Details of our Academy portfolio are set out below:

Location	About	2016 sq. foot	Training seats 2016	Training seats 2015
London, United Kingdom	The hub of the UK's operations, FDM's central office situated on the bank of the Thames has inspired the design and layout of FDM centres across the Group.	30,363	182	182
Leeds, United Kingdom	This office has 11 classrooms and is located at the heart of the financial district. Our Leeds office also supports our Irish trainees.	17,159	140	140
Glasgow, United Kingdom	In 2016 we relocated to a new building overlooking central Glasgow, replacing a smaller centre, more than doubling FDM's training capacity in Scotland.	13,695	72	34
New York, United States	The FDM centre is located on Wall Street; we added further training capacity during 2016.	20,118	110	96
Reston, Virginia United States	Opened in June 2016 to service the Virginia and Washington areas.	10,693	72	–
Toronto, Canada	In April 2016 FDM relocated to a new and enlarged facility in Toronto, in the city's financial core.	9,710	74	50
Frankfurt, Germany	At the end of 2016 additional space was committed to expand the Frankfurt Academy, which will add 35 more seats and be operational in early 2017.	8,719	20	20
Hong Kong, Hong Kong	The APAC region's first permanent Academy opened in January 2016.	8,363	40	–
Total		**118,820**	**710**	**522**

Our clients

FDM is committed to delivering the highest level of service to its clients. The Group has a concentration of clients in the financial services sector and is continually expanding the number of service streams that it offers to financial services clients. It is also developing its presence in other sectors. Of the 49 new customers gained in the year, 33 were outside the financial services sector. FDM's profit in the public sector has improved significantly and Mountie headcount in this market increased by 148% to 236 at week 52 2016.

Geographic presence

In 2016 our focus was on developing our business in North America, facilitated by the opening of our new and larger Toronto Academy, increased training capacity in New York and opening our Reston Academy. During the year FDM provided Mounties to clients across 22 US states.

In 2017, FDM will start operating in Australia. Over the past 12 months, FDM's APAC management team has developed networks in the region.

Plans are in place to develop operations in Singapore in 2017. A permanent training Academy and sales office has been identified in Singapore with the aim of mirroring the growth and success shown by our Hong Kong operations over the past year. Mountie headcount in APAC increased from 105 (week 52 2015) to 233 (week 52 2016).

Our geographic flexibility in meeting client needs has led to expansion into Denmark, where a trading branch was opened in 2016 to provide clients with Mounties trained in our UK Academy. This follows the success of placing a number of Mounties in Austria in 2015, sourced and co-ordinated by the EMEA management team.

It was refreshing to see how FDM invested in junior talent, along with training military veterans. Fannie Mae's SCM services directly benefited from this investment, and I was very impressed with how FDM worked hand-in-hand to understand our needs and provide resources.

Rakesh Bantu

Manager of DevOps
Fannie Mae

“

We chose to work with FDM as it really is a partnership. They take time to understand what we need to do as a business and are able to offer us the skills and resource to get the job done.

Karl Hoods

Chief Information Officer
Save the Children

Our markets

Strong revenue growth and progress was made across all markets with the number of Mounties on site increasing across each region. An overview of the financial performance of and developments in each of the markets in which we operate is set out on pages 20 to 26.

Brexit has created uncertainty in the economy, making it difficult to predict the medium to long term potential impact on the Group. While the Group has a global footprint and is diversified from a geographic perspective as it operates from well-established self-contained operating units, however, there remain risks associated with the uncertainty in the UK and the potential impact across Europe.

Our people

I would like to extend the Board’s thanks to every FDM employee, as it is their quality and delivery that enables us to grow our business successfully. FDM ended the year with 2,705 Mounties at client sites. During 2016, the Group trained 1,807 Mounties. This was all possible because of the strength and efforts of the management, recruitment, sales and training teams.

FDM continues to seek ways to retain and develop our best people. During 2016 further awards were made under the Performance Share Plan, launched in 2015. Employees from all parts of the Group have benefited from these awards.

FDM continues to champion a number of people initiatives. It employs over 190 ex-Forces personnel in the UK and USA and in 2016 FDM USA was recognised as a Most Valuable Employer for Military (by CivilianJobs.com) and a Best for Vets Employer (by The Military Times) for the third year running. The Group supports the advancement of women in the IT industry through the global “FDM Women in IT” initiative and 26% of the workforce is now female. During 2016, the “Getting Back to Business” initiative was established in the UK, following its launch in Hong Kong in 2015. The initiative helps individuals re-train, upskill, and return to the work place with confidence after a career break.

Looking forward

We have made a positive start in 2017 and I believe the Group is well placed to continue to deliver operational and financial progress in this year and beyond.

Rod Flavell
Chief Executive Officer
7 March 2017

The dedicated Ex-Forces Programme operated by FDM in the UK and USA has demonstrated the Group’s support of ex-Forces personnel through the offering of IT and business careers

Key Performance Indicators

We focus on a number of Key Performance Indicators ('KPIs') to identify trends in the operating and trading performance of the Group. The Group aims to increase profitability, maintain a healthy balance sheet and invest in operations and geographies to underpin organic growth of the Group. The Group continues to deliver strong margins and converts profits into operating cash flow for investment to provide a return to shareholders. KPI targets, used as a basis for remuneration awards, are included in the Remuneration Report.

The adjusted numbers in the KPI analysis remove the impact of costs associated with the performance share plan, to provide a clear understanding of the underlying trading performance.

FDM's four key strategic ojectives:

- Attract, train and develop high-calibre Mounties
- Invest in state-of-the-art training Academies
- Grow and diversify our customer base
- Expand our geographic presence

Financial KPIs	Performance	Description	Link to business model	Link to risk
Mountie revenue (£m) **+40%**	2016: 167; 2015: 119; 2014: 89	Mountie revenue reflects an increase in Mounties on client sites, leading to Mountie revenue growth with constant currency of 34%	Deploy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Adjusted operating profit[1] (£m) **+25%**	2016: 38; 2015: 30; 2014: 25	The Group delivered operating profit growth through increasing Mountie numbers whilst investing in its operational capacity	Recruit, Train, Deploy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Adjusted basic earnings per share[1] (pence) **+23%**	2016: 26; 2015: 21; 2014: 18	We have delivered earnings growth in line with our targets	Recruit, Train, Deploy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Cash flow generated from operations (£m) **+8%**	2016: 39; 2015: 36; 2014: 19	The Group closed the year with cash balances of £27.8 million (2015: £22.4 million)	Recruit, Train, Deploy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Adjusted cash conversion[1] (%) **-14%**	2016: 105; 2015: 121; 2014: 101	The improvements in working capital management in 2015 have been maintained in 2016 and our cash conversion remains in line with our target of 100%	Recruit, Train, Deploy	1, 3, 4, 5, 6, 7, 8, 9, 10, 11

Operational KPIs	Performance	Description	Link to business model	Link to risk
Mounties on client sites (start week 52) **+34%**	2016: 2,705; 2015: 2,022; 2014: 1,539	Increase in Mountie headcount across all regions with 49 new clients won during 2016	Deploy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Mountie utilisation rate (%) **-1%**	2016: 97; 2015: 98; 2014: 98	Mountie utilisation rates decreased marginally during the year but remained high and within expected tolerances	Deploy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Training completions **+46%**	2016: 1,807; 2015: 1,240; 2014: 938	The number of Mounties completing training increased by 46% reflecting the investment in new Academies and 36% increase in training capacity at the year end	Recruit, Train	1, 3, 5, 6, 7, 8, 9, 10, 11

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

FDM's principal risks are detailed on pages 32 to 39.
FDM's four key strategic objectives are explained in more detail on page 9 and 10.
The components of FDM's business model are shown on pages 17 to 19.

We have three pathways to success: Graduate; Ex-Forces; and Getting Back to Business

Business Model

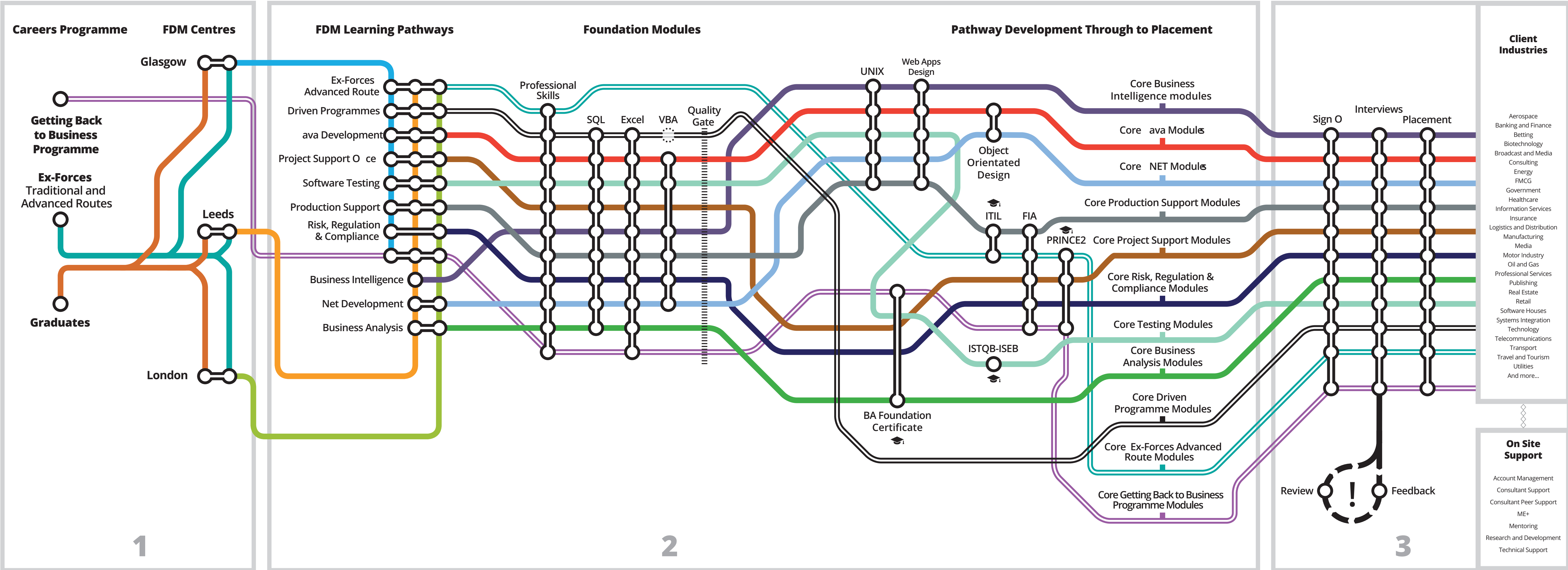
1. We recruit, train and deploy permanent IT and business consultants (Mounties) at client sites.

2. FDM's 25 years of operation have led us to develop a competitive advantage; we have strong customer relations, a portfolio of training programmes and experience of operating across the world. Our offering is robust, flexible and scalable.

3. Our experienced management team evaluates and negotiates new opportunities both geographically and across business sectors, allowing FDM to adapt to meet different client needs.

Our competitive advantage – At FDM we train our Mounties in-house, which allows us to provide clients with a first-class, flexible resource at a competitive price. Our Mounties can be provided to meet specific project needs, with placement lengths ranging from months to years. At the end of the two-year bond period our clients have the option to employ the Mountie directly or take on further resource.

The below illustration represents the FDM model as applied to its UK business.



We recruit

The FDM recruitment team ensure that the highest calibre of potential candidates are recruited for our training programme. We have three pathways to success: Graduate; Ex-Forces; and Getting Back to Business.

Approximately 93% of FDM's Mounties placed on site at 31 December 2016 have progressed through our graduate pathway. Our successful partnerships with key universities provide a link to top graduates. The recruitment team engages with potential candidates and guides them through a three-stage application process, which begins with an online application. Successful applicants are invited to the second stage: a phone/video interview to determine IT industry knowledge, career aspirations and communication skills. The final stage is an assessment day at one of our centres, involving aptitude tests and various interviews, to determine suitability for the programme and each candidate's fit with FDM's culture. The assessment day provides our candidates with an opportunity to visit one of our offices to see our training facilities.

We train

After assessment, successful candidates are offered a place on our award winning training programme which offers extensive training, commercial experience and an opportunity for fast-track career progression. FDM has eight permanent Academies strategically located across the world, staffed with highly skilled trainers.

A standard programme involves an intensive three month training period and combines a technical education with industry-standard certifications and professional training, resulting in a professional IT or business consultant – the FDM Mountie. Trainees are supported throughout by a peer support system. Prior to completing the training programme, interviews take place with our clients, ready for placement at the client sites.

We deploy

Following successful completion of training, new Mounties enter a two year bond period. As training is matched to client requirements, our flexible and trained consultants are operational from day one.

All placed Mounties receive ongoing support from the Consultant Peer Support ("CPS") and Mentoring programmes (see page 42).

Following completion of the two year bond period the Mounties can transition permanently to clients or remain with FDM.

Our Markets

North America

	2016	2015
Mountie revenue	£54.2m	£31.0m
Adjusted operating profit[1]	£9.3m	£6.0m
Mountie numbers	832	520
Training completions	521	384

+75%

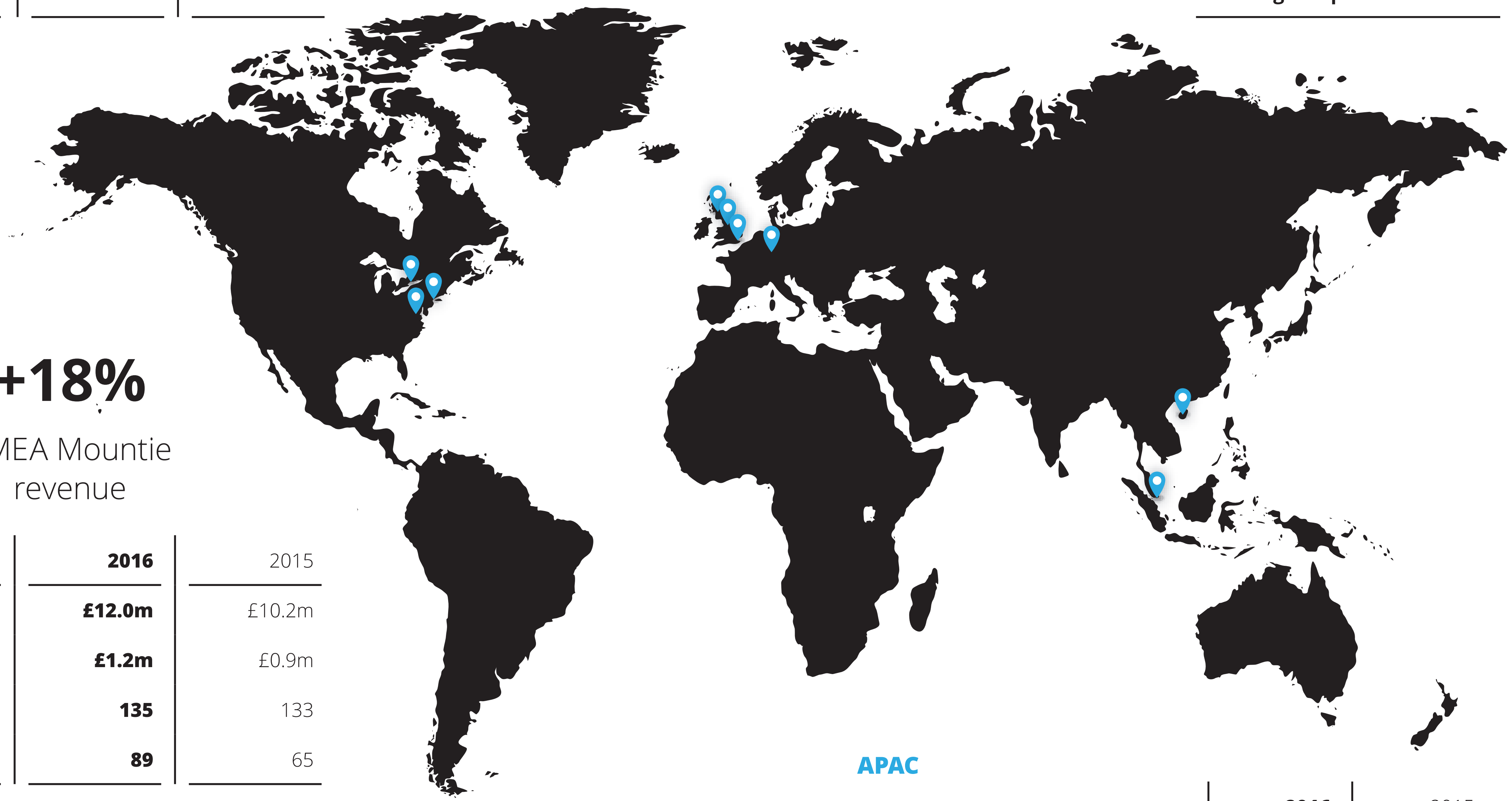
North America Mountie revenue

UK and Ireland

	2016	2015
Mountie revenue	£93.9m	£74.6m
Adjusted operating profit[1]	£27.8m	£23.0m
Mountie numbers	1,505	1,264
Training completions	1,068	779

+26%

UK and Ireland Mountie revenue



+18%

EMEA Mountie revenue

EMEA

	2016	2015
Mountie revenue	£12.0m	£10.2m
Adjusted operating profit[1]	£1.2m	£0.9m
Mountie numbers	135	133
Training completions	89	65

APAC

	2016	2015
Mountie revenue	£7.2m	£3.6m
Adjusted operating (loss)/ profit[1]	£(0.7)m	£0.3m
Mountie numbers	233	105
Training completions	129	12

+100%

APAC Mountie revenue

1 The adjusted operating profit/ (loss) is calculated before performance share plan expenses (including social security costs).

UK and Ireland

The number of Mounties deployed on client sites at week 52 increased by 19% to 1,505, up from 1,264 at week 52 2015. Adjusted operating profit[1] increased by 21% to £27.8 million (2015: £23.0 million). Total revenue increased by 3% to £112.9 million (2015: £110.0 million), reflecting the planned decrease in the number of contractors in 2016. The reduction in the proportion of non-Mountie revenues has resulted in a higher adjusted operating profit margin[1] of 25% (2015: 21%).

The growth in Mountie revenue in the UK and Ireland of 26% was achieved through an increase in demand from both existing and new customers, with 32 new clients secured in 2016. With the exception of a temporary slowdown in the fourth quarter of 2016, which has since stabilised, at one government department as a consequence of its restructure, the UK saw sustained demand through 2016 for UK government work. Mountie headcount in the public sector grew by 148% in the year to 236 at week 52 2016.

The number of training completions increased to 1,068 (2015: 779). Training capacity in the UK increased by 11% compared with December 2015 as a result of the Group's continuing investment in training facilities. Our new larger Glasgow Academy and sales office opened in January 2016, more than doubling our training capacity in the city. FDM's unique qualities and capabilities were also recognised at the Scottish Business Awards in November, when FDM was shortlisted for 'Large Business of the Year'.

The number of ex-Forces Mounties placed with clients grew by 52% in 2016, with ex-Forces personnel recruited into both the traditional Mountie pathway and the advanced training programme in 2016. The UK ran two 'Getting Back to Business' courses, in May and September 2016, both from the London Academy. These courses assist individuals returning to work after a career break.

The growth in Mountie revenue in the UK and Ireland of 26% was achieved through an increase in demand from both existing and new customers with 32 new clients secured in 2016

1 The adjusted operating profit/ (loss) is calculated before performance share plan expenses (including social security costs).

Growth in our North American operations in 2016 was driven by Mountie headcount rising by 60% to 832 at week 52

North America

Growth in our North American operations in 2016 was driven by Mountie headcount rising by 60% to 832 at week 52 (week 52 2015: 520). Adjusted operating profit[1] increased by 55% to £9.3 million (2015: £6.0 million).

The revenue growth has been enabled by the Group's significant investment in its North American infrastructure in 2016:

- In April 2016 the relocated Toronto Academy was opened. It provides six new state-of-the-art classrooms, doubling our training capacity in the city.
- In Reston, Virginia, we opened an Academy and sales office in June 2016 which will, when the fit-out completes, have six training rooms.
- The New York Academy was redesigned during the first half of 2016 facilitating increased teaching space.

The infrastructure investment in North America in 2016 has been supported by FDM recruiting new staff and the continuous development of all our people. One of FDM US's financial services clients is now our largest in North America and the third largest client in the Group. This growth was supported by the ongoing flow of high quality talent being sourced and trained locally at our Reston Academy.

In Canada, significant growth in Mountie headcount has been generated as we widen the range of areas of existing clients' businesses to which we provide Mounties. Clients have seen the tangible benefits that Mounties bring to their businesses and are keen to build upon those.

1 The adjusted operating profit/ (loss) is calculated before performance share plan expenses (including social security costs).

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

Mounties on client sites increased marginally to 135 at week 52 2016 compared to 133 at week 52 2015, with a creditable German performance masking weaker conditions in the small Swiss market. However, a change in the mix of placements generated an increase in Mountie revenue of 18% and an increase in adjusted operating profit[1] to £1.2 million (2015: £0.9 million).

FDM has committed to invest in a major expansion of the Frankfurt Academy and office, which will benefit our operations in Germany, Austria and Switzerland. The expansion, which will be completed in the first half of 2017, will increase training capacity in Frankfurt from 20 to 55. In addition, FDM has invested in new sales and operational hires to enable growth in these regions in 2017.

Germany is the main driver of growth in EMEA; FDM also operates in Austria and Switzerland and will seek to maintain and develop its presence in these countries in 2017. New German labour leasing laws have been finalised and will be introduced in April 2017; we remain focused on developing our expertise in this area to ensure we are fully informed on the legal interpretation of the legislation which will leave us well placed to continue to develop our presence in Germany.

APAC (Asia Pacific)

Mountie revenue in APAC has grown by over 100% in 2016, with 233 Mounties deployed at client sites at week 52 (week 52 2015: 105), with the majority of this growth occurring in the second half of 2016. The adjusted operating loss[1] was £0.7 million (2015: £0.3 million profit) as a result of higher operating costs which include; the impact of a full-year's running costs associated with the new Hong Kong Academy and sales office, greater use of flexible classrooms in Singapore and the recruitment of operational staff in the APAC region.

Across APAC there has been good customer growth with six new clients in 2016. We see growth in 2017 being generated by more new customers as well as diversification of services provided to existing customers.

Expansion in Hong Kong has been achieved through 'driven programmes' whereby Mounties are selected by the client prior to the commencement of their training with FDM, allowing their ongoing training to be specifically tailored to meet the customers' needs. We will continue to adopt this approach going forward where appropriate.

It is expected that the establishment of a permanent Academy in Singapore will allow it to mirror the growth in Hong Kong since the launch of its Academy in 2015. We have also started operations in Australia, where we are encouraged by initial client response, as we commence training locally and enter into discussions with potential new customers in this country.

Mountie revenue in APAC has grown by over 100% in 2016

1 The adjusted operating profit/ (loss) is calculated before performance share plan expenses (including social security costs).

Financial Review

Adjusted operating profit

+25%

Adjusted operating profit increased to £37.6 million, compared with £30.2 million in 2015

Adjusted basic EPS

+23%

Adjusted basic EPS increased to 25.8 pence compared with 21.0 pence in 2015

Mike McLaren
Chief Financial Officer

“2016 was another year of strong financial performance as FDM delivered an adjusted operating profit of £37.6 million and adjusted basic earnings per share of 25.8 pence, whilst investing significantly in the development of our Academies and general infrastructure. We continue to increase our footprint throughout our operating segments. FDM is well-positioned for future growth with a robust balance sheet and proven business model.”

Summary income statement

	Year ending 31 December 2016	Year ending 31 December 2015	% change
Revenue	£189.4m	£160.7m	18%
Mountie revenue	£167.3m	£119.4m	40%
Contractor revenue	£22.1m	£41.3m	-46%
Adjusted operating profit[1]	£37.6m	£30.2m	25%
Adjusted profit before tax[1]	£37.5m	£30.1m	25%
Profit before tax	£35.3m	£29.4m	20%
	Pence per share	Pence per share	% change
Adjusted basic EPS[1]	25.8	21.0	23%
Basic EPS	24.4	20.5	19%

Overview

During the year, Group revenues increased by 18%, from £160.7 million to £189.4 million. Mountie revenue increased by 40% to £167.3 million (2015: £119.4 million) whilst contractor revenue dropped by 46% to £22.1 million (2015: £41.3 million). The reported results include the marginal benefit arising from favourable exchange rate movements; on a constant currency basis, Mountie revenue increased by 34% with profit before tax up by 15%. The significant increase in Mountie revenue and decrease in contractor revenue reflects the Group's strategy to focus on growing Mountie numbers and Mountie revenue, which represented 88% of total revenue in 2016 up from 74% in 2015. This had a positive impact on the gross margin which increased from 39.5% to 45.5%.

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

	2016 Mountie revenue £m	2015 Mountie revenue £m	2016 Mountie numbers at week 52	2015 Mountie numbers at week 52
UK and Ireland	93.9	74.6	1,505	1,264
North America	54.2	31.0	832	520
EMEA	12.0	10.2	135	133
APAC	7.2	3.6	233	105
	167.3	**119.4**	**2,705**	**2,022**

The Group has used cash generated from operations to continue significant investment in new and larger Academies during 2016 to support continued growth and facilitate increases in Mountie headcount. Overheads have increased to £50.7 million (2015: £33.9 million), reflecting the increased running costs associated with the new Academies. The Group has further strengthened its management, support, recruitment, sales and training teams during the year with average headcount in these areas of the business increasing to 371 in 2016 compared to 316 in 2015. Despite the increase in overheads as a result of the investment in Academies and associated infrastructure in 2016, adjusted operating margin in 2016 has increased to 19.9% from 18.8%.

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 Week 52 in 2016 commenced on 26 December 2016 (2015: week 52 commenced on 21 December 2015).

Adjusting items

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

The performance share plan expenses including social security costs were £2.2 million in 2016 (2015: £0.7 million). Details of the performance share plan are set out in note 23 to the Consolidated Financial Statements.

Foreign exchange

The Group works to mitigate foreign currency translation risk, including using forward exchange contracts where appropriate and self-hedging by operating across a number of regions. The impact of recent foreign currency fluctuations has benefited the reported results in 2016 and continues to be monitored.

Net finance costs

As the Group has no borrowings, finance costs are minimal. The net charge for the year comprises £28,000 (2015: £16,000) of finance income and a finance expense of £128,000 (2015: £168,000) representing non-utilisation charges on the undrawn element of the Group's revolving credit facility.

Taxation

The Group's total tax charge for the year was £9.1 million, equivalent to an effective tax rate of 25.9%, on profit before tax of £35.3 million (2015: effective tax rate of 25.0% based on a tax charge of £7.3 million and a profit before tax of £29.4 million). The effective tax rate in 2016 is higher than the underlying UK tax rate of 20% primarily due to Group profits earned in higher tax jurisdictions.

Earnings per share

The basic earnings per share increased in the year to 24.4 pence (2015: 20.5 pence) whilst adjusted basic earnings per share was 25.8 pence (2015: 21.0 pence). Diluted earnings per share was 24.2 pence, there was no dilution in 2015.

Dividends

Subject to shareholders' approval the Group's total dividend for the year will be 19.6 pence per share (2015: 21.5 pence per share). This comprises total ordinary dividends of 19.6 pence per share (2015: ordinary dividend of 16.5 pence per share and a special dividend of 5.0 pence per share). The total ordinary dividends of 19.6 pence per share will be covered 1.2 times by basic earnings per share.

The Group has adopted a progressive dividend policy. The aim of this policy is to steadily increase the Group's base dividend, on an annual basis, approximately in line with the growth in the Group's EPS. The Board reviews the Group's dividend policy on a regular basis and is confident that there are presently no significant constraints which would impact this policy. The Group is debt free, has no significant capital commitments (its properties are all leasehold) and has sufficient distributable reserves and cash balances to continue to apply this policy. As at 31 December 2016, the Company has distributable reserves of £29.7 million.

Cash flow and net funds

Net cash inflow generated from operating activities increased from £29.6 million in 2015 to £30.7 million in 2016. Adjusted cash conversion was 105%, with the reduction from 121% in 2015 attributable to movements in working capital. At the end of the financial year, the Group had cash balances of £27.8 million (2015: £22.4 million) and undrawn facilities of £20.0 million available until 31 August 2018 (2015: £20.0 million).

Balance sheet

The Group has a robust balance sheet, with no debt and £27.8 million of cash. The Group's largest asset is its trade receivable balance. Year end debtor days were 47 days (2015: 48 days).

Mike McLaren
Chief Financial Officer
7 March 2017

The Group has used cash generated from operations to continue significant investment in new and larger Academies

Risk Management

Effective risk management is critical to the delivery of the Group's strategic objectives.

Approach to risk

The Board has overall responsibility for ensuring risk is effectively managed across the Group with a focus on evaluating the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives, its 'risk appetite'.
The Board maintains direct control over the approach to risk management and the procedures for the identification, assessment, management, mitigation and reporting of risks. The Audit Committee takes responsibility for overseeing the effectiveness of sound risk management and internal control systems.

Identifying and monitoring key risks

The Board uses the risk register as its principal tool for monitoring and reporting risk. The preparation of the register is led by the Chief Financial Officer, supported by the senior management team and it details the Group's risks, the impact of each risk, the likelihood of that risk occurring and the strength of the mitigating controls in place and how these are evidenced. Input is obtained from all areas of the business, including support functions as appropriate. The Board formally reviews the risk register at the half year and at the year-end.

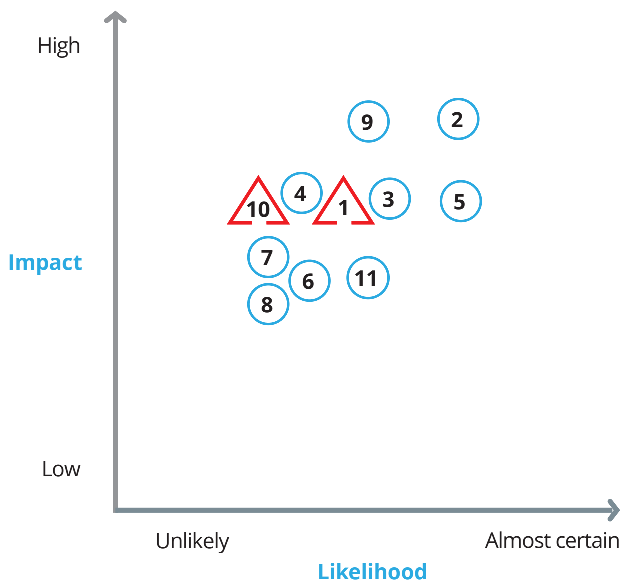
The current risk register includes 25 risks categorised between strategic, operational, compliance and financial risks, of which 11 are considered to be the Group's principal risks.

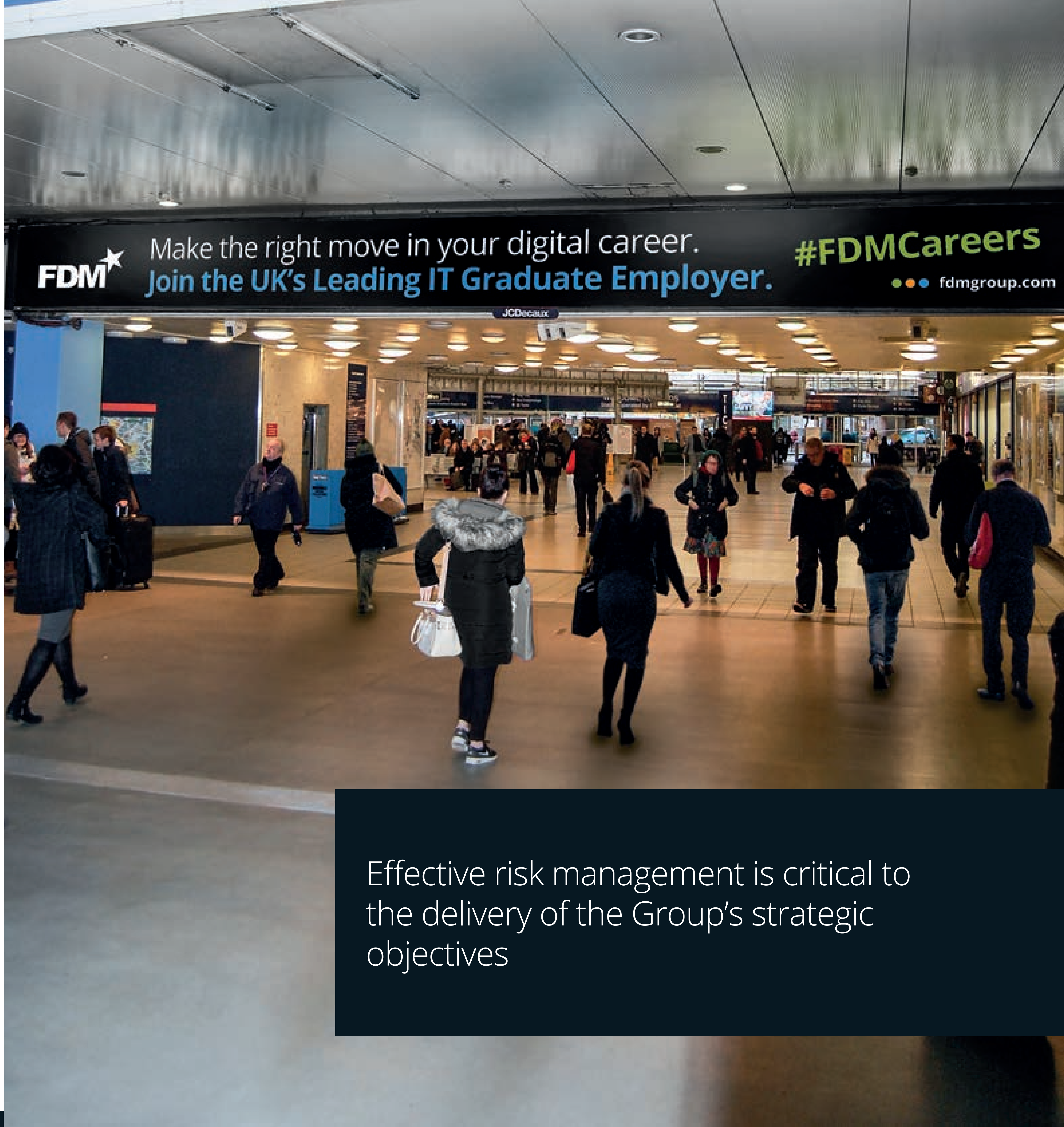
Principal risks

The principal risks faced by the Group, their current status and how the Group mitigates these risks are set out on pages 34 to 39. The status includes our assessment of whether the risk is increasing (↑), decreasing (↓) or stable (↔). The alignment to strategy indicates those aspects of the business strategy that would be impacted by the risk, were it to materialise.

The Board has included one additional risk in the year; the risk of damage to the Group's reputation, in recognition of the fact that as FDM continues to grow both in size and profile, there are far reaching implications should the Group's reputation be damaged in any way.

Principal risks





Effective risk management is critical to the delivery of the Group's strategic objectives

Strategic risks

Risk and impact	Mitigation	Movement in the year
1. Changes in the macro-economic environment A global downturn or a downturn in the territories in which FDM operates, principally the UK and the US, could curtail demand significantly and the ability of the Group to deploy its Mountie resource, resulting in: an adverse impact on revenue and operating profit; shrinking customer base; negative impact on share price. **Risk owner: Chief Financial Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	Whilst external factors such as macro-economic risks are outside of the Group's control, the Group has effective measures in place to respond to changes, including robust planning, budgeting and forecasting and resource allocation procedures. The flexible nature of the Group's business model enables it to flex resource availability thereby enabling it to manage its cost base. Notwithstanding the impact of risk 2 below, the Group is focused on diversifying its customer base both by sector and by geography.	Increased The Board is of the view that the economic environment is still a key risk to the Group and there has been a marginal increase in the overall risk rating during the year. There has been instability in global markets in 2016 and market reactions to the result of the UK referendum (although the longer term economic impact remains uncertain and may do so for some time). As noted, macro-economic risks are outside of the Group's control, but the Group will continue to focus on ensuring it has effective measures in place to identify and react quickly to changes in macro-economic conditions. The Group's current financial position is good, with a strong balance sheet and significant cash balances.
2. Concentration exposure in the financial services sector The majority of the Group's revenue is generated from within the financial services sector. A crisis in the financial services sector could reduce revenue significantly and have a negative impact on the majority of the Group's KPIs. **Risk owner: Chief Commercial Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	As above, the Group is focused on growing its customer base both by sector and by geography as well as diversifying the range of services it offers to existing and potential financial services clients.	No change Although the proportion of the Group's revenue generated from the financial services sector remained unchanged during the year, the Group has made inroads into other sectors, notably the public sector, and has increased the range of services it offers to certain key financial services clients. The Group continues to increase its service offerings with three new revenue streams introduced in 2016, Business Analysis, Business Intelligence and Salesforce.

Strategic risks *(continued)*

Risk and impact	Mitigation	Movement in the year
3. Balancing supply and demand (i) An inability to meet a rapid increase in demand due to insufficient Mountie resource and an inability to recruit in a timely manner would result in lost revenue, eroded customer confidence and an adverse reputational impact. **Risk owner: Chief Commercial Officer** **Alignment to Strategic Objectives: Mounties**	The recruitment team maintains strong links to universities and other recruitment channels. An effective social media recruitment strategy is in place to maximise applications. Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved. The management team is incentivised to maximise utilisation and increase flow through of trainees within the Academies. The 'ex-Forces personnel' and 'Getting Back to Business' programmes, are growing and will help spread the Group's access to a wider talent pool.	No change There has been a continued focus by management during the year to ensure the most efficient utilisation and deployment of Mounties. A Mountie utilisation rate of 97% was achieved in the year. The Group's reputation amongst graduates, together with the career programmes it offers, means it is well placed to source sufficient applicants for its projected growth for the short to medium term. The Group has the option of using contractors should a significant increase in demand occur which cannot be fulfilled by Mountie resource availability.
4. Balancing supply and demand (ii) An inability to utilise or redeploy Mounties in the event of a sudden decrease in demand would result in a reduction in margin and would demotivate Mounties. **Risk owner: Chief Commercial Officer** **Alignment to Strategic Objectives: Mounties**	The flexibility of the Group's business model is a key mitigation to this risk. The Group is able to flex the number of Mounties it recruits at short notice thereby responding quickly to a sudden downturn. Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved in a timely manner.	No change The growth and diversification in the Group's client base by both number of clients and geographical spread mitigates the risk of the Group not being able to fully utilise its Mountie resource.

Operational risks

Risk and impact	Mitigation	Movement in the year
5. Recruitment and development of highly skilled Mounties Mounties are the Group's core asset. A failure to deliver high quality Mounties into its customer base could result in a loss of customers and damage to the Group's reputation. **Risk owner: Chief Executive Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	The Group continually reviews and benchmarks the remuneration packages and incentives it offers to attract graduates. Strong relationships exist with universities and other recruitment channels including ex-Forces personnel. The UK's 'Getting Back to Business' programme is growing. A tailored development programme is in place for Mounties, covering training and development opportunities, including after the bond period. The Group actively promotes Women in IT initiatives to attract, develop and retain Mountie talent. The Group is focused on promoting its reputation in the marketplace as a leading employer.	No change With the need to recruit significant numbers of Mounties to fulfil forecast growth levels, this is perceived to be one of the Group's main risks. A combination of: • recruitment levels of Mounties are continually being monitored and reviewed by the Board; • a broader base of talent from which to recruit through the ex-Forces and Back to Business programmes; and • the fact that challenging recruitment targets are being met; indicates this risk is being managed effectively.
6. Ability of business to effectively upscale (i) The inability of the business to effectively upscale as a result of not securing the required physical infrastructure (sites) would result in lost revenue and missed growth opportunities. **Risk owner: Chief Operating Officer** **Alignment to Strategic Objectives: Academies**	Research, identification and assessment of investment opportunities are performed on a regular basis. The Group has gained considerable experience from successfully securing, developing and branding Academy/ sales locations which can be replicated for new sites.	No change The Group has a track record of successfully securing and developing sites both in the UK and overseas. During 2016, the Group successfully delivered its capital investment programme by opening new Academies in Glasgow, Hong Kong, Toronto and Reston (Virginia).

Operational risks *(continued)*

Risk and impact	Mitigation	Movement in the year
7. Ability of business to effectively upscale (ii) The inability of the business to effectively upscale as a result of not being able to recruit and retain key staff with appropriate skills. **Risk owner: Chief Executive Officer** **Alignment to Strategic Objectives: Clients, Markets**	The Group's remuneration policy states that the overall remuneration package should be sufficiently competitive to attract, retain and motivate executive directors. The remuneration packages of all employees are reviewed and benchmarked regularly to ensure they remain competitive. An annual appraisal system includes the identification of training requirements, which are fulfilled within the following twelve months. The Nomination Committee considers succession matters as a regular agenda item.	No change The Group's remuneration packages remain competitive and for senior employees include long-term share-options to encourage retention. During 2016, further awards were made from the Group's Performance Share Plan, which was launched in 2015.
8. Development of new service offerings The inability of the Group to develop new service offerings and revenue streams could result in a loss of customers and market share. **Risk owner: Chief Information Officer** **Alignment to Strategic Objectives: Clients**	The Group invested in this area in 2015 with the appointment of a new executive role, the Chief Information Officer ("CIO"), who is responsible for the development of new service offerings. FDM's flexible training model is able to develop course material relevant to customers' needs. FDM's state-of-the-art training Academies are designed to provide quality training in a professional environment. The Group has a number of touch points with customers enabling them to keep up to date with developments in the marketplace and to identify customer needs.	No change The Group is responsive to its customer needs, which it identifies through regular contact and feedback from its clients. The Executive Board Directors are actively involved in key client relationships.

Operational risks *(continued)*

Risk and impact	Mitigation	Movement in the year
9. Business interruption – caused by successful cyber-attack or other disaster Major IT system integrity issues or data security issues, either due to internal or external factors, could result in: actual financial loss of funds; potential loss of sensitive data with risk of litigation; loss of customer confidence; and damage to reputation. **Risk owner: Chief Information Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	A Global Standard for Technology Security was developed and rolled-out in 2016. The Group's IT security policy complies with ISO 27001. Staff are regularly made aware of the risk of a cyber-attack and the appropriate actions necessary to mitigate the risk of this occurring. IT policy and security matters are regular Board and Audit Committee agenda items. The Group's business continuity plan has been updated and has undergone risk assessments during 2016.	↔ No change Operation of the IT environment is continuously monitored and staff are regularly made aware of the risks of cyber-attacks.
10. Reputation Reputation is key to the Group maintaining and growing its business. Poor quality service or the actions of Mounties, staff or contractors could have an adverse impact on the Group's reputation. A failure to manage any subsequent crisis through a lack of reactive procedures could also exacerbate potential damage. Any impact could be far-reaching: failure to meet financial targets; litigation; loss of key clients; and loss of key staff. **Risk owner: Chief Executive Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	Robust recruitment and training procedures are in place which reduces the risk of employing persons whose actions could result in a negative impact on FDM's reputation. FDM has a zero-tolerance policy with respect to any inappropriate behaviour by an individual employed by the Group or acting on behalf of the Group. The Group focuses on strong relationship management and communication with external advisors.	New The Group continues to invest in staff development, quality systems and standard processes to mitigate the risk of operational failure. A new internal role of Head of Media Relations was created during the year. The Board regularly consults with its PR advisors, Weber Shandwick.

Compliance risk

Risk and impact	Mitigation	Movement in the year
11. International regulatory non-compliance Failure to comply with international tax, legal, employment and other business regulations could result in significant fines and/ or revocation of business licences. **Risk owner: Chief Financial Officer** **Alignment to Strategic Objectives: n/a**	The Group has robust recruitment procedures, which ensure the employment of appropriately skilled personnel in areas where compliance with legislation is required. The Group seeks appropriate advice and engages external advisors as necessary, particularly in overseas locations, and proactively manages those relationships.	↔ No change The Group continues to invest in appropriately-skilled personnel and will outsource where appropriate in areas where compliance and expertise are required. In 2016, the Group established an outsourced Internal Audit function, which will address certain key compliance issues. The Group has existing in-house legal and HR functions which have been, and continue to be, augmented by new hires as the Group grows, bringing in more people with experience and knowledge of the territories in which the Group operates. The Group has invested in a new enterprise-wide HR solution and ensures that the relevant staff undertake training and professional studies where required.

Viability statement

The Directors have assessed the prospects of the Group in accordance with provision C.2.2 of the 2014 revision of the Code.

The period selected by the Board for its assessment is three years, for the following reasons: The core of FDM's business is the Mountie model. The period identified approximates to the average lifecycle of Mounties' engagement with FDM and therefore the viability period represents the Group's normal investment cycle in its core asset. Further, the Group's strategic plan covers a period of three years and this period is also underpinned by robust financial budgets and forecasts.

In making its assessment, the Board has considered the resilience of the Group, taking into account its current position and prospects, its cash flow requirements and other key financial assumptions over the three year period and has sensitised certain of those assumptions where considered appropriate. As the core of FDM's business is the Mountie model, the sensitivity analysis therefore included the consideration of loss of the Group's two largest customers.

The Board has also taken into account in its assessment, the principal risks affecting the Group (as set out above), the likelihood of those risks occurring and the impact on the Group's future performance, solvency and liquidity should those risks occur.

Based on the results of this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Corporate Social Responsibility

The Directors regularly consider the Group's impact on its stakeholders including employees, contractors, trainees, customers, suppliers, investors and the wider community. The Board ensures that the decisions made are responsible and ethical by taking into consideration the wider society external to the organisation. The Group is committed to contributing towards creating a sustainable environment and community in which it operates as a business.

FDM's 'Business Sustainability and Innovation Team' supports the Group's purpose, which is creating and inspiring exciting careers that shape our digital future. This brings together initiatives around diversity and inclusivity and the overall corporate social responsibility strategy.

Employees

The Directors recognise that the success of the business is dependent on maintaining a positive corporate culture at all levels of the organisation. Throughout the Group, managers provide guidance, coordination and awareness of FDM's key initiatives, enabling colleagues with similar interests or backgrounds to collaborate and take part in workshops, conferences, mentorship and local activities.

We operate the following career support initiatives, helping each employee to reach their full potential:

- Relationship Managers
  A Relationship Manager is assigned to every UK Mountie as a sustained point of contact throughout their time at FDM, to provide insight and support for continued career development.

- Consultant Peer Support ("CPS") initiative
  The CPS initiative builds a sense of community among Mounties during their time on site at our major clients. Our selected Ambassadors are identified by FDM and the client as role models to help their fellow Mounties to settle into their new placements on site. We currently have around 50 Mounties acting in this pivotal role across the UK and Europe.

- Mentoring Programme
  In the UK, the "Mentoring Programme" brings together individuals with a breadth of experience and those that need a helping hand during their career journey. This provides a unique opportunity to further build on the relationships within FDM's wider community by linking our Mounties, trainees, internal staff and clients through the benefits of mentoring. This gives our employees the opportunity to define and achieve their ambitions with the help of a mentor. It also gives more experienced consultants the chance to give something back by becoming a mentor. There are currently 200 people participating in the programme.

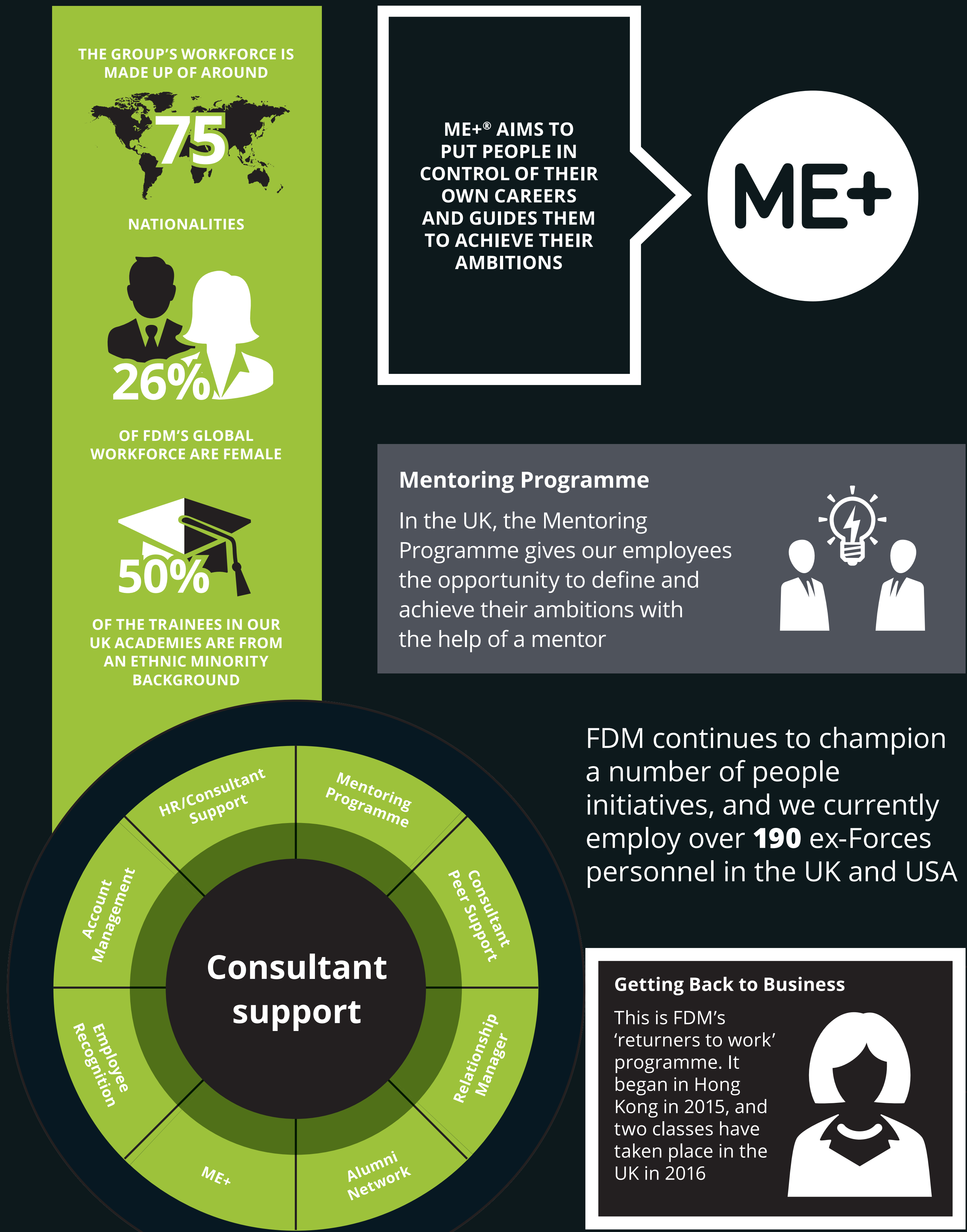
- ME+®
  ME+® is a career self-development mobile app. It aims to put people in control of their own careers and guides them to achieve their ambitions. The app was developed jointly with Me Plus Development Limited. The new innovative technology allows the accessibility required within a diverse, graduate community. To date, 2,038 FDM users have created an account. There are bespoke templates for each of the streams to help trainees track their career development alongside their development in Academy as well as templates for internal sales success and the Mentoring Programme.

- PluralSight eLearning
  FDM now offers PluralSight eLearning to all employees. This allows access to online training and IT courses, authored by industry experts, to aid continued professional and technical skills development.

As part of the Group's ongoing recognition of and reward for staff commitment and hard work, during 2016 further awards were made from our Performance Share Plan. They allow participants to share in the benefit from the ongoing growth of the Group. Details of the share plan are set out in note 23 to the Consolidated Financial Statements.

FDM communicates with employees regularly via email, monthly staff newsletters and face-to-face meetings in order to ensure they are supported, especially when placed remotely on-site. The FDM Consultant of the Month and FDM Stars initiatives are designed to reward those that are excelling, as nominated by customers and other employees within the business. The Group also recognises and rewards employees who have completed five and ten years with FDM, in order to thank them for their commitment and long-standing contribution to the business. The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

In 2016, FDM launched SuccessFactors, the new global HR platform. SuccessFactors is the leading technology in cloud-based HR systems. It allows employees to easily access their HR details, update personal information, book leave requests, contact colleagues anywhere in the business, receive up-to-date Company communications and access useful documents. The system also has a mobile app which enables employees to conduct remotely some of the more frequently completed tasks.



The Group believes that it has a responsibility to contribute towards the local community and wider society

Supporting ex-Forces personnel

The dedicated Ex-Forces Programme operated by FDM in the UK and USA has demonstrated the Group's support of ex-Forces personnel through the offering of IT and business careers. In 2016, the UK business re-signed the Armed Forces Covenant in the presence of then Minister for Reserve Forces, Julian Brazier, reaffirming FDM's commitment to supporting the Armed Forces community. The Ex-Forces Team has partnered with the White Ensign Association, the British Forces Resettlement Service and the Career Transition Partnership to identify talent for this programme, and since inception FDM has placed over 300 personnel into various roles within FDM's client base. The Ex-Forces Programme was selected for a coveted Ministry of Defence Employer Recognition Scheme Silver Award in 2016.

In the USA, FDM is recognised regularly for its commitment to launching the careers of former servicemen and women. In 2016, FDM was announced (for the third year in a row) as a "Best for Vets Employer" by The Military Times and "Most Valuable Employer for Military" by CivilianJobs.com.

Getting Back to Business

This is FDM's 'Returners to Work' programme. In 2016, classes took place in the UK, Hong Kong and Singapore. This programme is designed specifically to provide employment opportunities for high-calibre individuals who have taken an extended break in their career, facilitating their re-entry into the workplace. FDM's programme identifies and reskills talented people in IT and business specialities, preparing them to work on site with clients. This assists clients in diversifying their workforce, tapping into a rich pool of talented professionals with existing experience in business.

People with disabilities

The Group gives full and fair consideration to the employment of disabled persons. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues either in the job or in a suitable alternative. The Group endeavours to make any reasonable adjustments to enable disabled employees to fulfil the responsibilities of their job role. It is the Group's policy to support disabled employees in all aspects of their training, development and promotion where it benefits the employee and the Group.

Diversity and inclusion in the workplace
The Group's workforce is made up of around 75 nationalities working together and is dedicated to promoting a diverse workforce that reflects wider society. There is zero tolerance towards discrimination throughout all our business activities whether it relates to race, nationality, religion, disability, gender, age, sexual orientation or any other such form of discrimination where an individual may feel marginalised. Currently, half the trainees to our UK Academies are from an ethnic minority background. It is this diversity that forms the foundation of the FDM culture and drives the business forward. FDM was awarded the 'Diversity Recruitment Award 2016' at the TARGETjobs National Graduate Recruitment Awards in recognition of its commitment to diversity and inclusion in the workplace.

Gender diversity
The table below shows the gender split at different levels within the Group as at 31 December 2016.

As at 31 December 2016	Number of males	Number of females
On the Board	7	2
Within Senior Management	13	10
All employees	2,607	936

The Group hosts various events to encourage women to consider a career in IT (both in-house and at universities) and FDM Female Champions act as role models to all women in the business. FDM takes part in judging awards, networking events and speaker panels, as well as hosting the annual "FDM Everywoman in Technology Awards", which celebrate and promote outstanding women in the industry. FDM's Chief Operating Officer, Sheila Flavell, has been recognised in Computer Weekly's "Top 50 Most Influential Women in IT" in 2016 and in the Business Cloud "Top 100 Women Role Models in Tech".

FDM was awarded Advocate of the Year at the 2016 Information Age Women in IT Awards.

Our community
The Group believes that it has a responsibility to contribute towards the local community and wider society and actively encourages individual and collective initiatives to support this. In 2016, the Group carried out fundraising events globally to raise money for charities such as Haiti Relief, Toys for Tots, Walking with the Wounded, the Coalition for the Homeless, Save the Children and Macmillan Cancer Support amongst others.

FDM also runs paid summer internships in its London, Glasgow, Leeds, Brighton and New York offices. Undergraduate students are offered an eight-week placement, during which they work on live business projects, providing them with exposure to a commercial environment during their studies. The scheme aims to match students to business areas within the Group that are relevant to their studies, to ensure the interns gain targeted experience. FDM offers year-long sandwich placements across its UK business which also provides students with targeted experience in line with their studies. The Group aims to convert our summer interns and sandwich placement students into permanent positions at FDM upon graduation.

Schools
Commitment to inspiring the next generation of digital talent is vital, and FDM's work within UK schools aims to address the digital skills gap and showcase the wealth of opportunity in the sector. FDM works with schools across the UK to deliver Careers Lab sessions and with the Worshipful Company of Information Technologists on educational and charitable programmes in IT. Students from a diversity of schools from within the Haberdasher Aske's Company of Schools joined FDM for a work experience day, which centred on how to prepare for the world of work. FDM has forged a partnership with the Harris Federation to deliver a tailored programme for young, digitally-minded students to experience the commercial environs of FDM, to support their learning of the curriculum with programming classes and, ultimately, to open their eyes to the reality of a career in technology.

FDM's work with the students of Harris Academy Battersea is testament to its interest and commitment to social mobility. Harris Academy Battersea's Headmaster, David Moody, has commented: "FDM is helping to change the lives of our students. It has helped them break through the glass-ceiling of their own expectations, and students that once felt limited by their circumstances are now beginning to see everything that is available to them."

Alumni network
FDM has launched the careers of thousands of people and in turn has a diverse network of talented and successful individuals both past and present. This is a network from which to build relationships, learn from others and explore opportunities with a community of people with similar client experiences. FDM seeks to bring together the whole network for mutual benefit to share experiences, knowledge and professional development opportunities with both current FDM employees and importantly, FDM Alumni around the world at FDM Career Community Events.

Anti-Slavery and Human Trafficking policy
FDM is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of the business. It has considered the degree of risk that modern slavery could arise within the organisation or in supply chains. The nature of FDM's business and the direct relationship it has with applicants to the training programmes means that the risk of modern slavery in our own organisation is low. FDM has reviewed supply chains and taken a number of steps to address the potential risks of modern slavery and human trafficking.

The Group has put in place an Anti-Slavery and Human Trafficking policy to assist it in mitigating this risk, and is undertaking a process of due diligence on key suppliers. There is a pre-contract due diligence process, used with new suppliers to ensure that they confirm their commitment to comply with policies and values, or that they have in place appropriate equivalent policies of their own. FDM has also developed a set of standard contractual clauses for inclusion in supplier contracts which reinforces this approach. The Group aims to promote a high level of understanding of the risks of modern slavery and familiarises all staff with these policies on induction. Additional training may be provided to key staff members where appropriate. The effectiveness of these steps is monitored.

Environmental policy
Throughout the Group the responsibility to minimise detrimental impact to the environment is recognised. Although there are no manufacturing facilities, FDM aims to reduce its environmental impact by monitoring and minimising the consumption of energy in its operations and where possible promote the procurement of environmentally-friendly products. The Group complies with all relevant environmental legislation; it aims to reduce waste and, where practicable, re-use and recycle consumables. There are recycling facilities in our offices and the Group recycles waste paper and ink cartridges. Computers that are no longer in use are donated to charities. Communication via electronic means, including video conferencing, is encouraged.

CO_2 emissions

The Company complies with the greenhouse gas ("GHG") emissions reporting requirements of The Companies Act 2006 (Strategic and Directors' Reports) Regulations 2015. The Company reports all material GHG emissions, wherever possible using tonnes of CO_2-equivalent ("CO_2e tonnes") as the unit, to account for all GHGs which are attributable to human activity, as defined in section 92 of the Climate Change Act 2008(a). Emissions data is reported for the Group's worldwide operations. The methodology used to compile this data is in accordance with DEFRA's "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (June 2015)".

Fuel type	Year ended 31 December 2016 CO_2e tonnes	Year ended 31 December 2015 CO_2e tonnes
Scope 2[1]	692	545
Scope 3[2]	1,564	1,194
Greenhouse Gas Emissions Intensity ratio:	**CO_2e tonnes**	CO_2e tonnes
CO_2e tonnes per £ million of revenue	11.9	10.8

[1] Scope 2 being electricity, heat, steam and cooling purchased for the Group's own use.

[2] Scope 3 being emissions which the Group is not directly responsible for, but arise as a by-product of its operation.

The Group's Scope 1 CO_2 emissions are negligible and are therefore not disclosed.

The Strategic Report was approved by the Board on 7 March 2017 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
7 March 2017

Board of Directors

Ivan Martin

Non-Executive Chairman

Ivan has been Chairman of FDM Group since 2006 and is Chairman of the Nomination Committee. Ivan joined the board of Microgen plc as a Non-Executive Director in January 2016 and became Chairman of the Board in March 2016. In addition Ivan became Non-Executive Chairman of Xceptor (formerly known as Web Services Integration) in August 2016. Xceptor is a London based international software business backed by CBPE private equity. He has no other significant commitments.

He was a member of Misys plc's board and headed its banking software division until 2005. Previously, Ivan worked at ACT Group plc and spent his earlier career at US multinational computer business, Unisys Corporation. Between 2007 and 2013, he was Executive Chairman of Sesame Bankhall Group.

Roderick (Rod) Flavell

Chief Executive Officer

Rod is the founder and Chief Executive Officer of FDM Group, as well as a member of the Nomination Committee. He is responsible for the overall strategic development and expansion of the business and, over the past 25 years, has been instrumental in developing the Group into an international, award-winning employer with a prestigious client base operating in multiple industries across Europe, North America and APAC. Rod is a firm supporter of improving diversity in tech, with clear results being achieved by the Group through its FDM Women in IT, Returners to Work, ex-Forces and veteran career transition initiatives. Rod was recognised as the Best CEO in the IT Industry at the European CEO Awards in 2015.

Sheila Flavell

Chief Operating Officer

Sheila is the Chief Operating Officer of FDM Group and has over 25 years' experience in both the public and private IT sectors. Sheila's experience and knowledge of the Group has been key in driving the Group's global expansion programme. Sheila is fully committed to driving gender diversity in the workplace and spearheads FDM's Women in IT and Returner to Work initiatives. Her dedication to promoting gender balance in the workplace has been recognised through various awards including the Computer Weekly Top 50 Most Influential Women in UK IT lists in 2015 and 2016. In June 2016, Sheila was appointed onto the Board of the Information Technology Telecommunications and Electronics Association, and sits on the Tech UK Women in Technology Council.

Andrew (Andy) Brown

Chief Commercial Officer

Andy joined FDM in 1994 and over the last 23 years he has progressed through the Group's sales team to become Global Sales Director in 2007 and Andy is now Chief Commercial Officer. Andy oversees the expansion of the Group with a key focus on the sales, HR and recruitment functions. Andy's strategic focus is around developing new service streams in line with client demands, as well as increasing the number of applicants for the Group's graduate programme, which are both key areas to the success and growth of the Group. Andy has also played a key role in the launch and success of the UK Ex-Forces Programme.

Michael (Mike) McLaren

Chief Financial Officer

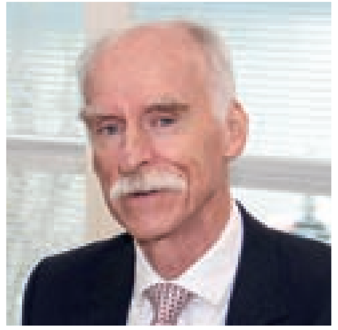
Mike was appointed Chief Financial Officer of the Group in 2011. Prior to joining the Group, Mike served as Chief Operating Officer and Group Finance Director of Timeweave plc (formerly Alphameric plc) and has served on a number of other boards for both private and listed companies. Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.

Peter Whiting

Non-Executive Director

Peter is the Senior Independent Director, Chairman of the Remuneration Committee and is a member of the Audit Committee and the Nomination Committee. Peter has over twenty years' experience as an investment analyst, specialising in the software and IT services sector. Peter joined UBS in 2000 and led its UK small and mid-cap research team. Between 2007 and 2011 he was Chief Operating Officer of UBS European Equity Research. One of his responsibilities during this period was the oversight of the graduate recruitment, training and development programmes both for the Research business and the Equities operation as a whole. Peter is also a Director of Microgen plc and MBA Polymers Inc.

Board of Directors



Robin Taylor

Non-Executive Director

Robin is Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He is a member of the Institute of Chartered Accountants of Scotland. Robin is currently a Non-Executive Director of EMIS Group plc and Fusionex International plc and was formerly Chief Financial Officer of publicly listed companies Intec Telecom Systems plc, ITNET plc and JBA Holdings plc. Robin has also held a variety of financial and general management roles in both Europe and North America.

Michelle Senecal de Fonseca

Non-Executive Director

Michelle was appointed in January 2016 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Michelle has more than 25 years of experience in international telecommunications and technology. She is currently an area Vice President for Citrix Systems after having served as the global Director of Cloud & Hosting Services at Vodafone. Prior to Vodafone, Michelle worked at the European Bank for Reconstruction and Development where she managed the Telecom, Media and Technology banking team. Michelle is a cofounder and board member of Women in Telecoms and Technology, a UK not-for-profit organisation, and is also a global council member at Thunderbird School of Global Management in Phoenix, Arizona.

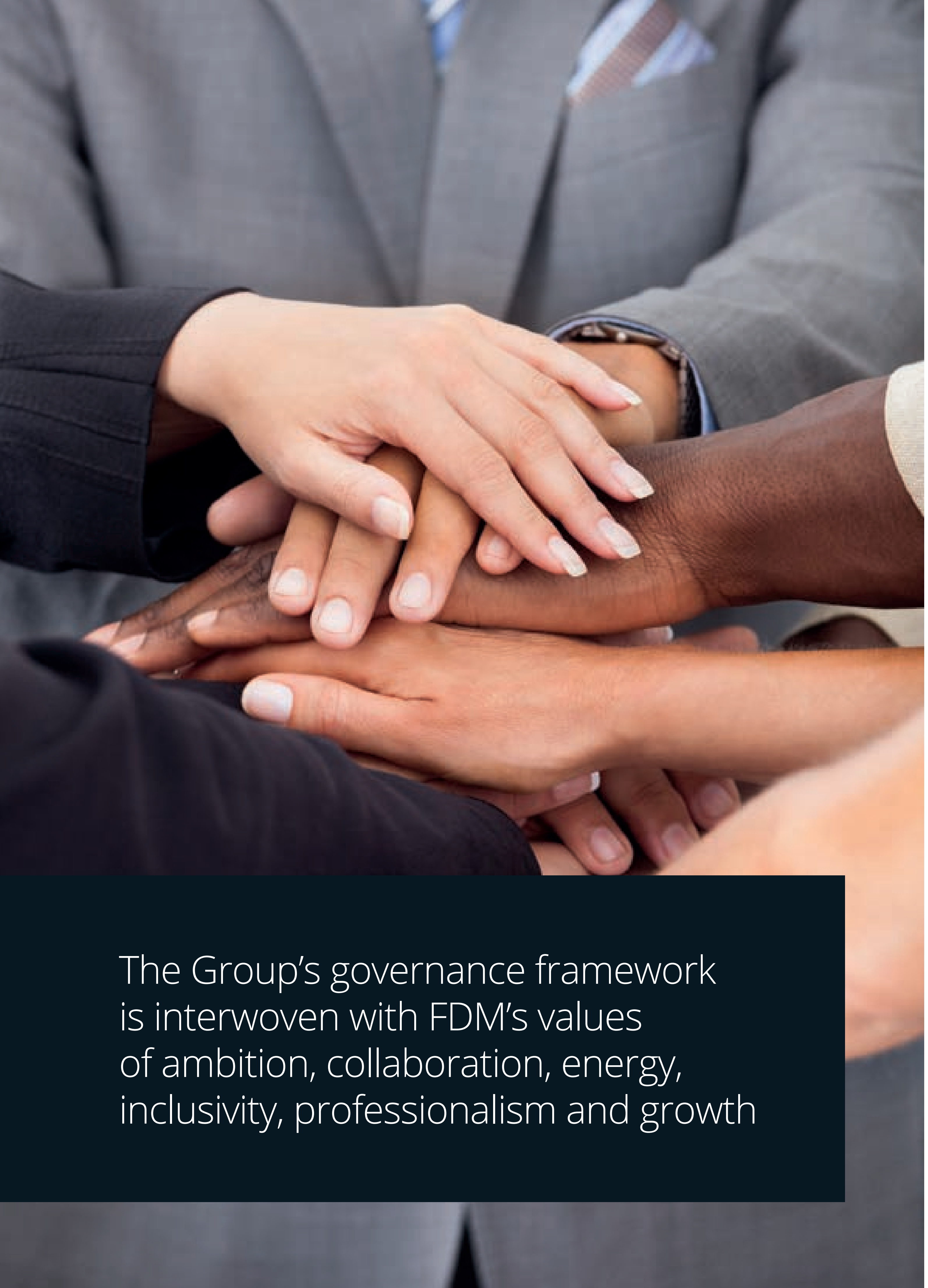
David Lister

Non-Executive Director

David was appointed in March 2016 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He has over 37 years' experience of working in IT across multiple industries for international businesses such as Diageo, GlaxoSmithKline, Boots, Reuters, Royal Bank of Scotland and National Grid. He also has experience in the professional services sector where he worked for PwC.

David is currently a non-executive director of HSBC Bank plc (a wholly owned subsidiary of HSBC Holdings plc), Nuffield Health, Cooperative Insurance and Weatherbys Ltd. He also sits on the Board of the Department of Work and Pensions and is a trustee of The Tech Partnership Limited where he focuses on the UK technology sector's skills and diversity challenges.

The Directors recognise that the success of the business as a whole is dependent on all of our staff at every level



The Group's governance framework is interwoven with FDM's values of ambition, collaboration, energy, inclusivity, professionalism and growth

Corporate Governance Report

Chairman's introduction

I am pleased to present this year's Corporate Governance Report. The Board has achieved much in 2016 and our key areas of focus are shown on page 59. The Board was strengthened in 2016 through the appointment of Michelle Senecal de Fonseca in January and David Lister in March. Both have brought their own fresh perspectives based upon their different experiences gained respectively in global telecommunications and technology and financial services.

The Board's approach to governance is outlined in this report. We adhere to the high standards of corporate governance as set out in the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council, which was published in September 2014, as required by the Listing Rules of the Financial Conduct Authority and meets other relevant requirements including provisions of the Disclosure and Transparency Rules of the Financial Conduct Authority. The Group's governance framework is interwoven with FDM's values of ambition, collaboration, energy, inclusivity, professionalism and growth. These values are demonstrated in the boardroom and through the activities of the whole Group.

I hope you find the report informative and I will be available at the 2017 Annual General Meeting ("AGM") to respond to shareholder questions.

UK Corporate Governance Code

Statement of Code compliance

During the financial year 2016, the Company has complied with the Code other than in respect of the following:

- The UK Corporate Governance Code recommends that, on appointment, the chairman of a company with a Premium Listing on the Official List should meet the independence criteria set out in the Code. Ivan Martin joined the Board of Directors of FDM in July 2006 and became Non-Executive Chairman of the Group on 1 October 2006. Having been a shareholder of the Company in the three years until the date of the Company's listing in June 2014, and having served on the Board for more than nine years, Ivan does not meet the independence criteria set out in provision B.1.1 of the UK Corporate Governance Code. However, the Board decided in 2014 that in order to ensure maximum continuity and stability in the Company's transition from a privately owned company to a listed company, Ivan should remain as Non-Executive Chairman of the Group. Having reassessed the position in the course of 2016 the Board continues to believe that Ivan is objective and independent and that it is in the best interests of the Group that Ivan remains as Chairman.
- For the period to 28 October 2016, the Nomination Committee comprised only two independent Non-Executive Directors and did not therefore comprise a majority of independent Non-Executive Directors as required by section B.2.1 of the Code. Since 28 October, the Nomination Committee has comprised of a majority of independent Non-Executive Directors. The timing of the appointments of Michelle Senecal de Fonesca and David Lister was such to enable them time to settle into their roles as Non-Executive Directors and their appointments to the Audit Committee and Remuneration Committee, before taking on the additional responsibility of the Nomination Committee.

The main principles of the Code applicable to listed companies are as set out below, and apply to the Board:

1 Leadership
2 Effectiveness
3 Accountability
4 Remuneration
5 Relations with shareholders

1 Leadership

The role of the FDM Board
The Board is collectively responsible to the Company's shareholders for the long-term success of the Company. The Board meets regularly to review strategic, operational and financial matters. It approves the interim, preliminary and annual financial statements, the annual budget and longer term forecasts, significant contracts and capital investment in addition to reviewing the effectiveness of the internal control systems and business risks faced by the Group. Where appropriate, it has delegated certain responsibilities to the Audit, Remuneration and Nomination Committees. The Committees play a key role in supporting the Board, and the membership of each Committee can be found in each Committee's report. Information is supplied to the Board in advance of meetings and the Chairman ensures that all Directors are properly briefed on the matters being discussed.

The Board closely monitors the management of the Company and its delivery of a sustainable and profitable business, ensuring it operates within the appropriate risk-reward culture. The Group has established a core set of values, which the Board adheres to and promotes throughout the Group. These values have helped to further the entrepreneurial culture within FDM, which has been critical in promoting the continued success of the Group without encouraging excessive risk-taking.

A schedule of formal matters reserved for the Board's decision and approval is available on the Company's website, **www.fdmgroup.com**. These relate to matters of governance and include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving material capital expenditure;
- Approving Group strategy;
- Approving appointments to the Board;
- Determining dividend policy, as well as approving and recommending dividends as appropriate;
- Reviewing material litigation;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

Board decisions are by consensus at Board meetings, however, should the situation arise, decisions may be taken by a majority of Board members. In the case of an equality of votes, FDM's Articles of Association provide the Chairman with a casting vote.

Details of the number of meetings of the Board (including sub-committees at which only certain Directors are required to attend) and committees and individual attendances by Directors are set out in the table below. In the case of Directors appointed during the year, the table shows their attendance by reference to the number of meetings that have taken place since the date of their appointment.

	Board meetings attended	Audit Committee meetings attended	Remuneration Committee meetings attended	Nomination Committee meetings attended
Number of meetings held in 2016	12	4	7	3
Ivan Martin	12/12	n/a[1]	n/a[1]	3/3
Rod Flavell	12/12	n/a[1 2]	n/a[1]	3/3
Sheila Flavell	12/12	n/a[1]	n/a[1]	n/a[1]
Mike McLaren	12/12	n/a[1 2]	n/a[1]	n/a[1]
Andy Brown	12/12	n/a[1]	n/a[1]	n/a[1]
Peter Whiting	12/12	4/4	7/7	3/3
Robin Taylor	12/12	4/4	7/7	3/3
Michelle Senecal de Fonseca (appointed 15 January 2016)	11/11	4/4	6/6	n/a[3]
David Lister (appointed 9 March 2016)	7/8	3/3	4/4	n/a[3]

1 Not applicable, not a member of the Committee and not required to attend.
2 Rod Flavell and Mike McLaren attended Audit Committee meetings by invitation, not as Committee members. Rod Flavell attended 2/4 Audit Committee meetings and Mike McLaren attended 4/4 meetings during the year.
3 Michelle Senecal de Fonseca and David Lister were appointed to the Nomination Committee on 28 October 2016. There have been no meetings of the Nomination Committee since their appointment.

Chairman, Chief Executive and Senior Independent Director
The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them; the responsibility for this separation of duties rests formally with the Board.

As Chairman, Ivan Martin presides over the Board and is responsible for its leadership and overall effectiveness. In doing so, he fosters and helps to maintain an effective working relationship between the Executive and Non-Executive Directors.

As Chief Executive, Rod Flavell has responsibility for the day-to-day management of the Company's business and the implementation and delivery of the Board's strategy.

This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual within the Group has unfettered powers of decision making. The Directors' powers are set out in the Company's Articles of Association.

Peter Whiting is the Group's Senior Independent Director. In performing this role, Peter provides shareholders with someone to whom they can turn if ever they have concerns which they cannot address through the normal channels, for example with the Chairman or Executive Directors. Peter is also available as an intermediary between his fellow Directors and the Chairman.

Whilst there were no requests from Directors or shareholders for access to the Senior Independent Director during the year, the role serves as an important control in FDM's governance process. In the fulfilment of his role Peter ensures he maintains a thorough understanding of the views of the Company's shareholders.

Role of the Non-Executive Directors
The Group's Non-Executive Directors have a broad and complementary mix of business skills, knowledge and experience acquired across sectors and geographies. This allows them to provide strong, independent and external perspectives to Board discussions, which complement the skills and experience of the Executive Directors, facilitating a diversity of views being aired at Board meetings, robust and constructive debate and optimal decision-making. At the same time, it also reduces the likelihood of any one perspective prevailing unduly. A key role performed by the Non-Executive Directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also help develop proposals on strategy and ensure that financial controls are rigorous and that the Group is operating within the robust governance and risk framework approved by the Board.

Non-Executive Directors are appointed for specified terms, up to a maximum of three years, and reappointment is not automatic. The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office. During the year, the Board considered the independence of each of the Non-Executive Directors. In doing so, it concluded that, with the exception of Ivan Martin as detailed in the Statement of Code compliance, each Non-Executive Director was independent of management and free from any relationship that could interfere with the exercise of their independent judgement.

The Board regularly reviews the independence of each of the Non-Executive Directors.

2 Effectiveness

Composition of the Board
The Board currently comprises four Executive Directors and five Non-Executive Directors. Their biographies, including information on prior experience are set out on pages 50 to 52. During the year there were two new appointments to the Board, Michelle Senecal de Fonseca on 15 January 2016 and David Lister on 9 March 2016. Their additional experience and capabilities further strengthen the Board and support the Group's growth plans and strategic objectives.

The Group's policy is to hire the best candidates for all positions at all levels throughout the business, irrespective of gender, including candidates at Board level. With Sheila Flavell as Chief Operating Officer, and Michelle Senecal de Fonseca as a Non-Executive Director, the percentage of female Board members has increased to 22% (2015: 12%). Further information and statistics on gender diversity can be found within the Corporate Social Responsibility report on page 46. The Board has not set any specific aspirations in respect of gender diversity at Board level and fully supports the Code principles in respect of diversity. The Board recognises the benefits of diversity, of which gender is one aspect, and it will continue to ensure that this is taken into account when considering any particular appointment, whilst ensuring appointments are made on merit and ability to enhance the performance of the business.

Conflict of interests
Procedures are in place for the disclosure by the Directors of any interest that conflicts, or may possibly conflict, with the Company's interests and for the appropriate authorisation to be sought if a potential conflict arises, in accordance with the Company's Articles of Association.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested Directors (i.e. those that have no interest in the matter under consideration) will be able to take the relevant decision. In taking such a decision the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit. The Board has reviewed the procedures in place and considers that they operate effectively. No actual conflicts of interest arose during the year under review or to the date of this report.

Appointments to the Board
The Board recognises its responsibility for succession planning and continually assesses the balance of skills, experience and knowledge of the Board to ensure it remains appropriate to the business and that the Board is best placed to achieve the Group's strategic objectives. There is a formal and transparent procedure for the appointment of new directors, the primary responsibility for which is delegated to the Nomination Committee. Further details of the work undertaken by the Committee during the 2016 financial year are contained on page 61.

Board commitment
The Board has established a policy permitting its Executive Directors to hold only one external Non-Executive Directorship, subject to any possible conflict of interest. This ensures that the Executive Directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external board exposure as part of their leadership development. Executive Directors are permitted to retain any fees paid for such services. While the Company does not have a similar policy for Non-Executive Directors, their key external commitments are reviewed each year to ensure that they too have sufficient time for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 50 to 52.

The Board considered the commitments of the Chairman and is satisfied that he has sufficient time to devote to his Board responsibilities with FDM. The Board will keep his commitment under review as a matter of good governance.

Details of remuneration received by each of the Executive Directors for the year ended 31 December 2016 are shown in the single figure table presented on page 69 of the Remuneration Report.

Board induction and development
On appointment, each Director takes part in a tailored induction programme, designed to give him or her an understanding of the Company's business, governance and stakeholders.

Elements of the programme include:
- Briefings from senior management to provide a business overview, update on current trading conditions and strategic commercial issues;
- Meetings with the Company's key advisors and major shareholders, where necessary;
- Meetings with employees at different FDM Academies and offices. In addition, the location of Board meetings is periodically rotated to ensure that Board members have further opportunity to meet employees and discuss at different sites;
- Provision of a legal and regulatory memorandum and briefing on the duties of directors of listed companies;
- Details of the Group corporate structure, Board and Committee structures and arrangements and key policies and procedures; and
- The latest statutory financial reports and management accounts.

The Chairman, in conjunction with the Company Secretary, ensures that Directors are provided with updates on changes in the legal and regulatory environment in which the Company operates. These are incorporated into the annual agenda of the Board's activities along with wider business and industry updates; the Chairman also keeps under review the individual training needs of Board members. The Company's principal external advisors provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board's meetings. The Company Secretary presents corporate governance reports to the Board as appropriate, together with any relevant technical guidance. In this way, each Director keeps their skills and knowledge current so they remain competent at fulfilling their role both on the Board and on any Committee of which they are a member. Training for Directors is available as required and is provided by way of external courses.

Information and support
The Board meets regularly throughout the year and agrees a forward calendar of matters to discuss at each meeting. Standing items, including operational and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions considered as and when required. The Chairman, in conjunction with the Chief Executive, plans the agenda for each Board meeting and ensures that supporting papers are clear, accurate, timely and of sufficient quality to enable the Board to discharge its duties.

Specific areas of focus by the Board during the year included:

Strategy	• Group strategy updates • Separate consideration of infrastructure investment in new geographical locations
Operational	• Capital expenditure, including approval of new offices in Reston (Virginia), and expansion in Frankfurt • Presentation on Alumni programme
Financial	• Monthly trading statements • Business updates from the Group's senior management teams • Full year and half year results • Group budgets and re-forecasts
Risk	• Review of Risk Register
Governance	• Matters reserved for the Board • New terms of reference for Remuneration Committee • Consideration of Board diversity • Board effectiveness review • Viability statement; assessment and approval • Going concern review
Investors	• Markets - received market update presentations from Investec

All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. The Audit Committee, including all Non-Executive Directors, received external training covering corporate governance and corporate reporting. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent external professional advice at the Company's expense in the furtherance of their duties.

Board evaluation
A formal evaluation of the effectiveness of the Board was carried out during 2016. The evaluation was carried out internally and led by the Chairman. All Directors completed an evaluation questionnaire, followed up with one-to-one meetings with the Chairman. The questionnaire covered a broad range of subjects, including Board meeting agendas; frequency of meetings; risk; strategy; Board composition and member performance; and other challenges faced by the Board and how those are managed.

The effectiveness of the Audit Committee, Remuneration Committee and Nomination Committee was also assessed during the year. There was agreement that the Board and its Committees continued to operate effectively throughout the period. Board members' experience was further strengthened by the appointment of the two new Non-Executive Directors in the year.

Re-election of Directors at the 2017 Annual General Meeting
The Company's Articles of Association require that existing Directors offer themselves for re-election at intervals of no more than three years. However, the Board is of the view that it is more appropriate for a proportion of the Directors to retire and seek re-election each year.

At the 2016 AGM the following Directors retired, sought re-election and were re-elected: Rod Flavell, Peter Whiting, Robin Taylor, Michelle Senecal de Fonseca and David Lister. At the 2017 AGM the following Directors will retire and offer themselves for re-election: Ivan Martin, Andy Brown, Sheila Flavell and Mike McLaren. Ivan Martin is required to do so by the Code, as he has served on the Board for more than nine years.

Having received advice from the Nomination Committee, the Board and the Chairman are satisfied that each Director is qualified for re-election by virtue of their skills, experience and commitment to the Board.

3 Accountability

Financial and business reporting
In its reporting to shareholders, the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. The Directors consider this Annual Report, taken as a whole, to be fair, balanced, and understandable and consider that it provides the information necessary for shareholders to assess the Group's performance and strategy.

Risk management and internal control
The Board is ultimately responsible for maintaining sound risk management and internal control systems. These systems are designed to meet the Group's needs and to manage the risks to which it is exposed, including the risks of failure to achieve business objectives and of material misstatement or loss. However such risks cannot be eliminated. The Group's systems can only provide reasonable but not absolute assurance. They can never completely protect against factors such as unforeseeable events, human fallibility or fraud.

The Board has established a continuous process for identifying and managing the significant risks faced by the Group (in accordance with Financial Reporting Council's 'Guidance on Risk Management Internal Control and Related Financial and Business Reporting' (September 2014)). The Board's view of the Group's key risks and how the Group seeks to manage those risks is set out on pages 34 to 39.

The Group has in place appropriate internal control and risk management systems around financial reporting. The Group accounting function is centralised and financial information is held on a central accounting system, from which internal management reporting, budgeting and external reporting is collated.

The Board regularly reviews the effectiveness of the Group's internal controls which have been in place from the start of the year to the date of approval of this report.

During 2016, after considering the need for a separate Internal Audit function the Audit Committee appointed Grant Thornton LLP ('Grant Thornton') to provide Internal Audit services to the Group. See page 64 for a more detailed overview of the areas of focus and programme of work undertaken by Grant Thornton in the year.

The key elements of the system of internal controls include:

- The Board meets on a regular basis and is responsible for the operational strategy, reviewing operating results, identification and mitigation of risks and communication and application of the Group's policies and procedures;
- The Group has a clear organisational structure with defined responsibilities and accountabilities;
- Regular reports are made available to the Board on key developments, financial performance against budget and operational issues in the business;
- Operational and financial controls and procedures are in place including; authorisation and approvals policies for financial expenditure; authorisation and approvals policies for contracts and agreements; signing authorities; IT application controls; appropriate segregation of duties and reviews by management. Further, additional procedures exist to address other risks to the business including a Code of conduct and ethics and anti-corruption policy;
- Centralised finance and support functions exist;
- Outsourced Internal Audit function established;
- A formal budgeting process occurs annually. The budgets and forecasts are reviewed, approved and monitored by the Board; and
- Regular meetings occur between the Executive Board and Senior Management team.

The Board, with the assistance of the Audit Committee, carried out an annual assessment of the effectiveness of the Group's risk management and internal control system during the reporting year. During the course of its review, the Board did not identify or hear of any failings or weaknesses that it determined to be significant.

The Audit Committee

The composition and work of the Audit Committee, including its relationship with the external auditors, is set out in the Audit Committee Report on pages 62 to 65.

4 Remuneration

The Company's policy on remuneration and detail of the remuneration of each Director is given in the Remuneration Report on pages 66 to 80.

5 Relations with shareholders

In order to maintain dialogue with institutional shareholders, the Chief Executive Officer and Chief Financial Officer meet with the Company's major shareholders following interim and final results announcements and otherwise as appropriate.

The Company uses the AGM as an opportunity to communicate with its shareholders and welcomes their participation. Shareholders who attend the AGM will have the opportunity to ask questions and all Directors are expected to be available to take questions.

Notice of the AGM, which will be held at 10.30am on 27 April 2017 at 5 New Street Square, London EC4A 3TW, is enclosed with this report. In accordance with the Companies Act 2006, the Notice of AGM will be sent to shareholders at least 20 working days before the meeting and the notice for general meetings will be sent to shareholders at least 14 days before each general meeting and will include details of the resolutions and the explanatory notes.

The Board proposes separate resolutions for each issue and proxy forms allow shareholders who are unable to attend the AGM (or general meeting, as applicable) to vote for or against or to withhold their vote on each resolution. As soon as practical following the conclusion of the AGM (or general meeting, as applicable), the proxy votes cast, including details of votes withheld, shall be announced to the London Stock Exchange via Regulatory News Service and published on FDM's website.

The Company's Articles of Association can only be amended by special resolution approved by the Company's shareholders.

The Group's website (www.fdmgroup.com) is the primary source of information on the Group.

The Corporate Governance Report was approved by the Board on 7 March 2017 and signed on its behalf by:

Ivan Martin
Chairman
7 March 2017

Nomination Committee Report

Chairman's introduction

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2016.

The role of the Nomination Committee is to review the composition of the Board and to plan for its refreshment as appropriate with regard to composition, balance and structure.

In 2016 an internal evaluation of the Committee was undertaken by way of a questionnaire. The evaluation concluded that the Committee continues to operate effectively.

Information on the activities of the Committee during the year is set out in this report.

Committee composition

The Committee comprises the Chairman, the Chief Executive and all four of the independent Non-Executive Directors. The following members served on the Committee during the year:

Ivan Martin (Chairman)
Rod Flavell
Robin Taylor
Peter Whiting
Michelle Senecal de Fonesca (appointed 28 October 2016)
David Lister (appointed 28 October 2016)

For the period to 28 October 2016, the Committee comprised only two independent Non-Executive Directors and did not therefore comprise a majority of independent Non-Executive Directors as required by section B.2.1 of the Code. Since 28 October, the Committee has comprised of a majority of independent Non-Executive Directors. The timing of the appointments of Michelle Senecal de Fonesca and David Lister was such to enable them time to settle into their roles as Non-Executive Directors and their appointments to the Audit Committee and Remuneration Committee, before taking on the additional responsibility of the Nomination Committee.

Role of the Nomination Committee

The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Group's website (www.fdmgroup.com).

The main responsibilities of the Committee are to:

- Review the structure, size and composition of the Board and its Committees including its balance of skills and experience and make recommendations to the Board with regard to any changes;
- Lead the process for Board appointments and recommend new appointments to the Board for approval; and
- Consider succession for Directors and other senior executives, including the identification and assessment of potential candidates and making recommendations to the Board for its approval.

Committee activities during the year

During the year, the Committee met three times, with all members present and undertook the following activities:

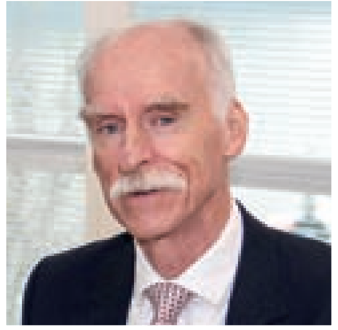
- Recommended the appointments of Michelle Senecal de Fonesca and David Lister to the Board;
- Succession planning, including executive and senior management leadership succession and short-term emergency and long term planning scenarios. The Committee also considered long-term talent development;
- Carried out the annual evaluation of the Committee; and
- Carried out a review of the skills of each of the Directors and the independence of each of the independent Non-Executive Directors prior to the 2016 AGM and recommended a number of Directors be subject to re-election at the 2016 AGM.

Looking ahead

The Committee's priorities for 2017 will be a continued focus on executive and senior leadership succession and on long-term talent development.

Ivan Martin
Chairman of the Nomination Committee
7 March 2017

Audit Committee Report



Chairman's introduction

I am pleased to present the report of the Audit Committee for the year ended 31 December 2016. The report demonstrates how we have supported the Board in meeting its responsibilities as set out in the UK Corporate Governance Code (issued September 2014).

During the year the Committee took the decision to appoint Grant Thornton, an independent firm of accountants, to provide Internal Audit services to the Group. The Internal Audit programme for 2016 was agreed by the Committee in May, immediately following the appointment of Grant Thornton. Details of the work undertaken in the year are included on page 64.

The Committee also received regular updates from FDM's Chief Information Officer ("CIO") on the Group's IT systems, including evolving risks relating to cyber security. The Group has made progress in the year in addressing IT security matters, including establishing a 'Global Standard for Technology Security' which was reviewed by the Committee prior to its implementation. For more information about our risk processes, see pages 32 to 39.

The membership of the Committee was strengthened with the appointment of Michelle Senecal de Fonseca on 15 January 2016 and David Lister on 9 March 2016. Michelle and David have made valuable contributions to the Committee's agenda items and discussions and I welcome the experience and knowledge that they bring.

Looking ahead, over the next 12 months, as well as the business as usual work, we will maintain our focus on internal controls and risk management, with a particular emphasis on assessing wider operational controls, which will form part of the Internal Audit scope for 2017. We will also consider the Group's prioritised plans to upgrade some systems to support the further expansion of the business internationally.

Role of the Committee

The Committee is appointed by, and reports to, the Board. The Committee's principal role is to assist the Board in carrying out its oversight responsibilities in relation to financial reporting, internal control and risk management and in maintaining an appropriate relationship with the Group's auditors. The Committee sets its own agenda, in addition to routine matters and those suggested by the main Board.

More details on the Committee's role and responsibilities can be found in the Committee's terms of reference. These terms were updated during 2016 as part of an annual review. The full terms are available in the Corporate Governance section of the Company's website at **www.fdmgroup.com**.

Composition

The members of the Committee, who are all Non-Executive Directors of the Company, are Robin Taylor (Chairman), Peter Whiting, Michelle Senecal de Fonseca and David Lister. The Code requires that at least one member of the Committee should have recent and relevant financial experience. The Chairman of the Committee, who is a chartered accountant with considerable financial experience in a public company environment, fulfils this requirement. Peter Whiting, Michelle Senecal de Fonseca and David Lister also have experience in financial matters through their other business activities.

Meetings

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of each being linked to events in the financial calendar of the Group. The Committee met four times during the financial year and all members were in attendance at all meetings during their tenure.

During the year, the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Group Financial Controller and other senior management, attended certain meetings at the invitation of the Committee in order to ensure that the Committee remained fully informed of events and developments within the business including legal and IT security matters, reinforcing a strong risk management culture. The Group's auditors, PricewaterhouseCoopers LLP ("PwC"), attended three of the four Committee meetings during the financial year. Grant Thornton attended the final Committee meeting of the year to present the findings from their Internal Audit reviews.

In addition to the meetings of the Committee, the Chairman and other members of the Committee met with other members of the Finance and regional operating management throughout the year. The Chairman also met with PwC on several occasions outside of the Committee.

Activity

Principal activities during the year

Since the beginning of the financial year, the Committee undertook the following activities:

March 2016

- Reviewed and recommended approval of the Preliminary Announcements and the 2015 Annual Report to the Board (including the significant judgements applied in the Annual Report, the appropriateness of the going concern basis of accounting and the viability period identified by the Board)
- Reviewed PwC's reports to the Committee
- Approved the annual Committee agenda for the remainder of 2016
- Considered the need for, and scope of, a Group Internal Audit function and the benefits of outsourcing such a function
- Received update from the Group CIO on IT security matters

May 2016

- Reviewed Audit Committee terms of reference
- Reviewed FRC consultation paper on proposed changes to the UK Corporate Governance Code and Guidance on Audit Committees and assessed the implications for the Group
- Reviewed the Group Risk Register
- Approved the appointment of Grant Thornton to provide Internal Audit services to the Group and approved the programme of work for 2016
- Received update from Group CIO on IT systems enhancements and a new FDM initiative to introduce the "Global Standard for Technology Security"
- Completed the effectiveness review of the external auditors
- Reviewed the new EU regulations restricting the level of non-audit work carried out by external auditors
- Planned for a programme of continuing professional development for all Audit Committee members

July 2016

- Reviewed PwC's report to the Committee (interim review)
- Reviewed the Interim Report and recommended its approval to the Board
- Approved updated Audit Committee terms of reference
- Received update from CFO on development of the group wide Risk and Controls Matrix covering all key financial processes
- Received update from Group CIO and senior IT developer on IT systems development projects
- Reviewed auditor fees for non-audit work to ensure compliance with regulations
- Reviewed accounting standards in issue but not yet applicable and considered their impact on the Group

December 2016

- Reviewed PwC's year end audit plan and fees
- Reviewed the Group's risk register
- Reviewed Grant Thornton's Internal Audit Findings Report
- Received update from Group CIO on business systems development, business continuity and security
- Reviewed auditor fees for non-audit work to ensure compliance with EU regulations
- Performed effectiveness review of Audit Committee
- Reviewed whistleblowing and anti-bribery policy and procedures

Significant financial reporting items

The Committee pays particular attention to matters it considers important by virtue of their potential impact on the Group's results or the level of estimates and judgements involved in their application to the Consolidated Financial Statements. To this end, the Committee receives regular reports from the Chief Financial Officer and the Group's external auditors, PwC. The Committee has considered all significant estimates and judgements identified in note 4 on page 100 to the Consolidated Financial Statements.

The main areas of focus during the year are set out below:

Area of focus	How addressed
Revenue Revenue in respect of non-receipted timesheets is accrued at a percentage of the estimated contract value where timesheets have not been received at the cut-off date from Mounties or contractors.	The Committee discussed and reviewed revenue recognition in detail with management and PwC and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that judgements remain appropriate. We do not anticipate a material impact on the Group's results from the application of the new standard IFRS 15, 'Revenue from contracts with customers' (effective for accounting periods beginning 1 January 2018).
Share-based payments For a second year, the Company granted awards under the FDM Performance Share Plan (the "PSP"). Associated with accounting for the awards are judgements relating to the number of shares which will vest.	The Committee discussed and reviewed the key assumptions and judgements applied in calculating the share-based payment charge with the Board and are satisfied that they are appropriate.
Going concern and viability The Committee has considered the "going concern" basis assumed within the financial statements and viability period. The underlying assumptions, the reasonableness of those assumptions and the headroom/funding facilities available were considered as part of the Committee's review. The review also considered the impact of a range of sensitivities on the key assumptions.	The Committee is satisfied with the judgements in these areas and that sufficient work was performed to enable the Committee to conclude on the adoption of the going concern basis. The Committee reviewed and concurred with the reasonableness of the viability period included within the viability statement on page 40.
Financial statements The Committee has considered the presentation of the Annual Report and Accounts and in particular the analysis between underlying and statutory disclosures. It has also considered whether it provides the necessary information to assess the Group's position, performance, business model and strategy.	The Committee reviewed and discussed the presentation of the Annual Report and Accounts with management and PwC and is satisfied that the Annual Report and Accounts is fair, balanced and understandable.

Internal control and risk management

The key elements of the Group's internal control framework and procedures are set out on pages 59 and 60.

In May, the Committee approved the appointment of Grant Thornton to provide Internal Audit services to the Group. The Committee concluded that an Internal Audit function would provide an independent and objective appraisal to the Board, through the Committee, of the adequacy of the processes in place to manage risk, make recommendations on how the systems of internal control might be improved and to assist the Board in assessing the effectiveness of internal control and risk management procedures.

Prior to the appointment of Grant Thornton, the management team had developed a group wide Risk and Controls Matrix ('RCM') which detailed all key controls around each of the Group's key financial processes. The focus of the Internal Audit Plan of work for 2016 was to carry out a detailed review of the RCM to ensure that all controls were operating as documented.

In 2017, the Internal Audit scope will be broadened to cover IT and operational processes and controls. In addition to the Internal Audit function, the Committee regularly receives reports from management and PwC which enable it to effectively review and assess the Group's internal control environment.

A review of the Group's system of risk management is set out on pages 32 to 39.

External auditor

PwC is the Group's current external auditor having been appointed in 2013. The Committee is satisfied with the effectiveness of the audit and the Group is not required under current EU legislation to conduct a tender before the year ending 31 December 2023. Any recommendation relating to the re-appointment of the external auditors will continue to be the subject of rigorous review each year.

Auditor independence and objectivity

Both the Committee and the Board keep the external auditor's independence under review. From July 2016, the Committee has been monitoring the fees paid to the external auditors for non-audit work at each Committee meeting and delegates the authority for approval of such work to the Chief Financial Officer where the level of fees involved is less than the level set by the Committee. The Group receives a formal statement of independence and objectivity from PwC each year and obtains quotes in a competitive tender for non-audit work performed.

Fees for non-audit work carried out by PwC as a percentage of audit fees for the year ended 31 December 2016 were 47% (2015: 81%). Further disclosure of the non-audit fees paid during the year ended 31 December 2016 can be found in note 7 to the Consolidated Financial Statements.

The Group continues to engage other independent accounting firms to perform internal audit work, tax consulting and other assignments to further ensure the independence and objectivity of the external auditors is not compromised.

External audit partners are rotated every five years. The current external audit partner is Jaskamal Sarai, who has been in place for two years.

Effectiveness of external auditor

During the year, the Committee reviewed the effectiveness and independence of the external auditor, using a feedback questionnaire which was completed by key members of the finance team, each member of the Committee and the Chief Financial Officer. The questionnaire asked individuals to rate the performance of PwC in the following areas: knowledge and expertise of audit team; independence and objectivity of audit team; effectiveness of planning process; ability to firmly challenge management; and quality of audit deliverables. Based on this, the Committee concluded that:

- the overall audit approach, materiality, threshold and areas of audit focus were appropriate to the business; and
- the audit team possessed the necessary quality, expertise and experience to provide an independent and objective audit.

Audit Quality Review

During 2016, PwC's year-end 31 December 2015 audit was reviewed by the Audit Quality Review team ("AQR") of the Financial Reporting Council. The AQR's work is focused on the audit, and not designed to comment on the contents of the report and accounts. Their inspection covered only selected aspects of the audit and no adverse findings were communicated to the Audit Committee as a result of the review.

Whistleblowing

A whistleblowing policy enables employees to report concerns on matters affecting the Group or their employment, without fear of recrimination.

The Committee reviewed the Group's whistleblowing policy and procedures in December 2016 and is satisfied that they are appropriate to the size and scale of the Group.

Anti-bribery and corruption policy

The Group has a zero-tolerance policy to bribery and corruption. The Group's Anti-Bribery and Corruption Policy is issued to all employees. The Committee reviewed the effectiveness of the policy in December 2016 and concluded that it was sufficient for managing the anti-bribery and corruption risks faced by the Group.

Audit Committee effectiveness

The Committee considered its own effectiveness in discharging its duties in December 2016. The effectiveness review was carried out using a questionnaire which was completed by each member of the Committee together with a comparison against the Committee's new terms of reference and the Financial Reporting Council's Guidance for Audit Committees. The Committee is satisfied that it continues to be effective in discharging its duties.

Robin Taylor
Chairman of the Audit Committee
7 March 2017

Remuneration Report

Statement from the Chairman of the Remuneration Committee

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 December 2016.

Our Directors' Remuneration Policy was approved by shareholders at the 2015 AGM with 98.46% of the votes cast in favour of it, and I was delighted to see strong shareholder support continuing in 2016 with 98.37% of the votes at the 2016 AGM being in favour of the 2015 Directors' Remuneration Report.

The Remuneration Committee has considered the policy during 2016 and concluded that it remains appropriate. Therefore, that policy will continue to apply in 2017. A "snapshot" summary of our remuneration arrangements is set out below.

Salary	• Executive Directors' salaries for 2017 have been left unchanged from those of 2016.
Annual bonus	• 2016: Executive Directors' earned bonuses of 100% of salary. Further information is given on page 70. • 2017: The Executive Directors' bonus opportunity will remain at 100% of salary, subject to the achievement of stretching performance conditions based on PBT and Mountie revenue.
PSP	• 2016: No PSP awards were due to vest by reference to performance in 2016 and none therefore vested. • 2017: awards will be granted with performance conditions based on EPS growth. Further information is given below and on page 70.
Our strategy	Our approach to reward is linked to our strategy. Mountie revenue, profitability and earnings per share are all key performance indicators – we reflect these in our bonus and PSP performance metrics. In addition, Executive Directors' interests are aligned with shareholders through their shareholdings and we reflect our commitment to employees by extending share plans widely, as described below.
Share ownership	Our Executive Directors all have significant shareholdings, directly aligning their interests with those of shareholders. As shown on page 71, each of our Executive Directors holds shares with a value significantly in excess of our formal shareholding guidelines.
Share plan participation	Reflecting our culture and the importance of employee share ownership, we extend our share plan awards widely within the Group. In 2016, as in 2015, PSP awards to Executive Directors were scaled back to permit larger awards below the Board level.

During 2017, we will further review the policy in advance of the requirement, in accordance with the applicable legislation, to submit our policy to a shareholder vote at the 2018 AGM.

In this report we set out the remuneration earned by Directors in 2016 and how the policy will operate for 2017. We then set out an extract of the policy approved at the 2015 AGM, with the full approved policy being available on our website. This summary highlights the key features of our policy and what have we done this year. We hope shareholders will find this useful. We aim to be clear and transparent in our approach and take our responsibility to shareholders seriously. We hope this summary will demonstrate how we balance appropriate reward with the delivery of value to shareholders, ensuring that Executive Directors' remuneration is linked to the achievement of stretching performance measures, without encouraging the taking of unnecessary risk.

The Remuneration Committee

During the year, I was pleased to welcome Michelle Senecal de Fonseca and David Lister who join Robin Taylor on the Committee. Details of the attendance at Committee meetings are set out in the Corporate Governance Report on page 56.

The role of the Committee is to:

- Determine the Company's remuneration policy for all Directors and the Chairman;
- Review and determine remuneration and incentive packages for each of the Company's Executive Directors;
- Operate the Company's incentive plans in line with the policy report and various plan rules; and
- Ensure it is kept abreast on issues affecting all aspects of executive remuneration.

The full Remuneration Committee terms of reference can be found on the Company's website. Details of the advisors to the Committee are set out on page 75.

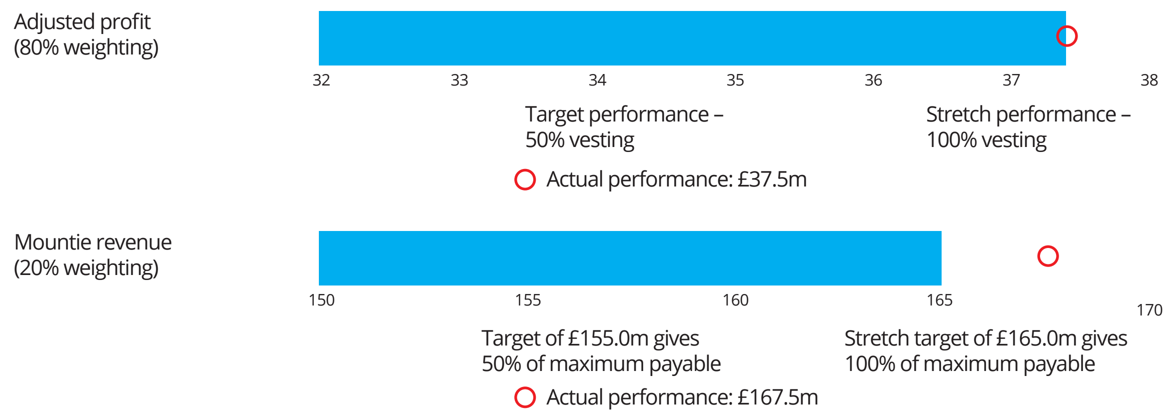
Remuneration in 2016

Our remuneration policy approved at the 2015 AGM continued to apply during 2016. The table below summarises the principal decisions in respect of 2016 in accordance with that policy.

Salary In accordance with that shareholder approved policy, Executive Directors' salaries were increased with effect from 1 January 2016 to reflect the performance of the directors and, in the case of Mike McLaren, the increased scope and complexity of his role.

Bonus As with 2015, the Executive Directors' bonus opportunity for 2016 was subject to stretching targets based on group pre-tax profit (as regards 80% of the opportunity) and Mountie revenue (as regards 20% of the opportunity), directly aligned to our KPIs.

Bonuses earned by the Executive Directors in respect of 2016 were 100% of salary, reflecting the strong performance by the Group during 2016 as detailed in the Strategic Report, as demonstrated below.



Further details of the annual bonus outturn are included in the Annual Report on Remuneration on page 70.

PSP The second annual grant under the Company's Performance Share Plan was made on 20 April 2016.

Although the shareholder approved policy permits the grant of awards of up to 100% of salary, the awards to the Executive Directors were scaled back to 40,000 shares each to enable the Company to make additional awards below Board level, in line with our culture of encouraging share ownership, as a percentage of salary the awards to the Executive Directors were:

Rod Flavell: 61%	Sheila Flavell: 82%
Mike McLaren: 85%	Andy Brown: 82%

The awards granted are subject to challenging EPS targets, aligned to our KPIs. In addition, the awards are subject to a further "underpin" test, so that vesting can appropriately reflect overall financial performance over the performance period. The performance conditions will be measured over the 2016 - 2018 performance period. Details of the awards granted to Executive Directors are included in the Annual Report on Remuneration on page 71.

Statement from the Chairman of the Remuneration Committee *(continued)*

Remuneration in 2017

As noted above, during 2017 we will continue to review our Directors' Remuneration Policy in advance of seeking shareholder approval for it at the 2018 AGM.

In the meantime, the policy approved at the 2015 AGM will continue to apply for 2017. Further information is given in the Annual Report on Remuneration, but in summary, there are no significant changes to the approach to the application of the policy in 2016.

Salary Executive Directors salaries for 2017 have been set at the same level as for 2016.

Annual bonus Executive Directors will continue to be eligible to earn an annual bonus of up to 100% of salary, subject to the achievement of stretching targets based on PBT and Mountie revenue.

PSP PSP awards will be granted at the level of up to 100% of salary.

As in previous years, the awards will be subject to performance conditions based on growth in EPS. Historically, the EPS growth targets have required compound annual growth in EPS of between 10% (for 25% vesting) and 17% (for 100% vesting). Those targets were originally set shortly after the Company's flotation. The Committee has considered them for the purposes of the 2017 awards in the context of the Company's development since and to reflect the growth and maturity of the Company since flotation. Therefore, taking into account internal budgets and external expectations, and with a view to achieving a similar level of stretch, the Committee proposes a minor reduction in the target for maximum vesting from 17% to 15% for the 2017 awards. Threshold vesting will continue to require 10% growth, and there will be no change to the vesting percentage (25%) for threshold performance.

Feedback

We always welcome feedback from shareholders on any aspect of our Directors' remuneration and will continue to monitor our remuneration policy to ensure it remains aligned to the business strategy and delivery of shareholder value.

PF Whiting

Peter Whiting
Chairman of the Remuneration Committee
7 March 2017

Annual Report on Remuneration

Audited Section

The Audited Section of this report comprises only the following sections:

- Single figure table;
- Annual bonus for 2016;
- Directors' shareholding and share interests;
- Performance Share Plan awards granted in 2016.

Single figure table

The table below details the total remuneration receivable by each Director for the financial years ended 31 December 2016 and 31 December 2015. Where necessary, further explanation of the values provided are included in the notes to the table or the additional information that follows it in relation to the 2016 annual bonus.

		Salary and fees £000	Benefits £000	Annual bonus £000	Long term incentives £000	Pension £000	Total remuneration £000
Executive Directors							
Rod Flavell	2016	367.5	19.6	367.5	–	9.9	764.5
	2015	350.0	19.5	288.1	–	10.5	668.1
Sheila Flavell	2016	273.0	9.5	273.0	–	7.3	562.8
	2015	260.0	13.2	214.0	–	7.8	495.0
Mike McLaren	2016	262.5	13.5	262.5	–	7.0	545.5
	2015	220.0	13.1	181.1	–	6.7	420.9
Andy Brown	2016	273.0	12.6	273.0	–	8.2	566.8
	2015	260.0	13.4	214.0	–	7.9	495.3
Non-Executive Directors							
Ivan Martin	2016	131.0	–	–	–	–	131.0
	2015	122.5	–	–	–	–	122.5
Peter Whiting	2016	52.0	–	–	–	–	52.0
	2015	45.0	–	–	–	–	45.0
Jonathan Brooks[1]	2016	n/a	n/a	n/a	n/a	n/a	n/a
	2015	37.5	–	–	–	–	37.5
Robin Taylor[2]	2016	47.0	–	–	–	–	47.0
	2015	40.8	–	–	–	–	40.8
Michelle Senecal de Fonseca[3]	2016	40.3	–	–	–	–	40.3
	2015	n/a	n/a	n/a	n/a	n/a	n/a
David Lister[4]	2016	34.2	–	–	–	–	34.2
	2015	n/a	n/a	n/a	n/a	n/a	n/a

1 Jonathan Brooks resigned on 30 October 2015. His fee for 2015 reflects his fee for the year until his date of resignation.
2 Robin Taylor was appointed Chairman of the Audit Committee on 30 October 2015. His fee for 2016 in part reflects his role as Chairman for the whole 12 month period.
3 Michelle Senecal de Fonseca was appointed as a Director on 16 January 2016. Her fee for 2016 reflects her fee from that date until the end of the year. On an annualised basis her fee would equate to £42,000.
4 David Lister was appointed as a Director on 9 March 2016. His fee for 2016 reflects his fee from that date until the end of the year. On an annualised basis his fee would equate to £42,000.

Annual Report on Remuneration *(continued)*

The figures in the single figure table on the previous page are derived from the following:

Salary and fees	The total salaries and fees paid in respect of the year.
Benefits	Value of benefits received in the year, comprising private medical insurance and car allowance.
Annual bonus	The cash value of the bonuses earned in respect of the year.
Pension	The cash value of Company pension contributions paid on behalf of the Executive Directors as part of the Company's defined contribution scheme.

Annual bonus for 2016

Each Executive Director's annual bonus opportunity for 2016 was based on an adjusted profit before tax target (governing 80% of the opportunity) and a Mountie revenue target (governing 20% of the opportunity). The targets set are detailed in the table below, along with performance against those targets.

For the adjusted profit before tax element of the bonus, a threshold performance level was set at which the bonus paid (20% of the maximum for that element of the bonus) would have been self-funding by reference to a target level of performance of £34.0 million. While the remuneration policy permits a threshold payment of 20% of maximum payable, the Committee decided not to set such a target concerning Mountie revenue. Had the target Mountie revenue of £155.0 million not been achieved, no bonus would have been payable concerning this metric.

	Weighting	Threshold (20% of maximum payable)	Target (50% of maximum payable)	Stretch (100% of maximum payable)	Actual performance	Bonus earned (percentage of maximum payable)
Adjusted profit before tax and before bonus	80%	n/a	£34.0m	£37.4m	£37.5m[1]	100%
Mountie revenue	20%	n/a	£155.0m	£165.0m	£167.3m	100%

1 The adjusted profit before tax and before bonus figure of £37.5 million reflects the adjusted profit before tax and after bonus figure of £36.9 million.

Accordingly, each Executive Director earned a bonus equal to 100% of their salary in respect of 2016.

Long term incentive awards vesting in 2016

No long term incentives were due to vest in respect of a performance period ending during the year, and hence none vested. The Company's first awards under its Performance Share Plan were granted in 2015 and will vest by reference to performance over the three year period ending with 2017.

Former Directors

During the year, no payments were made to any former Director of the Company or in respect of loss of office.

Directors' shareholding and share interests

The current Executive Directors have shareholdings with values significantly in excess of two times' salary, reflecting the Company's historic culture of share ownership and entrepreneurialism. The Committee has also adopted a formal shareholding guideline of 100% of salary; while not relevant for the existing Directors given their significant holdings, the Committee will keep the level of this guideline under review. Newly appointed Executive Directors will normally be given three years to reach the shareholding guideline, subject to their individual circumstances.

The interests as at 31 December 2016 were as follows:

	Ordinary shares as at 31 December 2016 Number	Ordinary shares value as at 31 December 2016 £000[1]	Value (x base salary[2])
Executive Directors			
Rod Flavell	8,201,255	46,337	126.1
Sheila Flavell	8,201,254	46,337	169.7
Mike McLaren	499,295	2,821	10.7
Andy Brown	4,540,801	25,656	94.0
Non-Executive Directors			
Ivan Martin	8,000	45	0.3
Robin Taylor	5,226	30	0.6
Peter Whiting	10,453	59	1.1
Michelle Senecal de Fonseca	5,221	29	0.7
David Lister	–	–	–

1 Calculated based on the closing share price of 565 pence on 31 December 2016.
2 Calculated on base salary and fees at 31 December 2016.

There have been no changes in the Directors' holdings in the share capital of the Company between 31 December 2016 and the date the financial statements were approved.

Each Executive Director also holds awards under the Company's PSP, as follows.

Director	Date of award	Number at 1/1/16	Granted in 2016	Lapsed in 2016	Exercised in 2016	Number at 31/12/16	Status
Rod Flavell	20 April 2015[1]	50,000	–	–	–	50,000	Unvested
	19 April 2016	–	40,000	–	–	40,000	Unvested
Sheila Flavell	20 April 2015[1]	50,000	–	–	–	50,000	Unvested
	19 April 2016	–	40,000	–	–	40,000	Unvested
Mike McLaren	20 April 2015[1]	50,000	–	–	–	50,000	Unvested
	19 April 2016	–	40,000	–	–	40,000	Unvested
Andy Brown	20 April 2015[1]	50,000	–	–	–	50,000	Unvested
	19 April 2016	–	40,000	–	–	40,000	Unvested

1 Each award granted in 2015 was granted as an "Approved PSP" award to take account of potential tax advantages for the participant and Company. Each award consisted of a PSP award over 40,937 shares, a tax qualifying option over 9,063 shares with an exercise price of £3.31 per share and a "Linked Award" which is principally to fund the exercise price of the option. If the tax qualifying option is exercised at a gain, the Linked Award will be exercisable over such number of shares as have a market value at the date of exercise equal to the aggregate exercise price of the tax qualifying option. If the tax qualifying option is not capable of exercise at a gain and is released, the Linked Award may be exercised in respect of up to 9,063 shares, subject to the satisfaction of the applicable performance conditions. As the Linked Award is principally to fund the exercise price of the tax qualifying option, in practice, the award is equivalent to a PSP award over 50,000 shares.

Annual Report on Remuneration *(continued)*

Performance Share Plan awards granted in 2016

Each Executive Director was granted an award under the Company's PSP on 19 April 2016 as set out below.

Award	Number of shares	Exercise price per share	Face value of award
PSP award	40,000	£0.01	£224,400

The face value of the award is calculated by multiplying the number of shares subject to the PSP award (40,000) by £5.61 being the average share price over the three business days preceding the date of grant.

The awards will vest based on compound annual EPS growth in line with the following schedule:

Compound annual growth in adjusted[1] EPS	Percentage of the award that will vest
10% p.a.	25%
Greater than 10% p.a. but less than 17% p.a.	Determined on a straight line basis between 25% and 100%
17% p.a. or greater	100%

1 The Committee has discretion to adjust EPS for the purposes of the PSP where it considers it appropriate to do so (for example, to reflect a material acquisition and/ or divestment of a Group business) and to assess performance on a fair and consistent basis from year to year.

The extent to which the awards vest will be subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Final levels of vesting may be reduced should the Committee feel that the calculated levels do not reflect the performance of the Company.

Approach to Directors' remuneration for 2017

Base salary and fees

There has been no change in base salary and fees for the Executive Directors. The salaries and fees for 2017 will remain the same as for 2016, as set out below:

	Base annual salary
Rod Flavell (Chief Executive Officer)	£367,500
Sheila Flavell (Chief Operating Officer)	£273,000
Mike McLaren (Chief Financial Officer)	£262,500
Andy Brown (Chief Commercial Officer)	£273,000

	Annual fee
Ivan Martin (Chairman)	£126,000
Non-Executive Director	£42,000
Senior Independent Director	£5,000
Committee Chairman	£5,000

Annual bonus for 2017

In line with the directors' remuneration policy approved by shareholders the maximum annual bonus opportunity for all Executive Directors for 2017 is 100% of salary. 80% of the bonus opportunity will be dependent on adjusted group profit before tax, with the remaining 20% based on Mountie revenue. The Committee considers that the details of the 2017 targets are commercially sensitive and they are not disclosed in this report, however the 2017 targets will be disclosed in next year's report.

Long Term Incentives for 2017

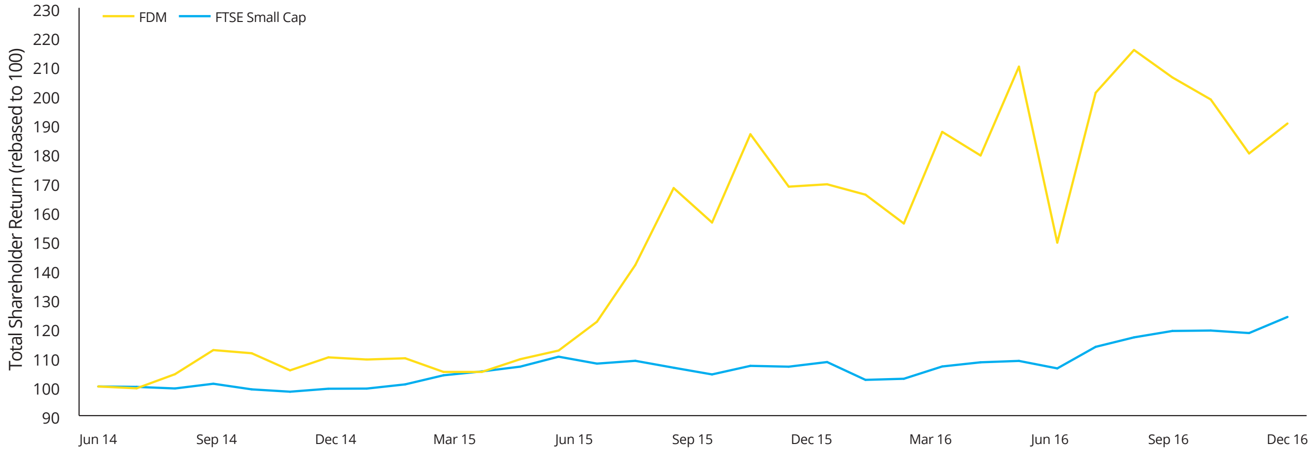
The Committee proposes to grant awards under the PSP in respect of 2017. In accordance with the approved Directors' remuneration policy, the maximum quantum of award granted to any Executive Director will be up to 100% of salary. The vesting of the awards will be subject to performance conditions based on compound annual growth in adjusted earnings per share over the three year performance period. As noted in the Committee Chairman's statement on page 68, a minor adjustment to the targets is proposed for the 2017 awards to reflect the growth and maturity of the Company since flotation. Accordingly, the awards will be subject to performance conditions based on compound annual EPS growth in line with the following schedule:

Compound annual growth in adjusted[1] EPS	Percentage of the award that will vest
10% p.a.	25%
Greater than 10% p.a. but less than 15% p.a.	Determined on a straight line basis between 25% and 100%
15% p.a. or greater	100%

The extent to which the awards vest will be subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Final levels of vesting may be reduced should the Committee feel that the calculated levels do not reflect the performance of the Company.

Performance graph and historical Chief Executive Officer remuneration outcomes

The graph below shows the Company's Total Shareholder Return ("TSR") performance since the date of listing compared to the FTSE Small Cap Index, which has been chosen as the Company is a member of that index.



The table below details the total remuneration, annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer ("CEO") for the last seven years. Note that for 2014 this is the remuneration received for the whole of 2014 and so is not directly comparable to the TSR performance chart above, which is for the period from 20 June 2014.

	2010	2011	2012	2013	2014	2015	2016
Total remuneration (£000)	455.2	639.2	686.2	547.7	658.5	668.1	764.5
Annual bonus as a % of maximum opportunity	100%	100%	100%	68%	55%	82%	100%

Annual Report on Remuneration *(continued)*

Change in CEO remuneration in relation to the wider workforce
The table below shows the percentage change in salary, benefits and annual bonus for the CEO and the wider workforce between 2015 and 2016. For these purposes, the wider workforce includes all UK employees excluding Mounties, and also excludes employees based overseas in order to exclude the effects of fluctuating exchange rates. Mounties have been excluded from the UK wider workforce numbers to ensure a more meaningful comparison to the CEO's remuneration as their remuneration is not subject to the same annual review process as the rest of the UK workforce. The annual bonus calculation excludes the stretch element of the annual bonus as set out on page 77.

Percentage change	CEO	Wider workforce
Salary	5.0%	10.5%
Taxable benefits	0.5%	0.0%
Annual bonus	5.0%	12.5%

Spend on pay
The following table sets out the percentage change in dividends and the overall expenditure on pay (as a whole across the organisation).

	Year ended 31 December 2015 £000	Year ended 31 December 2016 £000	Percentage change
Dividends	16,665	24,514	47%
Overall expenditure on pay	78,487	113,053	44%

Service contracts
Our approach to service contracts is set out in the Directors' Remuneration Policy approved by shareholders. Each Executive Director has a service contract with the Company which may be terminated by the Company or Director by giving 12 months' notice. This notice period is considered appropriate to the Company. Each Non-Executive Director has a letter of appointment with the Company which may be terminated by the Company or Director by giving three months' notice.

Directors' Remuneration Policy

Details of the Directors' service contracts (or letter of appointment in the case of a Non-Executive Director), notice periods and, where applicable, expiry dates, are set out below:

Name	Commencement	Expiry	Notice period
Rod Flavell	20 June 2014	–	12 months
Sheila Flavell	20 June 2014	–	12 months
Mike McLaren	20 June 2014	–	12 months
Andy Brown	20 June 2014	–	12 months
Ivan Martin	20 June 2014	–	3 months
Peter Whiting	20 June 2014	–	3 months
Robin Taylor	20 June 2014	–	3 months
Michelle Senecal de Fonseca	15 January 2016	–	3 months
David Lister	9 March 2016	–	3 months

Shareholder approval of our Directors' Remuneration Report
At the AGM held on 30 April 2015, the Directors' Remuneration Policy received strong support from shareholders, which was reflected in the approval of the Directors' Remuneration Report at the 2016 AGM. The results of the votes are set out below:

Resolution	Votes for	% of votes for	Votes against	% votes against	Votes withheld
2015 AGM: Approve the Directors' Remuneration Policy	87,035,109	98.46%	1,359,484	1.54%	0
2016 AGM: Approve the Directors' Remuneration Report	91,803,347	98.37%	1,519,162	1.63%	0

Advisors
During the financial year, the Committee received independent advice from Deloitte LLP, which was appointed by the Committee, in relation to the Committee's consideration of matters relating to Directors' Remuneration. Deloitte LLP was appointed in 2014 following a formal tender process. Fees for advice provided to the Remuneration Committee during the year were £16,000. Fees were charged on a time and disbursements basis.

Deloitte LLP is a member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealing with the Remuneration Committee. The Remuneration Committee continued to review the appointment of Deloitte LLP and is satisfied that all advice received was objective and independent.

The Chairman, Chief Executive Officer and other members of executive management attend the Committee by invitation to provide input, but no Executive Director or other member of management is present when his or her own remuneration is discussed.

The Company's Directors' remuneration policy was approved by shareholders at the AGM held on 30 April 2015. Since we are not seeking shareholder approval for a revised policy at the 2017 AGM, we have set out below just the "policy tables", but with certain date specific references updated. The full policy as approved at the 2015 AGM is available on the Company's website at **www.fdmgroup.com**.

Directors' Remuneration Policy *(continued)*

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
Core element of fixed remuneration to reflect the individual's role and experience as part of a broadly market competitive total remuneration package, to enable the Group to recruit and maintain the required skills and expertise to enable it to achieve its strategy.	Salary levels are determined taking into account a range of factors, which may include (but are not limited to): • Underlying Group performance; • The size and scope of the Executive Director's role and responsibilities; • The Executive Director's skill, experience and performance; • Salary levels for equivalent roles at other listed companies of a similar size and/ or complexity to the Group; and • Pay and conditions elsewhere in the Group.	Whilst there is no maximum salary level, salary increases will normally be in line with the wider workforce in percentage of salary terms. Salary increases above this level may be awarded in certain circumstances, such as: • Where an Executive Director has been promoted or has had a change in scope or responsibility; • To reflect an individual's development or performance in role (e.g. a newly appointed Executive Director being moved to align with the market over time); • Where there has been a change in market practice; or • Where there has been a change in the size and/ or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate.	Not applicable.
Benefits To provide benefits as part of a broadly market competitive total remuneration package.	Executive Directors receive benefits set at an appropriate level taking into account total remuneration, market practice, the benefits provided to other employees in the Group and individual circumstances. Benefits provided currently include car allowances and private health insurance. Other benefits may be provided based on individual circumstances. These may include, for example, relocation expenses and expatriate allowances.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, the level of benefits provided for other employees in the Group and individual circumstances.	Not applicable.
Retirement benefits To provide an appropriate level of retirement benefit (or cash allowance equivalent) as part of a broadly market competitive total remuneration package.	Executive Directors are eligible to participate in the Company's defined contribution scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may take a taxable cash supplement instead of contributions to a pension plan.	Maximum company pension contribution (or cash allowance equivalent) for existing Executive Directors of 3% of salary. However, the Committee may permit a higher company pension contribution (or cash allowance equivalent) for any new Executive Director.	Not applicable.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus			
Rewards Executive Directors for achieving financial, strategic and/ or individual targets in the relevant year, to provide an incentive for the Group's employees to achieve goals aligned with the Group's strategy.	Performance measures and targets are reviewed annually and pay-out levels are determined by the Committee after the year end based on performance against the targets. The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business performance. **Recovery** For up to three years following the payment of an annual bonus award, the Committee may require the repayment of some or the entire award in the event of fraud or dishonesty leading to a material misstatement of financial results.	Maximum bonus opportunity for Executive Directors is 100% of base salary.	Performance measures and targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/ or individual targets. Pay-out of up to 20% of maximum for threshold performance (the minimum level of performance resulting in any payment), 50% of maximum for on-target performance and full pay-out for stretch performance with straight-line vesting in between each of the points. At least 80% of the bonus will be assessed against key financial performance measures which may include revenue, pre-tax profit or other key financial performance metrics of the Company. The balance of the bonus may be assessed against non-financial strategic measures and/ or individual performance.

Directors' Remuneration Policy *(continued)*

Executive Directors *(continued)*

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
PSP			
To incentivise Executive Directors over the longer term, and to deliver performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders' interests.	Long-term incentive awards are granted under the PSP which was approved on 16 June 2014. Awards under the PSP will typically be granted as a conditional award or the grant of a nil-cost option, in either case vesting subject to the achievement of specified performance conditions, over a period of at least three years. Awards may be settled in cash (or granted as a cash award over a notional number of shares) at the discretion of the Committee. Awards under the PSP may be granted on the basis that the number of shares shall be increased to reflect dividends paid over the vesting period, or the Committee may make a cash payment equal to those dividends on release of the shares. The Committee may at its discretion structure awards as APSP awards comprising both a HMRC tax-favoured option granted under the Company Share Option Plan ("CSOP") and a PSP award. APSP awards enable an Executive Director and the Company to benefit from HMRC tax-favoured option treatment in respect of part of the award without increasing the pre-tax value delivered to participants. APSP awards would be structured as a tax-favoured option and a PSP award, with the vesting of the PSP award scaled back to take account of any gain made on exercise of the tax-favoured option. Other than to enable the grant of APSP awards, the Company will not grant awards to Executive Directors under the CSOP. **Recovery** At the discretion of the Committee, unvested awards could be reduced, cancelled or have further conditions imposed in certain circumstances including (but not limited to): • A material misstatement of the Company's audited financial results; • A material failure of risk management by the Company or any subsidiary company within the Group; or • A material miscalculation of any performance measure. For up to three years following the vesting of an award, the Committee may require the repayment of some or the entire award in the event of fraud or dishonesty leading to a material misstatement of financial results.	The usual maximum award level under the PSP in respect of any financial year for Executive Directors is awards over shares with a value of 100% of salary. In certain circumstances, the Committee may grant awards under the PSP in respect of any financial year for Executive Directors up to a maximum of 200% of salary. The Committee may at its discretion structure awards as Approved Performance Share Plan ("APSP") awards to enable the participant and the Company to benefit from HMRC approved option tax treatment in respect of part of the award, without increasing the pre-tax value delivered to participants. APSP awards may be structured as an approved option up to the HMRC limit (currently £30,000) and a PSP share award, with the share award scaled back to take account of any gain made on exercise of the approved option.	Performance will be assessed against challenging performance targets. Performance will be based typically on financial measures including, but not limited to, absolute EPS growth. Awards (other than, in accordance with the requirements of the applicable tax legislation, any approved option granted as part of an APSP award) will also be subject to a financial underpin such that PSP awards will only vest if the Committee is satisfied with the overall performance of the Company. Performance measures (and their weighting where there is more than one measure) are reviewed annually to maintain appropriateness and relevance. For threshold performance 25% of the award will vest, rising to 100% of the award vesting for maximum performance with straight-line vesting in between. Below threshold performance, the award will not vest. Where a tax-favoured option is granted as part of an APSP award, the same performance conditions will apply to the tax-favoured option as apply to the PSP award.

Save as set out in the table above in relation to the annual bonus and PSP, there are no provisions for the recovery or withholding of any element of remuneration.

Information supporting the policy table

Explanation of performance measures chosen

Performance measures for the annual bonus and PSP awards which reflect the Company's strategy are selected. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

The annual bonus can be assessed against financial, strategic and/ or individual targets determined by the Committee with at least 80% subject to key financial targets. The Committee considers financial measures, such as profit before tax and revenue, to be important performance metrics because they encourage behaviours that facilitate profitable growth and the successful future strategic development of the business.

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of shareholders and to drive business performance. Currently absolute EPS growth is considered to be a key measure of success as it encapsulates the outcomes of many of the strategic drivers of the business, and helps align management incentives with growth in shareholder value.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/ or a divestment of a Group business or a change in prevailing market conditions) and to assess performance on a fair and consistent basis from year to year.

Operation of the PSP

The PSP will be operated by the Committee in accordance with the plan rules, including the ability to adjust the number of shares subject to awards in the event of a variation of share capital, demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Committee, affect the current or future value of shares.

Early vesting of awards

Awards may vest earlier than anticipated in "good leaver" circumstances, as determined by the Committee at their discretion. In the event of a change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), awards under the PSP may vest in accordance with the rules of the PSP. The Committee shall determine the extent of vesting taking into account the extent to which the relevant performance condition has been satisfied. Such vesting would ordinarily be on a time pro rata basis although the Committee has discretion not to apply time prorating.

Directors' Remuneration Policy *(continued)*

Non-Executive Directors

Purpose and link to strategy	Operation	Other items
To enable the Company to attract and retain Non-Executive Directors of the required calibre by offering market competitive rates.	The Chairman is paid a basic Chairman fee and additional fees for chairmanship of any Board Committees. Non-Executive Directors receive a basic fee and additional fees for chairmanship of any Board Committees. The Chairman's fee is determined by the Remuneration Committee and the fees of the other Non-Executive Directors are determined by the Board. Fees are based on the time commitment and contribution expected for the role and the level of fees paid to Non-Executive Directors serving on the board of similar-sized UK listed companies. Overall fees paid to Non-Executive Directors will remain within the limit of £1.0 million per annum set by the Company's Articles of Association.	Non-Executive Directors may be eligible to be reimbursed travel and subsistence costs incurred in the performance of their duties. The Non-Executive Directors do not participate in the Company's annual bonus, share plans or pension schemes or other benefit in kind arrangements.

Approval
This Report was approved by the Board on 7 March 2017 and signed on its behalf by:

Peter Whiting
Chairman of the Remuneration Committee
7 March 2017

Directors' Report

The Directors present the Directors' Report and audited Consolidated Financial Statements of FDM Group (Holdings) plc for the year ended 31 December 2016.

Principal activities, business review and future developments
The principal activity of the Group is the provision of professional services focusing principally on Information Technology. The Strategic Report on pages 1 to 49 provides a review of the Group's performance during the financial year as well as its future prospects.

Results and dividends
The Group reported a profit after tax for the year of £26.2 million (2015: £22.0 million). Results for the year are set out in the Consolidated Income Statement on page 90.

The Directors propose a final dividend of 10.3 pence per share. Subject to shareholder approval, this dividend will be paid on 16 June 2017 to shareholders of record on 26 May 2017. An interim dividend of 9.3 pence per share was declared by the Directors on 26 July 2016 and was paid on 23 September 2016 to holders of record on 26 August 2016.

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements unless otherwise stated, were:

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 - appointed 15 January 2016
David Lister	Non-Executive Director - appointed 9 March 2016

The biographies of the currently serving Directors are provided on pages 50 to 52 of this report.

Director share interests
Details of the interests of Directors in the shares of the Company are provided on page 71 of this report.

Director long term inventive schemes
For the purposes of the UK Listing Authority Listing Rules section 9.8.4C R, details of the Group's long term incentive schemes are disclosed in the Remuneration Report starting on page 66. All other information required to be disclosed by Listing Rule section 9.8.4 R is not applicable for the year under review.

Directors' indemnity and liability insurance
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Risk management objectives and policies
The Group through its operations is exposed to a number of risks. Details of the Group's financial risk management objectives and policies are set out in note 26 to the Consolidated Financial Statements. The principal risks that the Group faces are set out on pages 32 to 39 of the Strategic Report.

Corporate Governance
For details of the Corporate Governance report see pages 55 to 60. The Corporate Social Responsibility report, on pages 42 to 49, includes information about the Group's employment policies and greenhouse gas emissions. The Corporate Social Responsibility Report also includes information on the steps taken by the Group to ensure that slavery and human trafficking are not taking place within the Group's business, further to the newly implemented Modern Slavery Act 2015, which came into effect on 29 October 2015.

Branches outside the UK
The Group operate branches in France and Denmark.

Substantial shareholders
As at 31 December 2016 and as at 28 February 2017, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests (whether directly or indirectly held) in 3% or more of its voting rights:

		As at 31 December 2016		As at 28 February 2017	
Substantial shareholder	Direct/ indirect interest	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Columbia Threadneedle Investments	Indirect	9,815,750	9.1	9,322,099	8.7
Standard Life Investments	Indirect	9,027,115	8.4	8,973,910	8.3
Roderick Flavell	Direct	8,201,255	7.6	8,201,255	7.6
Sheila Flavell	Direct	8,201,254	7.6	8,201,254	7.6
Majedie Asset Management	Indirect	5,406,408	5.0	5,455,460	5.1
Investec Asset Management	Indirect	5,160,083	4.8	4,848,019	4.5
Artemis Investment Management	Indirect	4,827,931	4.5	4,679,018	4.4
Andrew Brown	Direct	4,540,801	4.2	4,540,801	4.2
AXA Investment Management	Indirect	4,260,981	4.0	4,260,981	4.0
Old Mutual Global Investors	Indirect	4,156,810	3.9	4,172,440	3.9
Unicorn Asset Management	Indirect	3,625,189	3.4	3,670,778	3.4
Hargreave Hale	Indirect	3,489,171	3.2	3,516,064	3.3
Invesco Perpetual Asset Management	Direct	3,400,189	3.2	3,411,900	3.2

Political donations
The Group made no political donations in the year (2015: £nil).

Going concern
The Group's business activities, together with the factors that are likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks, uncertainties and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enables the Group to manage its business risks successfully. 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 year and forecasts that all covenants will be passed for a period of at least twelve months from the date of signing this Annual Report.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis for preparing the financial statements.

Greenhouse gas emissions
Details of the Group's compliance with legislation relating to greenhouse gas emissions are set out on page 49 in the Corporate Social Responsibility report.

Employee information
Information on the Group's employee policies is included on page 42 in the Corporate Social Responsibility report.

Capital structure
The Group's capital structure is detailed in note 20 to the Consolidated Financial Statements.

Change of control
The Group has agreements in place with certain of its banking customers that give the bank the right to terminate the contract on a change of control following a takeover bid for the Group. In addition, the Group has a Revolving Credit Facility ("RCF") with HSBC Bank plc, which contains a clause such that HSBC Bank plc has the right to terminate the facility upon a change of control of the Group.

The Group has no agreements with employees or Directors that provide for compensation for loss of office or employment that occurs resulting from a takeover bid.
The Group knows of no agreements under which holders of securities in the Company may restrict votes or transfers in the Company's shares.

Post balance sheet events
There have been no significant events to report since the date of the balance sheet.

Related party transactions
The Group's related party transactions are detailed in note 25 to the Consolidated Financial Statements.

Independent auditors
In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of PwC as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and Accounts, including the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards ("IFRS"s) as adopted by the European Union ("EU"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Responsibility statement of the Directors in respect of the Annual Report
Each of the Directors in office at the date of the Directors' Report, whose names and functions are listed on pages 50 to 52, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report contained in this Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to the auditors
In accordance with Section 418 of the Companies Act 2006, Directors' reports shall include a statement, in the case of each Director in office at the date the Directors' Report is approved, that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' Report has been approved by the Board of Directors of FDM Group (Holdings) plc on 7 March 2017 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
7 March 2017

Mike McLaren
Chief Financial Officer
7 March 2017

Independent auditors' report to the members of FDM Group (Holdings) plc

Report on the Group financial statements

Our opinion

In our opinion, FDM Group (Holdings) plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

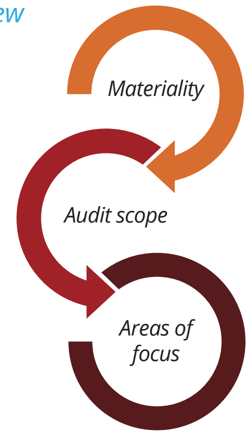
The financial statements, included within the Annual Report and Accounts 2016 (the "Annual Report"), comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.
The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

Our audit approach

Overview



- Overall group materiality: £1,760,000 which represents 5% of profit before tax.

- The group financial statements are a consolidation of 15 reporting units.
- We performed full scope audits of the UK and USA operating reporting units.
- We audited the revenue, trade and other receivables and cash and cash equivalent balances of the Canada, Germany and Switzerland trading reporting units.
- We also performed full scope audits of the centralised functions in the UK, comprising the parent and intermediate holding companies.
- Our full scope audits covered 81% of revenue (with a further 13% coverage obtained through our work on the Canada, Germany and Switzerland reporting units) and 91% of adjusted profit before tax.

- Revenue recognition in respect of uninvoiced amounts.
- Share option plan expenses.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	*How our audit addressed the area of focus*
Revenue recognition in respect of uninvoiced amounts *Refer to note 3.3 (b) to the Consolidated Financial Statements for the directors' disclosures of the related accounting policies and page 64 ('Significant financial reporting items') within the Audit Committee Report.* At the year-end, revenue is accrued for work performed that has not yet been invoiced. Within this estimate, revenue is recognised for contracts either where services have been provided but customer purchase orders have not yet been finalised, or where consultants' timesheets have not yet been approved by the customer or have not been received by the group. There is some judgement in the recognition of this revenue, in order to estimate the amount of work performed by consultants before receipt of approved timesheets or purchase orders, which could lead to an under or overstatement of revenue and profit, whether intentionally or in error.	We gained an understanding from management of the key assumptions underpinning the year end sales adjustments and compared these assumptions with the prior year. We evaluated management's estimate for unreceived timesheets by comparing a sample of estimated timesheets to the timesheets received post year end. We found the estimate to be appropriate. We substantively tested the year end adjustment for timesheets received but not invoiced by agreeing to subsequent cash receipt or customer approval, in order to identify any inappropriate recognition of revenue, noting no material exceptions in our testing.
Share option plan expenses Refer to notes 3.3 (m) and 4 to the Consolidated Financial Statements for the directors' disclosures of the related accounting policies, judgements and estimates, and page 64 ('Significant financial reporting items') within the Audit Committee Report. In the prior year, the group has implemented a share option plan for management and senior employees. The assumptions used in calculating the charge recognised in the income statement are judgemental and complex, including an estimate of the number of leavers from the scheme in each period as well as an estimate of the future growth in adjusted earnings per share of the group (refer to page 72 ('Annual Report on Remuneration') for details on the share option plan). These judgements could lead to an under or overstatement of the share option plan expense, whether intentionally or in error.	We gained an understanding from management of the key assumptions underpinning the share option valuation model. We evaluated the assumption made by management for forecast growth in adjusted earnings per share by comparing to recent historical performance as well as reviewing budgets and forecasts approved by the Board of Directors, and found it to be appropriate. We evaluated management's assumption for the number of leavers from the scheme by comparing to historical leavers from the scheme, and found it to be appropriate. We evaluated the sensitivity analysis performed by management to assess the potential impact of changes in key assumptions, noting that a significant change in the assumptions would be needed to cause a material error in the share option plan expense. We concluded that stress testing these assumptions did not have a material impact on the income statement charge. We checked the mathematical integrity of the model, and found it to be accurate. We tested a sample of options granted to deeds of grant and leavers from the scheme to resignation letters, noting no exceptions in our testing. We also considered the disclosures made in note 23 to the financial statements and determined that they are consistent with the requirements of accounting standards.

Report on the group financial statements *(continued)*

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group is structured by division, with significant reporting units in the UK and USA, and further smaller reporting units in locations across Europe, Canada, Asia and South Africa. The group financial statements are a consolidation of 13 reporting units, comprising the group's operating businesses and centralised functions.

The accounting and financial management for all reporting units is controlled from the UK, so we as the group engagement team have performed all audit work.

We determined the type of work that needed to be performed at the reporting units to be able to conclude that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. Accordingly, we determined that audits of the complete financial information were required for four reporting units, comprising the UK and USA trading reporting units and the parent and intermediate holding companies (which contain, amongst other balances, the group's borrowing facilities and central costs). To support our work on the USA reporting unit, we visited the group's offices in New York, where we met with local management, we met with some Mounties and inspected original copies of certain documents. We also included in our audit scope the revenue, trade and other receivables and cash and cash equivalents in the next three largest reporting units, being Canada, Germany and Switzerland, which we performed from the group's head office in the UK, where the accounting is administered. To support these procedures we also visited the group's offices in Toronto, where we met with local management, we met with some Mounties and inspected original copies of certain documents.

As a result, full scope audit procedures were conducted on reporting units representing 91% of the group's adjusted profit before tax and 81% of revenue, with a further 13% coverage of revenue obtained through our work on the Canada, Germany and Switzerland reporting units.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£1,760,000 (2015: £1,500,000).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We believe that profit before tax provides us with the most appropriate basis for determining materiality as we believe this aligns with the principal consideration of the shareholders of the company.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £85,000 (2015: £70,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 82, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Corporate Governance Statement set out on pages 55 to 60 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- the information given in the Corporate Governance Statement set out on pages 55 to 60 with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies complies with rules 7.2.2, 7.2.3 and 7.2.7 of the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority.
- In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the information referred to above in the Corporate Governance Statement. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 59, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages 62 to 65, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

Other required reporting *(continued)*

The directors’ assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the directors’ confirmation on pages 32 to 39 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors’ explanation on page 40 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors’ statement that they have carried out a robust assessment of the principal risks facing the group and the directors’ statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors’ process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors’ remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors’ remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the parent company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors’ Responsibilities set out on pages 83, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report, Directors’ Report and Corporate Governance Statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the parent company financial statements of FDM Group (Holdings) plc for the year ended 31 December 2016 and on the information in the Directors’ Remuneration Report that is described as having been audited.

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

7 March 2017

Consolidated Income Statement

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Revenue	6	**189,403**	160,656
Cost of sales		**(103,291)**	(97,207)
Gross profit		**86,112**	63,449
Administrative expenses		**(50,691)**	(33,932)
Operating profit	7	**35,421**	29,517
Finance income	10	**28**	16
Finance expense	10	**(128)**	(168)
Net finance expense		**(100)**	(152)
Profit before income tax		**35,321**	29,365
Taxation	11	**(9,139)**	(7,344)
Profit for the year		**26,182**	22,021

Earnings per ordinary share

		2016 pence	2015 pence
Basic	12	**24.4**	20.5
Diluted	12	**24.2**	20.5

The results for the year shown above arise from continuing operations.

The notes on pages 95 to 115 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	2016 £000	2015 £000
Profit for the year	**26,182**	22,021
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	**1,388**	(67)
Total other comprehensive income/ (expense)	**1,388**	(67)
Total comprehensive income for the year	**27,570**	21,954

The notes on pages 95 to 115 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 31 December 2016

	Note	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	13	**5,011**	4,264
Intangible assets	14	**19,533**	19,550
Deferred income tax assets	16	**772**	173
		25,316	23,987
Current assets			
Trade and other receivables	17	**29,164**	24,593
Cash and cash equivalents	18	**27,844**	22,360
		57,008	46,953
Total assets		**82,324**	70,940
Non-current liabilities			
Deferred income tax liabilities	16	**–**	282
		–	282
Current liabilities			
Trade and other payables	19	**24,628**	19,168
Current income tax liabilities		**4,358**	3,089
		28,986	22,257
Total liabilities		**28,986**	22,539
Net assets		**53,338**	48,401
Equity attributable to owners of the parent			
Share capital	20	**1,075**	1,075
Share premium		**7,873**	7,873
Capital redemption reserve		**52**	52
Translation reserve		**1,464**	76
Other reserves		**2,470**	589
Retained earnings		**40,404**	38,736
Total equity		**53,338**	48,401

The notes on pages 95 to 115 are an integral part of these Consolidated Financial Statements.

The financial statements on pages 90 to 115 were approved by the Board of Directors on 7 March 2017 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer

7 March 2017

Mike McLaren
Chief Financial Officer

7 March 2017

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Group profit before tax for the year		**35,321**	29,365
Adjustments for:			
Depreciation and amortisation	7	**1,180**	753
Finance income	10	**(28)**	(16)
Finance expense	10	**128**	168
Share-based payment charge (including associated social security costs)		**2,217**	710
(Increase)/ decrease in trade and other receivables		**(4,571)**	479
Increase in trade and other payables		**5,126**	5,027
Cash flows generated from operations		**39,373**	36,486
Interest received		**28**	16
Income tax paid		**(8,751)**	(6,920)
Net cash generated from operating activities		**30,650**	29,582
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,735)**	(2,437)
Acquisition of intangible assets		**(60)**	(172)
Net cash used in investing activities		**(1,795)**	(2,609)
Cash flows from financing activities			
Finance costs paid		**(128)**	(161)
Dividends paid	21	**(24,514)**	(16,665)
Net cash used in financing activities		**(24,642)**	(16,826)
Exchange gains/ (losses) on cash and cash equivalents		**1,271**	(74)
Net increase in cash and cash equivalents		**5,484**	10,073
Cash and cash equivalents at beginning of year		**22,360**	12,287
Cash and cash equivalents at end of year	18	**27,844**	22,360

The notes on pages 95 to 115 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £000	Share premium £000	Capital redemption reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	1,075	7,873	52	76	589	38,736	48,401
Profit for the year	–	–	–	–	–	26,182	26,182
Other comprehensive income for the year	–	–	–	1,388	–	–	1,388
Total comprehensive income for the year	–	–	–	1,388	–	26,182	27,570
Share-based payments (note 23)	–	–	–	–	1,881	–	1,881
Dividends (note 21)	–	–	–	–	–	(24,514)	(24,514)
Total transactions with owners, recognised directly in equity	–	–	–	–	1,881	(24,514)	(22,633)
Balance at 31 December 2016	**1,075**	**7,873**	**52**	**1,464**	**2,470**	**40,404**	**53,338**

	Share capital £000	Share premium £000	Capital redemption reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2015	1,127	8,364	–	143	–	32,889	42,523
Profit for the year	–	–	–	–	–	22,021	22,021
Other comprehensive expense for the year	–	–	–	(67)	–	–	(67)
Total comprehensive (expense)/ income for the year	–	–	–	(67)	–	22,021	21,954
Share-based payments (note 23)	–	–	–	–	589	–	589
Closure of Employee Benefit Trust (note 24)	–	(491)	–	–	–	491	–
Purchase of deferred shares (note 20)	(52)	–	52	–	–	–	–
Dividends (note 21)	–	–	–	–	–	(16,665)	(16,665)
Total transactions with owners, recognised directly in equity	(52)	(491)	52	–	589	(16,174)	(16,076)
Balance at 31 December 2015	**1,075**	**7,873**	**52**	**76**	**589**	**38,736**	**48,401**

The notes on pages 95 to 115 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General information

The Group is a global professional services provider with a focus on Information Technology ("IT"), specialising in the recruitment, training and placement 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.

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries. Subsidiaries and their countries of incorporation are presented in note 3 to the Parent Company Financial Statements.

The Consolidated Financial Statements present the results for the year ended 31 December 2016. The Consolidated Financial Statements were approved by Rod Flavell and Mike McLaren on behalf of the Board of Directors on 7 March 2017.

2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks and uncertainties and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enables 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 year and forecasts that all covenants will be passed for a period of at least twelve months from the date of signing this Annual Report.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis for preparing the financial statements.

3 Accounting policies

3.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with IFRSs as adopted by the EU, IFRS Interpretations Committee ("IFRS IC") interpretations and the Companies Act 2006 as applicable to companies reporting under IFRSs.

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The Group's accounting policies have been applied consistently.

3.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016.

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the subsidiaries owned by the Group are presented in note 3 to the Parent Company Financial Statements. There are no minority interests in the subsidiaries of the Company.

3.3 Summary of significant accounting policies

a) Business combinations and goodwill

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and excluding sales taxes.

Rendering of services

Revenue from the provision of IT consultants to third party customers is recognised as follows:

- The revenue is recognised in the period in which the IT consultants perform the work at the contracted rates for each IT consultant. Revenue is based on timesheets from its IT consultants which are authorised by the Group's customers detailing the hours and service provided;
- Revenue in respect of non-receipted timesheets is accrued at the estimated contract value; and
- Volume rebates are accrued in the period in which the revenue is incurred, with the value of the rebate offset against revenue. They are calculated with regard to the threshold revenue in a contractual period.

c) Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the company operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Pounds Sterling (£), which is the functional currency of the parent company and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate prevailing at the time of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in the Group's presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense related items are translated at the average exchange rates for the period. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve.

d) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

e) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and equipment	4 years
Fixtures and fittings	4 years
Leasehold improvements	Length of lease

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted if appropriate.

f) Operating leases

Operating lease payments are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as part of the total lease expense.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

3.3 Summary of significant accounting policies *(continued)*

g) Intangible assets *(continued)*

Software and software licences

The Group holds acquired software and software licences as intangible assets. Acquired software and software licences are capitalised on the basis of cost and amortised over the estimated useful lives of the software which is estimated to be four years or the licence term if shorter. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units.

Goodwill is reviewed annually or when there is an indication of impairment. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

j) Financial instruments

Non-derivative financial instruments

The Group's non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and a revolving credit facility.

Trade receivables and payables are measured initially at fair value, and subsequently at amortised cost. Trade receivables are stated net of allowances for irrecoverable amounts. Evidence of impairment of trade receivables include indications that customers are experiencing significant financial difficulty or have significantly overdue balances.

The Group does not have any borrowings but borrowing costs paid on the establishment of credit facilities are recognised as an expense in the income statement over the expected usage period of the facility.

Derivative financial instruments

Derivative financial instruments are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value and the gain or loss on remeasurement is taken to the Consolidated Income Statement.

The Group employs derivative financial instruments, in the form of foreign exchange contracts, to mitigate currency exposures on trading transactions. The Group does not hedge forecast transactions that will result in the recognition of a non-financial asset or liability. Fair values of derivative financial instruments are based on the market values of the instruments at the reporting date.

k) Pensions and other post-employment benefits

The Group operates a number of defined contribution pension schemes. The assets of each scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting period.

l) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Equity instruments that are reacquired (treasury shares) are recognised at cost, including any directly attributable incremental costs (net of income taxes), and deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and consideration (net of any directly attributable incremental transaction costs and the related income tax effects), if reissued, is recognised in Share premium. Treasury shares relate to those shares held by the Employee Benefit Trust and are consolidated in the results of the Group. The Company is the sponsoring entity of the Employee Benefit Trust. The Employee Benefit Trust was closed during the year ended 31 December 2015. Until its closure during 2015, the share transactions of the Employee Benefit Trust were consolidated in the results of the Group.

Other reserves represent the cost of equity on settled share-based payments until such share options are exercised or lapse.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

m) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The equity-settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

3.3 Summary of significant accounting policies *(continued)*

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors. The Executive Directors have been identified as the chief operating decision maker.

o) Dividends

Dividends are recognised as a liability in the year in which they are fully authorised, or in the case of interim dividends when paid.

4 Significant accounting estimates and assumptions

The preparation of the Group's 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 year. 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 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 EPS 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. The key assumptions in respect of the share-based payment charges are set out in note 23.

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. For further information, see note 15.

5 New standards and interpretations

The International Accounting Standards Board ("IASB") and IFRS IC have issued the following new standards and amendments which were effective during the year and were adopted by the Group in preparing the financial statements. The adoption of these amendments has not had a material impact on the Group's financial statements in the year:

Effective in 2016	Effective for accounting periods beginning on or after	Endorsed by the EU
New standards		
IFRS 14, 'Regulatory deferral accounts'	1 January 2016	Yes
Amendments		
Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016	Yes
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	1 January 2016	Yes
Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants	1 January 2016	Yes
Amendments to IAS 27, 'Separate financial statements' on equity accounting	1 January 2016	Yes
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	1 January 2016	Yes
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption	1 January 2016	Yes
Amendment to IFRS 11, 'Joint arrangements on acquisition of an interest in a joint operation'	1 January 2016	Yes
Annual improvements (2014)	1 January 2016	Yes

The IASB and IFRS IC have issued the following standards and amendments with an effective date of implementation for accounting periods beginning after the date on which the Group's financial statements for the current year commenced. 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.

Effective after 31 December 2016	Effective for accounting periods beginning on or after	Endorsed by the EU
New standards		
IFRS 9, 'Financial instruments'	1 January 2018	Yes
IFRS 15, 'Revenue from contracts with customers'	1 January 2018	No
IFRS 16, 'Leases'	1 January 2019	No
Amendments		
Amendments to IAS 7, 'Statement of cash flows'	1 January 2017	No
Amendments to IAS 12,'Income taxes' on recognition of deferred tax assets for unrealised losses	1 January 2017	No
Amendment to IFRS 9,'Financial instruments', on general hedge accounting	1 January 2018	No
Amendments to IFRS 4 Amendments regarding implementation of IFRS 9	1 January 2018	No
Amendments to IFRS 15, 'Revenue from contracts with customers'- clarifications	1 January 2018	No

The Directors have carried out an assessment of the likely impact of IFRS 16 'Leases':

Nature of change

IFRS 16 was issued in January 2016. It will result in all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The standard will affect the accounting for the Group's operating leases, as the Group currently does not have any finance leases. As at the reporting date, the Group has non-cancellable operating lease commitments of £22.3 million, see note 22. The Group has carried out an assessment of the impact of IFRS 16 on its lease portfolio as at 31 December 2016. 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.

Mandatory application date/ date of adoption by the Group

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.

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 31 December 2016, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:

(1) UK and Ireland;
(2) North America;
(3) Rest of 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.

6 Segmental reporting *(continued)*

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

For the year ended 31 December 2016

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	112,912	56,782	12,082	7,627	189,403
Depreciation and amortisation	(762)	(334)	(18)	(66)	(1,180)
Segment operating profit/ (loss)	**26,058**	**8,909**	**1,199**	**(745)**	**35,421**
Finance income	20	–	7	1	28
Finance costs	(106)	(4)	(14)	(4)	(128)
Profit/ (loss) before income tax	**25,972**	**8,905**	**1,192**	**(748)**	**35,321**
Total assets	**60,232**	**14,265**	**4,974**	**2,853**	**82,324**
Total liabilities	**(17,791)**	**(6,686)**	**(1,862)**	**(2,647)**	**(28,986)**

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 2016	**22,755**	**1,551**	**26**	**212**	**24,544**

For the year ended 31 December 2015

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	110,011	36,154	10,672	3,819	160,656
Depreciation and amortisation	(559)	(176)	(15)	(3)	(753)
Segment operating profit	**22,370**	**5,892**	**909**	**346**	**29,517**
Finance income	14	–	2	–	16
Finance costs	(152)	(4)	(9)	(3)	(168)
Profit before income tax	**22,232**	**5,888**	**902**	**343**	**29,365**
Total assets	**57,127**	**8,652**	**3,601**	**1,560**	**70,940**
Total liabilities	**(15,861)**	**(4,258)**	**(1,600)**	**(820)**	**(22,539)**

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 2015	**23,258**	**524**	**22**	**10**	**23,814**

Information about major customers

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

	2016 £000	2015 £000
Revenue from customer A	**26,126**	12,196
Revenue from customer B	**19,647**	44,714

7 Operating profit

Operating profit for the year has been arrived at after charging/(crediting):

	2016 £000	2015 £000
Hire of property – operating leases	**3,515**	2,627
Net foreign exchange differences	**3**	(69)
Depreciation and amortisation	**1,180**	753

Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2016 £000	2015 £000
Fees payable to the Group's auditors for the audit of the Parent Company and Consolidated Financial Statements	**65**	65
Fees payable to the Group's auditors for other services:		
– The audit of the Group's subsidiaries	**87**	80
– Non-audit services	**72**	118
	224	263

8 Staff numbers and costs

The monthly average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2016 Number	2015 Number
IT Consultants	**2,799**	1,992
Administration	**371**	316
	3,170	2,308

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	**100,203**	70,148
Social security costs	**9,443**	6,818
Other pension costs	**1,526**	932
Share-based payments	**1,881**	589
	113,053	78,487

Retirement benefits

The Group operates a number of defined contribution pension plans. The pension charge for the year represents contributions payable by the Group to the schemes. The pension contributions payable at 31 December 2016 were £218,000 (2015: £143,000). There were no prepaid contributions at the end of the financial year (2015: £nil).

9 Directors' remuneration

Details of the Directors' (who also represent the key management personnel of the Group) remuneration in respect of the year ended 31 December 2016 is set out below:

	2016 £000	2015 £000
Short term employee benefits	**2,712**	2,292
Post-employment benefits	**32**	33
Share-based payments	**241**	170
	2,985	2,495

For further information on Directors' remuneration, see the audited sections of the Remuneration Report as defined on page 69.

10 Finance income and expense

	2016 £000	2015 £000
Bank interest	**28**	16
Finance income	**28**	16

	2016 £000	2015 £000
Interest payable on working capital facility	**–**	(11)
Non utilisation fees on revolving credit facility	**(80)**	(109)
Finance fees and charges	**(48)**	(48)
Finance expense	**(128)**	(168)

11 Taxation

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	2016 £000	2015 £000
Current income tax:		
Current income tax charge	**9,956**	7,494
Adjustments in respect of prior periods	**64**	–
Total current tax	**10,020**	7,494
Deferred tax:		
Relating to origination and reversal of temporary differences	**(881)**	(150)
Total deferred tax	**(881)**	(150)
Total tax expense reported in the income statement	**9,139**	7,344

The standard rate of corporation tax in the UK in 2016 was 20%. The rate changed from 21% to 20% with effect from 1 April 2015. Accordingly, the profits for the respective accounting periods are taxed at an effective rate of 20% (2015: 20.25%). The tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2016 £000	2015 £000
Profit before income tax	**35,321**	29,365
Profit multiplied by UK standard rate of corporation tax of 20% (2015: 20.25%)	**7,064**	5,946
Effect of different tax rates on overseas earnings	**1,893**	1,283
Expenses not deductible for tax purposes	**118**	115
Adjustments in respect of prior periods	**64**	–
Total tax charge	**9,139**	7,344

Factors affecting future tax charges

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date. Therefore, at each year end, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the reporting date.

In 2015 the UK government announced legislation setting out that the main UK corporation tax rate will be 19% with effect from 1 April 2017, and 17% with effect from 1 April 2020. At 31 December 2016 and 31 December 2015, deferred tax assets and liabilities have been calculated based upon the rate at which the temporary difference is expected to reverse. These reductions may also reduce the Group's future current tax charges accordingly.

12 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 year.

		2016	2015
Profit for the year	£000	**26,182**	22,021
Average number of ordinary shares in issue (thousands)		**107,518**	107,518
Basic earnings per share	Pence	**24.4**	20.5

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), by the weighted average number of ordinary shares in issue during the year.

		2016	2015
Profit for the year (basic earnings)	£000	**26,182**	22,021
Share-based payment expense (including social security costs) (note 23)	£000	**2,217**	710
Tax effect of share-based payment expense	£000	**(672)**	(173)
Adjusted profit for the year	£000	**27,727**	22,558
Average number of ordinary shares in issue (thousands)		**107,518**	107,518
Adjusted basic earnings per share	Pence	**25.8**	21.0

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. In 2015 there was no difference between basic and diluted earnings per share as there were no dilutive shares.

		2016
Profit for the year (basic earnings)	£000	**26,182**
Average number of ordinary shares in issue (thousands)		**107,518**
Adjustment for share options (thousands)		**585**
Diluted number of ordinary shares in issue (thousands)		**108,103**
Diluted earnings per share	Pence	**24.2**

13 Property, plant and equipment

2016	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2016	3,657	1,009	1,900	6,566
Additions	1,034	271	430	1,735
Disposals	(42)	(61)	(73)	(176)
Effect of movements in foreign exchange	88	58	105	251
At 31 December 2016	4,737	1,277	2,362	8,376
Accumulated depreciation				
At 1 January 2016	589	517	1,196	2,302
Depreciation charge for the year	523	231	340	1,094
Disposals	(42)	(61)	(73)	(176)
Effect of movements in foreign exchange	32	47	66	145
At 31 December 2016	1,102	734	1,529	3,365
Net book value at 31 December 2016	**3,635**	**543**	**833**	**5,011**

2015	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2015	2,361	642	1,437	4,440
Additions	1,610	362	465	2,437
Disposals	(330)	–	–	(330)
Effect of movements in foreign exchange	16	5	(2)	19
At 31 December 2015	3,657	1,009	1,900	6,566
Accumulated depreciation				
At 1 January 2015	623	355	940	1,918
Depreciation charge for the year	293	156	253	702
Disposals	(330)	–	–	(330)
Effect of movements in foreign exchange	3	6	3	12
At 31 December 2015	589	517	1,196	2,302
Net book value at 31 December 2015	**3,068**	**492**	**704**	**4,264**

14 Intangible assets

2016	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2016	592	19,322	19,914
Additions	60	–	60
Disposals	(157)	–	(157)
Effect of movements in foreign exchange	17	–	17
At 31 December 2016	512	19,322	19,834
Accumulated amortisation			
At 1 January 2016	364	–	364
Amortisation for the year	86	–	86
Disposals	(156)	–	(156)
Effect of movements in foreign exchange	7	–	7
At 31 December 2016	301	–	301
Net book value at 31 December 2016	**211**	**19,322**	**19,533**

2015	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2015	419	19,322	19,741
Additions	172	–	172
Effect of movements in foreign exchange	1	–	1
At 31 December 2015	592	19,322	19,914
Accumulated amortisation			
At 1 January 2015	312	–	312
Amortisation for the year	51	–	51
Effect of movements in foreign exchange	1	–	1
At 31 December 2015	364	–	364
Net book value at 31 December 2015	**228**	**19,322**	**19,550**

The amortisation charge is recognised in administrative expenses in the income statement. The amortisation period of the software and software licences is 4 years. Goodwill is not amortised but is subject to an annual impairment test.

The goodwill has been allocated to cash generating units ("CGUs") summarised as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Cost and net book value					
At 31 December 2016 and 2015	14,843	3,082	1,397	–	19,322

15 Impairment testing of goodwill

An overview of impairment reviews performed by CGUs is set out below. The recoverable amount of each CGU has been determined on value in use calculations using cash flow projections from financial budgets and forecasts approved by the Board covering a three year period from the date of the relevant impairment review. The key assumptions in the projections, for all CGUs, were as follows:

- Revenue and gross margin were based on expected levels of activity under existing major contractual arrangements together with growth based upon medium term historical growth rates and having regard to expected economic and market conditions for other customers.
- Administrative expenses were forecast to move in line with expected levels of activity in the CGU.
- The growth rate used to extrapolate the cash flows beyond the three year forecast period was 2.0% up to a period of 15 years in total.

The pre-tax discount rates used in the calculations were as follows:

	2016 %	2015 %
UK and Ireland	**11.40**	10.24
North America	**15.42**	13.95
EMEA	**10.56**	10.08

As a result of the review the Directors did not identify any impairment for the goodwill in each CGU. In considering sensitivities, no reasonable change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGUs.

16 Deferred income tax assets/ (liabilities)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £000	2015 £000
Non-current:		
Non-current temporary differences	**772**	173
Deferred tax asset	**772**	173

	2016 £000	2015 £000
Non-current:		
Non-current temporary differences	**–**	(282)
Deferred tax liability	**–**	(282)

The Directors consider the deferred tax asset is recoverable within two to five years. Deferred tax assets have been recognised in respect of timing differences associated with share-based payment expenses where it is considered probable that these assets will be recovered.

	1 January 2016 £000	Recognised in income statement £000	31 December 2016 £000
Movement in deferred tax during 2016:			
Share-based payments	173	673	**846**
Property, plant and equipment	(282)	(192)	**(474)**
Other	–	400	**400**
	(109)	881	**772**

	1 January 2015 £000	Recognised in income statement £000	31 December 2015 £000
Movement in deferred tax during 2015:			
Share-based payments	–	173	173
Property, plant and equipment	(259)	(23)	(282)
	(259)	150	(109)

17 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	**24,152**	20,990
Other receivables	**500**	341
Prepayments and accrued income	**4,512**	3,262
	29,164	24,593

The trade receivables as at 31 December are aged as follows:

	2016 £000	2015 £000
Not overdue	**17,350**	15,324
Not more than three months past due	**6,811**	5,336
More than three months but not more than six months past due	**120**	338
More than six months but not more than one year past due	**47**	78
Older than one year past due	**–**	48
Provision for impairment	**(176)**	(134)
	24,152	20,990

An analysis of the provision for impairment by the aged receivable category it relates to is set out below:

	Provision for impairment 2016 £000	Provision for impairment 2015 £000
Not overdue	**–**	2
Not more than three months past due	**83**	30
More than three months but not more than six months past due	**47**	35
More than six months but not more than one year past due	**46**	29
Older than one year past due	**–**	38
	176	134

The movement in the provision for impairment is as below:

	2016 £000	2015 £000
At 1 January	**134**	77
Charge for the year	**42**	57
At 31 December	**176**	134

17 Trade and other receivables *(continued)*

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2016 £000	2015 £000
Pounds Sterling	**14,036**	13,872
US Dollar	**5,086**	4,047
Canadian Dollar	**1,601**	599
Euro	**1,576**	996
Swiss Franc	**554**	553
Hong Kong Dollar	**592**	235
Singapore Dollar	**389**	345
Chinese Renminbi	**317**	282
South African Rand	**1**	52
Swedish Krona	**–**	9
	24,152	20,990

18 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	**27,844**	22,360

Cash and cash equivalents denominated in currencies other than Pounds Sterling amount to £7,505,000 (2015: £5,404,000), denominated in US Dollar, Canadian Dollar, Euro, Swiss Franc, Hong Kong Dollar, Singapore Dollar, Chinese Renminbi, South African Rand and Australian Dollar.

The Group has issued guarantees in favour of Commerzbank for CHF150,000, CRP/ Capstone 14W Property Owner LLC totalling US$242,399 and Roza 14W LLC for a leasehold property in the USA for US$25,973.

The Group had undrawn facilities at 31 December 2016 of £20,000,000 (2015: £20,000,000).

The credit quality of financial assets can be assessed by reference to external credit ratings issued by credit ratings agencies registered in the European Union. Cash at bank is held with banks with the following ratings:

Cash at bank by credit rating	2016 £000	2015 £000
AA	**25,676**	20,989
A	**2,168**	1,371
	27,844	22,360

Revolving credit facility

The Group has a £20,000,000 Revolving Credit Facility ("RCF") with HSBC Bank plc, expiring on 14 August 2018. The facility is available to be repaid and redrawn at the discretion of the Group.

The RCF is secured by way of a debenture on the assets of the Company, Astra 5.0 Limited, FDM Group Limited and FDM Group Inc. The interest rate on the RCF is fixed at 1.0% over LIBOR per annum. The charge on non-utilised funds is 0.4% per annum (1.0% per annum until February 2015).

19 Trade and other payables

	2016 £000	2015 £000
Trade payables	**1,621**	3,172
Other payables	**884**	883
Other taxes and social security	**5,995**	5,257
Accruals and deferred income	**16,128**	9,856
	24,628	19,168

Trade and other payables denominated in currencies other than Pounds Sterling amount to £7,351,000 (2015: £4,426,000), denominated in US Dollar, Canadian Dollar, Euro, Swiss Franc, Hong Kong Dollar, Singapore Dollar Chinese Renminbi, South African Rand and Australian Dollar.

20 Share capital

Authorised, called up, allotted and fully paid share capital

	2016 Number of shares	2016 £000	2015 Number of shares	2015 £000
Ordinary shares of £0.01 each	**107,517,506**	**1,075**	107,517,506	1,075

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

Deferred shares

At the Company's Annual General Meeting held on 30 April 2015, shareholders approved the purchase by the Company of 5,200,392 deferred shares for £1.00; the deferred shares had a nominal value of £0.01 each. The deferred shares were not entitled to any dividend or distribution and the holders had no right to attend, speak or vote at any general meeting of the Company by virtue of their holdings of any deferred shares. The holder of each deferred share had the right to receive, after the holders of all other shares in the capital of the Company (other than the deferred shares) then in issue had received £10,000,000 in respect of each such share held by them.

21 Dividends

	2016 £000	2015 £000
Dividends paid		
Paid to shareholders	**24,514**	16,665

An interim dividend of 9.3 pence per ordinary share was declared by the Directors on 26 July 2016 and was paid on 23 September 2016 to holders of record on 26 August 2016.

The Board is proposing a final dividend of 10.3 pence per share in respect of the year to 31 December 2016, for approval by shareholders at the AGM on 27 April 2017.

Subject to shareholder approval the dividend will be paid on 16 June 2017 to shareholders of record on 26 May 2017.

This brings the Company's total dividend for the year to 19.6 pence per share (2015: 21.5 pence per share), comprising total ordinary dividends of 19.6 pence per share (2015: ordinary dividend 16.5 pence per share and a special dividend of 5.0 pence per share). The total ordinary dividends of 19.6 pence per share will be covered 1.2 times by basic earnings per share.

21 Dividends *(continued)*

The Board has adopted a progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer term growth.

2015

An interim dividend of 8.0 pence per share was declared by the Directors on 28 July 2015 and paid on 25 September 2015 to holders of record on 21 August 2015. In respect of the full year to 31 December 2015, the Board proposed a final dividend of 8.5 pence per share and a special dividend of 5.0 pence per share. Both were approved by shareholders at the Annual General Meeting on 28 April 2016, and paid on 3 June 2016 to shareholders of record on 13 May 2016.

2014

An interim dividend of 7.5 pence per ordinary share in respect of the period from admission of the Company's shares to the Main Market of the London Stock Exchange on 20 June 2014 to 31 December 2014 was paid on 12 June 2015.

22 Operating leases

The Group has entered into commercial leases on certain properties. Future minimum payments under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Less than one year	**3,413**	2,805
Between one and five years	**14,036**	12,210
More than five years	**4,811**	6,277
	22,260	21,292

There are no contingent rents, purchase options, escalation clauses or significant restrictions on any of the Group's operating leases.

23 Share-based payments

	2016 £000	2015 £000
Expenses arising from equity settled share-based payment transaction	**1,881**	589

As disclosed in the Directors' Remuneration Report, the Company granted awards on 19 April 2016 and 5 September 2016, in the form of nominal cost options over ordinary shares in the Company under the FDM 2014 Performance Share Plan ("PSP"). As with the awards made in 2015, the vesting of the awards is subject to the achievement of a three year performance condition relating to earnings per share.

Awards granted to UK participants have been structured as Approved Performance Share Plan ("APSP") awards to enable participants to benefit from UK tax efficiencies. Each APSP award consists of a tax qualifying option under the FDM 2014 Company Share Option Plan ("CSOP") over shares with a value of up to £30,000 and a separate award under the PSP for amounts in excess of the HMRC £30,000 limit. A Linked Award is also provided under the PSP to enable participants to fund the exercise price of the CSOP option.

PSP and CSOP options are exercisable no later than the tenth anniversary of the date of grant.

The table below summarises the outstanding share options:

	2016 Number of shares	**2016 Weighted average exercise price**	**2015 Number of shares**	**2015 Weighted average exercise price**
Outstanding at 1 January	**1,097,572**	**103p**	–	–
Granted during the year	**1,281,266**	**112p**	1,220,698	103p
Forfeited during the year	**186,148**	**155p**	123,126	n/a
Exercised during the year	**–**	**–**	–	–
Expired during the year	**–**	**–**	–	–
Outstanding at 31 December	**2,192,690**	**101p**	1,097,572	103p
Exercisable at the end of the year	**–**	**–**	–	–
Weighted average remaining contractual life (years)	**1.5**	**n/a**	2.0	n/a

The fair values of the PSP and CSOP options made were determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

2016	**PSP**	**CSOP**
Share price at date of grant	**561p**	**561p**
Exercise price	**1p**	**561p**
Dividend yield	**3%**	**3%**
Expected volatility	**33%**	**33%**
Risk free interest rate	**0.8%**	**0.8%**
Expected life	**4 years**	**4 years**
Fair value at date of grant – issue on 19 April 2016	**497p**	**113p**
Fair value at date of grant – issue on 5 September 2016	**557p**	**127p**

2015	**PSP**	**CSOP**
Share price at date of grant	331p	331p
Exercise price	1p	331p
Dividend yield	4%	4%
Expected volatility	31%	31%
Risk free interest rate	1.2%	1.2%
Expected life	4 years	4 years
Fair value at date of grant – issue on 20 April 2015	281p	56p
Fair value at date of grant – issue on 10 August 2015	388p	125p

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. As the Company has only a limited history of quoted share price volatility, the expected volatility has been partly based on the historical volatility of comparator companies.

24 Closure of Employee Benefit Trust

On 28 December 2015 the Employee Benefit Trust, of which the Company was the sponsor, was closed, resulting in a transfer of £491,000 from the consolidated share premium account to retained earnings. There is no impact on the Parent Company share premium, retained earnings or distributable reserves.

25 Related parties
During the year the Group paid rental of £36,000 (2015: £36,000) to Rod Flavell, Chief Executive Officer and Sheila Flavell, Chief Operating Officer, for rent of a London apartment used for short-term employee accommodation. The rent payable was at market rate, no balances were outstanding at year end (2015: £nil). At no time during 2016 or 2015 was the apartment used by any of the Directors.

During the year the Group paid £75,000 (2015: £58,000) 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 year end (2015: £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 full registered address of all subsidiaries of the Parent Company is disclosed on page 122.

26 Financial risk management
The Group manages its capital to ensure the Company and all its subsidiaries will be able to continue as a going concern whilst maximising the return to shareholders.

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group and Company, which primarily relate to credit, interest, liquidity, capital management and foreign currency risks, which arise in the normal course of the Group's business.

There are no adjustments between the amounts presented in the Statement of Financial Position and the fair values of the assets and liabilities.

Credit risk
Credit risk is managed on a Group basis and arises from cash and cash equivalents and trade receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the Statement of Financial Position is net of an allowance of £176,000 (2015: £134,000) for specific doubtful receivables.

All material trade receivable balances relate to sales transactions with the Group's blue-chip customer base. At the reporting date, although the Group had significant balances with key customers, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Credit risk is managed through agreed procedures which include managing and analysing the credit risk for new customers and managing existing customers. No customers defaulted on debt during the current or prior year, £629,000 of trade receivables at 31 December 2016 is owed from new customers (less than 6 months) (2015: £338,000 owed from new customers).

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt facility which has an interest rate of 1.0% above LIBOR. At the year end the Group had no borrowings therefore it has limited exposure to interest rate risk. The Group manages its interest rate risk through regular reviews of its exposure to changes in interest rates.

Liquidity risk
The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows and where appropriate matches the maturity of financial assets and liabilities.

The Group has no borrowings from third parties at the year end and therefore liquidity risk is not considered a significant risk at this time due to the Group's cash balances and undrawn facilities.

Capital management
The Group's policy is to maintain a strong capital base so as to maintain investor market, creditor, customer and employee confidence and to sustain future investment and development of the business. The capital structure of the Group consists of equity attributable to the equity holders of the Group comprising issued share capital, other reserves and retained earnings.

The Board monitors the capital structure on a regular basis and determines the level of annual dividend. The Group is not exposed to any externally imposed capital requirements.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The currencies giving rise to this risk are primarily the US Dollar, Canadian Dollar, Swiss Franc and Euro. The Group has both cash inflows and outflows in these currencies that create a natural hedge. During the year the Group has also used forward contracts to manage foreign currency exposures. There were no open forward contracts at 31 December 2016.

Fair values
There is no significant difference between the carrying amounts shown in the Consolidated Statement of Financial Position and the fair values of the Group and Company's financial instruments. For current trade and other receivables or payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value.

Independent auditors' report to the members of FDM Group (Holdings) plc

Report on the parent company financial statements

Our opinion

In our opinion, FDM Group (Holdings) plc's parent company financial statements (the "financial statements"):
- give a true and fair view of the state of the parent company's affairs as at 31 December 2016 and of its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts 2016 (the "Annual Report"), comprise:
- the parent company statement of financial position as at 31 December 2016;
- the parent company statement of cash flows for the year then ended;
- the parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law, and as applied in accordance with the provisions of the Companies Act 2006.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the parent company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 83, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:
- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the group financial statements of FDM Group (Holdings) plc for the year ended 31 December 2016.

J Sarai

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 March 2017

Parent Company Statement of Financial Position

as at 31 December 2016

	Note	2016 £000	2015 £000
Non-current assets			
Investments	3	**2,470**	589
		2,470	589
Current assets			
Trade and other receivables	4	**38,698**	34,602
Cash and cash equivalents	5	**25**	10
Total current assets		**38,723**	34,612
Total assets		**41,193**	35,201
Current liabilities			
Trade and other payables	6	**63**	165
Total liabilities		**63**	165
Net assets		**41,130**	35,036
Equity attributable to equity holders of the parent			
Share capital	7	**1,075**	1,075
Share premium		**7,873**	7,873
Capital redemption reserve		**52**	52
Other reserves		**2,470**	589
Retained earnings		**29,660**	25,447
Total equity		**41,130**	35,036

The Parent Company made a profit for the year of £28,727,000 (2015: profit of £46,859,000). In accordance with section 408 of the Companies Act 2006, the Parent Company's individual profit and loss account is not included in these financial statements.

The notes on pages 121 to 124 are an integral part of the Parent Company Financial Statements.

These financial statements on pages 118 to 124 were approved by the Board of Directors on 7 March 2017 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer
7 March 2017

Mike McLaren
Chief Financial Officer
7 March 2017

Parent Company Statement of Cash Flows

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Company profit before tax for the year		**28,727**	46,859
Adjustments for:			
Dividends received		**(29,000)**	(47,000)
Increase in trade and other receivables		**(4,096)**	(30,251)
Decrease/ (increase) in trade and other payables		**(102)**	62
Cash flows generated from operations		**(4,471)**	(30,330)
Cash flows from investing activities			
Dividends received	10	**29,000**	47,000
Net cash generated from investing activities		**29,000**	47,000
Cash flows from financing activities			
Dividends paid	10	**(24,514)**	(16,665)
Net cash used in financing activities		**(24,514)**	(16,665)
Net increase in cash and cash equivalents		**15**	5
Cash and cash equivalents at 1 January		**10**	5
Cash and cash equivalents at end of year	5	**25**	10

The notes on pages 121 to 124 are an integral part of the Parent Company Financial Statements.

Parent Company Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	1,075	7,873	52	589	25,447	35,036
Profit for the year	–	–	–	–	28,727	28,727
Total comprehensive income for the year	–	–	–	–	28,727	28,727
Dividends paid	–	–	–	–	(24,514)	(24,514)
Share-based payments (note 3)	–	–	–	1,881	–	1,881
Total transaction with owners, recognised directly in equity	–	–	–	1,881	(24,514)	(22,633)
Balance at 31 December 2016	**1,075**	**7,873**	**52**	**2,470**	**29,660**	**41,130**

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2015	1,127	7,873	–	–	(4,747)	4,253
Profit for the year	–	–	–	–	46,859	46,859
Total comprehensive income for the year	–	–	–	–	46,859	46,859
Dividends paid	–	–	–	–	(16,665)	(16,665)
Share-based payments (note 3)	–	–	–	589	–	589
Purchase of deferred shares (note 20)	(52)	–	52	–	–	–
Total transaction with owners, recognised directly in equity	(52)	–	52	589	(16,665)	(16,076)
Balance at 31 December 2015	**1,075**	**7,873**	**52**	**589**	**25,447**	**35,036**

The notes on pages 121 to 124 are an integral part of the Parent Company Financial Statements.

Notes to the Parent Company Financial Statements

1 Going concern

The Directors have a reasonable expectation that with the continued support of other Group companies, the Company will have adequate resources to continue in operational existence as a holding company for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis for preparing the financial statements.

2 Accounting policies

The Company financial statements have been prepared in accordance with IFRSs as adopted by the EU and in accordance with the Companies Act 2006 as applicable to companies using IFRS and in accordance with IFRS IC interpretations.

The Company has taken the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. The profit for the year was £28,727,000 (2015: profit of £46,859,000).

The financial information has been prepared on a historical cost basis.

The accounting policies of the Company are the same as those of the Group and have been applied consistently. These are set out in note 3 in the Notes to the Consolidated Financial Statements, except that the Company has no policy in respect of consolidation. Investments are carried at historical cost.

Details of the Company's significant accounting estimates, being the share-based payments, are consistent with those disclosed in note 4 to the Consolidated Financial Statements on page 100.

3 Investments

	2016 £000	2015 £000
At 1 January	**589**	–
Additions	**1,881**	589
At 31 December	**2,470**	589

The addition to investments represents a recharge from the Company to its subsidiary undertakings in respect of the costs associated with the PSP. For further details of the PSP see note 23 to the Consolidated Financial Statements.

The Company holds the following investments in its subsidiaries:

Company	Country of incorporation	Class of share held	Direct/ indirect	Ownership
Astra 5.0 Limited	Great Britain	Ordinary	Direct	100%
FDM Group Limited	Great Britain	Ordinary	Indirect	100%
FDM Astra Ireland Limited	Ireland	Ordinary	Indirect	100%
FDM Group Inc.	USA	Ordinary	Indirect	100%
FDM Group Canada Inc.	Canada	Ordinary	Indirect	100%
FDM Group NV	Belgium	Ordinary	Indirect	100%
FDM Group GmbH	Germany	Ordinary	Indirect	100%
FDM Switzerland GmbH	Switzerland	Ordinary	Indirect	100%
FDM Group SA	Luxembourg	Ordinary	Indirect	100%
FDM South Africa (PTY) Limited	South Africa	Ordinary	Indirect	100%
FDM Singapore Consulting PTE Limited	Singapore	Ordinary	Indirect	100%
FDM Technology (Shanghai) Co. Limited	China	Ordinary	Indirect	100%
FDM Group HK Limited	Hong Kong	Ordinary	Indirect	100%
FDM Group Australia Pty Ltd	Australia	Ordinary	Indirect	100%

3 Investments *(continued)*
The total cost of investments in subsidiaries, excluding the addition in the year, is £2 (2015: £2). Astra 5.0 Limited acts as an intermediate holding company and provides human resources and marketing services to the Group. The remaining subsidiaries carry out the principal activity of the Group.

The registered address for each subsidiary of the Company as at 31 December 2016 is listed below.

Company	Registered address
Astra 5.0 Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Group Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Astra Ireland Limited	25-28 North Wall Quay, Dublin 1, Ireland
FDM Group Inc.	14 Wall Street, New York, NY 10005, USA
FDM Group Canada Inc.	1 Place Ville Marie, 37th Floor, Montreal, QC H3B 3P4, Canada
FDM Group NV	Rue Medori 99, B-1020 Brussels, Belgium
FDM Group GmbH	MainzerLandstrasse 41, 60329 Frankfurt am Main, Germany
FDM Switzerland GmbH	Lavaterstrasse 40, Zurich, CH 8002, Switzerland
FDM Group SA	13 Boulevard Grande-Duchesse Charlotte, L01331 Luxembourg
FDM South Africa (PTY) Limited	9 Kinross Street, Germiston South, 1401 South Africa
FDM Singapore Consulting PTE Limited	77 Robinson Road, #13-00 Robinson 77, 068896 Singapore
FDM Technology (Shanghai) Co. Limited	Room 314, No.437 Zhi Zaoju Road, Huangpu District, Shanghai, China
FDM Group HK Limited	Suites 406 – 409 Pacific Place, 1 Queen's Road East, Hong Kong
FDM Group Australia Pty Ltd	Rialto South Tower, Level 29, 525 Collins Street, Melbourne, VIC 3000, Australia

4 Trade and other receivables

	2016 £000	2015 £000
Amounts owed by subsidiary undertakings	**38,688**	34,539
Prepayments and accrued income	**10**	63
	38,698	34,602

All trade and other receivables are receivable in Pounds Sterling and are fully performing. Amounts owed by subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

5 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	**25**	10

The Company's cash is held with a financial institution with a credit rating of AA at the date of signing the financial statements.

6 Trade and other payables

	2016 £000	2015 £000
Trade payables	**6**	55
Accruals and deferred income	**57**	110
	63	165

7 Share capital

	2016 Number of shares	**2016 £000**	2015 Number of shares	2015 £000
Ordinary shares of £0.01 each	**107,517,506**	**1,075**	107,517,506	1,075

Ordinary shares
All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

Deferred shares
At the Company's Annual General Meeting held on 30 April 2015, shareholders approved the purchase by the Company of 5,200,392 deferred shares for £1.00; the deferred shares had a nominal value of £0.01 each. The deferred shares were not entitled to any dividend or distribution and the holders had no right to attend, speak or vote at any general meeting of the Company by virtue of their holdings of any deferred shares. The holder of each deferred share had the right to receive, after the holders of all other shares in the capital of the Company (other than the deferred shares) then in issue had received £10,000,000 in respect of each such share held by them.

8 Related parties
The Company holds inter-company balances with certain of its subsidiary undertakings. The transactions that have taken place are in relation to inter-company loan repayments/additions and dividends which are listed below:

	Dividends from related parties 2016 £000	**Amounts owed by related parties 2016 £000**	Dividends from related parties 2015 £000	Amounts owed by related parties 2015 £000
Astra 5.0 Limited	**29,000**	**4,340**	47,000	4,340
FDM Group Limited	**–**	**34,348**	–	30,199
	29,000	**38,688**	47,000	34,539

9 Financial risk management
The financial risks and uncertainties the Company faces are the same as those of the Group. These are set out on pages 114 and 115.

10 Dividends

	2016 £000	2015 £000
Dividends received		
Received from subsidiaries	**29,000**	47,000
Dividends paid		
Paid to shareholders	**24,514**	16,665

An interim dividend of 9.3 pence per ordinary share was declared by the Directors on 26 July 2016 and was paid on 23 September 2016 to holders of record on 26 August 2016.

The Board is proposing a final dividend of 10.3 pence per share in respect of the year to 31 December 2016, for approval by shareholders at the AGM on 27 April 2017.

Subject to shareholder approval the dividend will be paid on 16 June 2017 to shareholders of record on 26 May 2017.

10 Dividends *(continued)*
This brings the Company's total dividend for the year to 19.6 pence per share (2015: 21.5 pence per share; 16.5 pence per share ordinary dividend and a special dividend of 5.0 pence per share). The total ordinary dividends of 19.6 pence per share will be covered 1.2 times by basic earnings per share.

The Board has adopted a progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer term growth.

2015
An interim dividend of 8.0 pence per share was declared by the Directors on 28 July 2015 and paid on 25 September 2015 to holders of record on 21 August 2015. In respect of the full year to 31 December 2015, the Board proposed a final dividend of 8.5 pence per share and a special dividend of 5.0 pence per share. Both were approved by shareholders at the Annual General Meeting on 28 April 2016, and paid on 3 June 2016 to shareholders of record on 13 May 2016.

2014
An interim dividend of 7.5 pence per ordinary share in respect of the period from admission of the Company's shares to the Main Market of the London Stock Exchange on 20 June 2014 to 31 December 2014 was paid on 12 June 2015.

11 Directors' remuneration
Directors' remuneration was paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company. For further details see note 9 to the Consolidated Financial Statements on page 104.

12 Auditors' remuneration
Auditors' remuneration was paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company.

Shareholder Information

Directors	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
Company Secretary	Jonathan Mark Heather	
Registered office	3rd Floor Cottons Centre Cottons Lane London SE1 2QG	
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Stock brokers (joint)	Investec Bank plc 2 Gresham Street London EC2V 7QP	Stockdale Securities Limited Beaufort House 15 St. Botolph Street London EC3A 7BB
Legal advisors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW	
Financial PR advisors	Weber Shandwick No2 Waterhouse Square 140 High Holborn London EC1N 2AE	

Notes

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UK

IRELAND

USA

CANADA

GERMANY

SWITZERLAND

AUSTRIA

FRANCE

DENMARK

SOUTH AFRICA

HONG KONG

SINGAPORE

CHINA

AUSTRALIA

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