

## Frontier Developments plc

### Interim Results

#### Performance sustained following a record year

Frontier Developments plc (AIM: FDEV, “Frontier”, the “Company”), a leading developer of video games based in Cambridge, UK has published its interim results for the 6 months to 30 November 2017.

#### Overview

Frontier has a proven track record of world-class video-game development in many different genres on many different platforms, delivered over multiple decades, using its own COBRA engine. In November 2016 Frontier completed its successful transition to a higher margin self-publishing business model when it launched its second high profile franchise, *Planet Coaster*, building on the continued success of its first, *Elite Dangerous*. Frontier’s third game franchise, *Jurassic World Evolution*, based on the *Jurassic Park/World* movie franchise, will launch in summer 2018.

Frontier’s ambition is to continue to create a self-publishing multi-franchise success story. Ongoing investment in people, organisation and facilities, supported by the proceeds from the £17.7 million strategic investment by Tencent completed in July 2017, will enable the business to continue scaling up by increasing the frequency of major releases.

For the six months to 30 November 2017, Frontier delivered a sustained level of performance compared to the record results achieved for financial year 2017 (the twelve months ended 31 May 2017), with revenue of £19.0 million in the period compared to £18.1 million for the six months to 30 November 2016 and £19.3 million for the six months to 31 May 2017. Both *Elite Dangerous* and *Planet Coaster* continue to perform well.

#### Financial Summary

	Interim results for Financial Year 2018 (6 months to 30 November 2017)	Interim results for Financial Year 2017 (6 months to 30 November 2016)	Full results for Financial Year 2017 (12 months to 31 May 2017)
Revenue	£19.0m	£18.1m	£37.4m
Operating Profit	£3.0m	£3.6m	£7.8m
Operating Margin %	16%	20%	21%
EBITDA*	£6.0m	£5.8m	£12.7m
EPS (basic)	8.0p	10.7p	22.7p
Operating Cash Flow	£1.0m	£2.2m	£3.4m
Net Cash Balance	£29.1m	£6.7m	£12.6m

\*Earnings before interest, tax, depreciation and amortisation

#### Operational & Strategic Highlights

- *Elite Dangerous*, which launched in December 2014, continues to expand and develop, with an increasing level of story driven content. The audience for *Elite Dangerous* was further expanded in June 2017 with its release on the Sony PlayStation 4 platform.
- *Planet Coaster*, which launched in November 2016, continues to perform well. We have started to build a successful *Planet Coaster* PDLC (paid downloadable content) business with multiple launches in the period; 5 separate PDLC ‘add-on’ products are available as of 6 February 2018.
- Frontier’s next major game franchise, based on the Jurassic World movie franchise, was revealed in August 2017; *Jurassic World Evolution* will launch on PC, PlayStation 4 and Xbox One in summer 2018 alongside the movie launch of *Jurassic World: Fallen Kingdom*.

- £17.7 million was raised in July 2017 through a strategic investment from Tencent, a leading Internet and interactive entertainment company based in China. This will improve and accelerate Frontier's growth into the key Chinese market and help drive scale-up of the business.
- In October 2017 the first Frontier Expo was held, a Frontier-specific event, with tickets available to the public, which brought together Frontier's developers, player community members and media to spotlight major franchise announcements, maximising awareness and further building Frontier's profile.

### Financial Highlights

- Total revenue of £19.0 million for H1 FY18 (the 6 months ended 30 November 2017) compared to £18.1 million for H1 FY17.
- Gross profit margin of 69% (H1 FY17: 74%). The 5% reduction reflected a higher proportion of sales through distribution partners and the launch of lower margin physical disc sales in the period.
- Operating profit of £3.0 million at a margin of 16% (H1 FY17: £3.6 million, 20%), with the margin change reflecting the reduction in gross profit margin.
- Operating cash flow (operating profit excluding non-cash items, less investments in franchises and other intangible assets) was an inflow of £1.0 million (H1 FY17: inflow of £2.2 million).
- Cash balances increased by £16.5 million during the 6 month period to £29.1 million at 30 November 2017 (31 May 2017: £12.6 million, 30 November 2016: £6.7 million) following the £17.7 million strategic investment by Tencent in July 2017.

### Current Trading and Outlook

Both *Elite Dangerous* and *Planet Coaster* continue to perform well. Sales of *Elite Dangerous* in the first six months of the year benefitted from its release on Sony PlayStation 4 and the launch of physical disc sales on both Sony PlayStation 4 and Microsoft Xbox. Trading through the holiday period (Thanksgiving and Christmas) was in line with the Board's expectations, with both *Elite Dangerous* and *Planet Coaster* performing well in price promotion events.

Taking the above factors together, the Board anticipates that *Elite Dangerous* revenue will normalise down from the first half to the second half of the financial year as PlayStation 4 sales settle to a post-launch run-rate, but that underlying run-rate sales (including downloadable content) will sustain at healthy levels. As a consequence, the Board remains confident about achieving its expectations for the current financial year ending 31 May 2018.

The Board continues to anticipate that Frontier's next step-up in financial performance will be delivered by the launch of *Jurassic World Evolution* in summer 2018 on PC, PlayStation 4 and Xbox One. The Board continues to expect that revenue from this new franchise will fall into the financial year ending 31 May 2019, as the *Jurassic World: Fallen Kingdom* movie is released in June 2018. The Board therefore continues to anticipate that trading in the current financial year, the twelve months ending 31 May 2018, will principally be based on sales from the *Elite Dangerous* and *Planet Coaster* franchises.

**David Braben**, Chief Executive, said:

"Our strategy of supporting and nurturing our game franchises continues to deliver, with sales in the first half of the year sustaining last year's record breaking levels. Our extensive and expanding player community continues to enjoy the evolving story within *Elite Dangerous* and the endless creativity of *Planet Coaster*, particularly with the addition of the 'Spooky' and 'Adventure' add-on packs.

We look forward to our next major milestone; the release of *Jurassic World Evolution*, our third franchise, in summer 2018. Beyond this we are working on plans to further scale up our business to accelerate the frequency of our major releases".

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation (EU) 596/2014. The person responsible for making this announcement on behalf of the Company is Alex Bevis.

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**About Frontier Developments plc**

Frontier Developments plc, listed on the AIM stock market (AIM: FDEV), is a leading independent creator of self-published videogame franchises founded in 1994 by David Braben, co-author of the seminal 'Elite' game. Based in Cambridge, UK, Frontier uses its proprietary 'COBRA' game development technology to create innovative videogames for home consoles and personal computers. Frontier's LEI number: 213800B9LGPWUAZ9GX18.

[www.frontier.co.uk](http://www.frontier.co.uk)

**About Elite Dangerous**

*Elite Dangerous* – available for Windows PC, Apple Macintosh, Microsoft Xbox One and Sony PlayStation 4 – is the definitive massively multiplayer space epic, bringing gaming's original open world adventure to the modern generation with a connected galaxy, evolving narrative and the entirety of the Milky Way re-created at its full galactic proportions.

[www.elitedangerous.com](http://www.elitedangerous.com)

**About Planet Coaster**

*Planet Coaster* – available for Windows PC – builds on Frontier's genre-defining expertise with coaster park games, allowing players to create, manage and share coaster parks with friends and content creators around the world. Players can let their imaginations run wild to surprise, delight and thrill incredible crowds of park guests as they build their own coaster park empire.

[www.planetcoaster.com](http://www.planetcoaster.com)

**About Jurassic World Evolution**

*Jurassic World Evolution* – launching summer 2018 for Windows PC, Microsoft Xbox One and Sony PlayStation 4 – evolves players' relationship with the *Jurassic World* film franchise, placing them in control of operations on the legendary islands of Isla Nublar and the surrounding islands of the Muertes Archipelago. Players will create and manage their own *Jurassic World* as they bioengineer new dinosaur breeds, and construct attractions, containment and research facilities. Every choice leads to a different path and spectacular challenges arise when 'life finds a way'.

[www.jurassicworldevolutiongame.com](http://www.jurassicworldevolutiongame.com)

## Financial Review

### TRADING

Total annual revenue in H1 FY18 (the six months to 30 November 2017) grew to £19.0 million (H1 FY17: £18.1 million) with sales of *Elite Dangerous* benefitting from its release on Sony Playstation 4 and physical disc on both Sony Playstation 4 and Microsoft Xbox. *Planet Coaster* also performed well in the period, through both sales of the game and sales of additional downloadable content. Self-publishing revenue accounted for 97% of sales (H1 FY17: 96%) with the balance being related to legacy work-for-hire business. In October 2017 we came to a settlement over the outstanding historic royalties owed by Atari on *RollerCoaster Tycoon 3*, payment of which is being made in instalments and will be completed by 31 May 2018.

Both of Frontier's existing franchises continue to perform well. For the calendar year 2017, and for the second year in a row, both *Elite Dangerous* and *Planet Coaster* achieved places in the annual "Top 100 Sellers" chart based on worldwide gross revenue on Steam (a leading PC digital distribution platform), with *Planet Coaster* achieving a top 40 position (consistent with 2016). As at 31 December 2017 cumulative sales of *Elite Dangerous*, which launched in December 2014, had exceeded 3.25 million franchise units and *Planet Coaster*, which launched in November 2016, had passed 1.4 million units.

Gross profit of £13.2 million was recorded in the period (H1 FY17: £13.5 million) with gross margin at 69% (H1 FY17: 74%). The largest element of cost of sales is the margin payable to our digital distribution partners. The reduction in gross margin percentage compared to the prior period reflected a higher proportion of sales through distribution partners and the launch of physical disc sales. Whilst margins on physical discs are lower they still make economic sense as they enable sales to an otherwise difficult to reach audience.

Gross research and development expenses in the period were £6.8 million (H1 FY17: £6.9 million) with the majority of spend being internal staff costs. Capitalisation of development costs on franchise assets and other intangibles accounted for £5.0 million in the six months to 30 November 2017 (H1 FY17: £4.9 million). Amortisation charges related to previously capitalised development costs grew to £2.8 million (H1 FY17: £1.9 million) following the launch of *Planet Coaster* in November 2016. Net research and development expenses recorded in the income statement in the year were therefore £4.6 million (H1 FY17: £3.9 million), being gross spend, less capitalised costs, plus amortisation charges.

Total sales, marketing and administrative expenses reduced to £5.6 million (H1 FY17: £5.9 million), although this included unrealised exchange gains on forward contracts of £0.3 million in H1 FY18 and losses of £0.9 million in H1 FY17. Adjusting for these non-cash items, total expense increased by approximately £1.0 million (20%) mainly due to increases in sales and marketing costs to support Frontier's self-publishing model.

Operating profit of £3.0 million was recorded in the period (H1 FY17: £3.6 million) representing an operating margin of 16% (H1 FY17: 20%). The margin reduction largely resulted from the lower gross margin percentage. EBITDA (earnings before interest, tax, depreciation and amortisation) increased slightly to £6.0 million (H1 FY17: £5.8 million).

Corporation tax charges in the period were minimal overall, consistent with the interim results for FY17. This was due to a combination of brought forward tax losses and Video Games Tax Relief. Full tax accounting will be performed for the full year results.

Profit after tax in the period was £2.9 million (H1 FY17: £3.6 million). Basic earnings per share was 8.0 pence (H1 FY17: 10.7 pence).

## *BALANCE SHEET AND CASH FLOW*

The Company continued to run a robust balance sheet during the six month period to 30 November 2017, and this was further boosted by the strategic investment completed in July 2017.

Intangible assets increased by £2.6 million in the six month period to £24.4 million at 30 November 2017 (31 May 2017: £21.9 million) as investments in franchise assets and other intangibles exceeded amortisation charges.

Tangible assets increased by £2.8 million to £3.5 million (31 May 2017: £0.7 million) through investment in the fit-out of Frontier's new leased building on the Cambridge Science Park. Works are scheduled to complete in early 2018 with a move-in scheduled in the spring, enabling all of Frontier's talented people to work together in a single purpose built facility.

Trade and other receivables of £3.4 million at 30 November 2017 were similar to the position at the end of the last financial period (31 May 2017: £2.9 million). At 30 November 2016 the balances were much higher (£9.6 million) as *Planet Coaster* released in that month.

Trade and other payables totalled £5.1 million (31 May 2017: £4.9 million). The high balance at 30 November 2016 (£7.7 million) was due to accrued distribution costs on *Planet Coaster*.

Total deferred income reduced slightly to £1.1 million at the period end (31 May 2017: £1.4 million).

Cash balances increased by £16.5 million during the period to £29.1 million (31 May 2017: £12.6 million). The increase in cash was mainly due to the £17.7 million strategic investment by Tencent which completed in July 2017. During the six months to 30 November 2017 operating cash flow (operating profit excluding non-cash items, less investments in franchises and other intangible assets) accounted for an inflow of £1.0 million (H1 FY17: an operating cash inflow of £2.2 million). The remaining significant factor on cash flow was the new building, which accounted for a cash outflow of £2.8 million.

## *SHARE ISSUES*

Employees exercised options over 904,967 Ordinary Shares during the 6 months to the end of November 2017. 65,600 of these Ordinary Shares were transferred under arrangements with the Employee Benefit Trust with the remaining 839,367 Ordinary Shares being newly issued shares, which generated exercise proceeds for the Company of £1.5 million.

In July 2017 the company completed a strategic investment with Tencent Holdings Limited. Tencent acquired 3,386,252 newly issued Ordinary Shares at 523.2 pence per share generating proceeds of £17.7 million.

## *BOARD CHANGES*

Following the strategic investment by Tencent, Frontier's Board invited James Mitchell, Chief Strategy Officer of Tencent, to become a Non-Executive Director in order to gain his insights into the Chinese market and the wider global entertainment industry. James was appointed on 19 September 2017.

## CONSOLIDATED INCOME STATEMENT

	Notes	6 months to 30 Nov 2017 £'000	6 months to 30 Nov 2016 £'000	12 months to 31 May 2017 £'000
<b>Revenue</b>	6	18,990	18,074	37,363
Cost of sales		(5,816)	(4,618)	(10,007)
<b>Gross profit</b>		13,174	13,456	27,356
Research and development expenses		(4,580)	(3,949)	(7,630)
Sales and marketing expenses		(2,817)	(1,213)	(4,310)
Administrative expenses		(2,816)	(4,653)	(7,624)
<b>Operating profit</b>		2,961	3,641	7,792
Finance income		15	7	21
Profit before tax		2,976	3,648	7,813
Income tax		(34)	(12)	(102)
<b>Profit for the period attributable to shareholders</b>		2,942	3,636	7,711
<b>Earnings per share</b>				
Basic earnings per share	7	8.0	10.7	22.7
Diluted earnings per share	7	7.6	10.3	22.4

*All the activities of the Group are classified as continuing.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30 Nov 2017 £'000	6 months to 30 Nov 2016 £'000	12 months to 31 May 2017 £'000
Profit for the period	2,942	3,636	7,711
Other comprehensive income:			
Exchange differences on translation of foreign operations	4	58	57
Total comprehensive income for the period attributable to the equity holders of the parent	2,946	3,694	7,768

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 Nov 2017 £'000	31 May 2017 £'000	30 Nov 2016 £'000
<b>Non-current assets</b>				
Intangible assets	8	24,433	21,871	19,675
Property, plant and equipment	9	3,533	696	275
		27,966	22,567	19,950
<b>Current assets</b>				
Trade and other receivables		3,400	2,941	9,584
Other short-term assets		515	510	154
Cash and cash equivalents		29,098	12,579	6,747
		33,013	16,030	16,485
<b>Total assets</b>		60,979	38,597	36,435
<b>Current liabilities</b>				
Trade and other payables		(5,125)	(4,894)	(7,743)
Deferred income		(230)	(459)	(406)
Current tax liabilities		(747)	(747)	(15)
Provisions		(275)	(275)	-
		(6,377)	(6,375)	(8,164)
<b>Net current assets</b>		26,636	9,655	8,321
<b>Non-current liabilities</b>				
Provisions		-	-	(275)
Deferred income		(919)	(927)	(1,166)
		(919)	(927)	(1,441)
<b>Total liabilities</b>		(7,296)	(7,302)	(9,605)
<b>Net assets</b>		53,683	31,295	26,830
<b>Equity</b>				
Share capital	10	192	171	171
Share premium account		33,845	14,601	14,496
Equity reserve		303	972	911
Foreign exchange reserve		(12)	(4)	(3)
Retained earnings		19,355	15,555	11,255
<b>Total equity</b>		53,683	31,295	26,830

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share premium account £'000	Equity reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 June 2016</b>	170	14,476	579	(61)	7,600	22,764
Profit for the period	-	-	-	-	3,636	3,636
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	58	-	58
<b>Total comprehensive income for the period</b>	-	-	-	58	3,636	3,694
Issue of share capital net of expenses	1	20	-	-	-	21
Share-based payment charges	-	-	340	-	-	340
Share-based payment transfer relating to option lapses	-	-	(19)	-	19	-
EBT share inflows from issues and/or purchases	-	-	11	-	-	11
EBT share outflows from option exercises	-	-	-	-	-	-
<b>At 30 November 2016</b>	171	14,496	911	(3)	11,255	26,830
Profit for the period	-	-	-	-	4,075	4,075
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(1)	-	(1)
<b>Total comprehensive income for the period</b>	-	-	-	(1)	4,075	4,074
Issue of share capital net of expenses	-	105	-	-	-	105
Share-based payment charges	-	-	347	-	-	347
Share-based payment transfer relating to option lapses	-	-	(225)	-	225	-
EBT share inflows from issues and/or purchases	-	-	(329)	-	-	(329)
EBT share outflows from option exercises	-	-	268	-	-	268
<b>At 31 May 2017</b>	171	14,601	972	(4)	15,555	31,295
Profit for the period	-	-	-	-	2,942	2,942
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(8)	12	4
<b>Total comprehensive income for the period</b>	-	-	-	(8)	2,954	2,946
Issue of share capital net of expenses	21	19,244	-	-	-	19,265
Share-based payment charges	-	-	325	-	-	325
Share-based payment transfer relating to option lapses	-	-	(846)	-	846	-
EBT share inflows from issues and/or purchases	-	-	(263)	-	-	(263)
EBT share outflows from option exercises	-	-	115	-	-	115
<b>At 30 November 2017</b>	192	33,845	303	(12)	19,355	53,683



## CONSOLIDATED STATEMENT OF CASHFLOWS

	<b>6 months to 30 Nov 2017</b>	6 months to 30 Nov 2016	12 months to 31 May 2017
	<b>£'000</b>	£'000	£'000
<b>Cash generated from operations</b>	788	(1,892)	4,184
Taxes received/(paid)	(40)	167	456
<b>Cashflow from operating activities</b>	<b>748</b>	<b>(1,725)</b>	<b>4,640</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(2,960)	(96)	(633)
Expenditure on intangible assets (excluding capitalised development costs)	(401)	(103)	(157)
Interest received	15	7	21
<b>Cashflow from investing activities</b>	<b>(3,346)</b>	<b>(192)</b>	<b>(769)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	19,265	20	125
Employee Benefit Trust net investment	(148)	11	(50)
<b>Cashflow from financing activities</b>	<b>19,117</b>	<b>31</b>	<b>75</b>
Net change in cash and cash equivalents from continuing operations	16,519	(1,886)	3,946
Cash and cash equivalents at beginning of period	12,579	8,610	8,610
Exchange differences on cash and cash equivalents	-	23	23
<b>Cash and cash equivalents at end of period</b>	<b>29,098</b>	<b>6,747</b>	<b>12,579</b>

The accompanying notes form part of this financial information.

### Reconciliation of operating profit to cash generated from operations

	<b>6 months to 30 Nov 2017</b>	6 months to 30 Nov 2016	12 months to 31 May 2017
	<b>£'000</b>	£'000	£'000
<b>Operating profit</b>	<b>2,961</b>	<b>3,641</b>	<b>7,792</b>
Depreciation and amortisation	2,997	2,109	4,864
<b>EBITDA</b>	<b>5,958</b>	<b>5,750</b>	<b>12,656</b>
Capitalised development costs	(5,035)	(4,864)	(9,647)
Movement in unrealised exchange (gains)/losses on forward contracts	(271)	932	(337)
Share-based payment expenses	325	340	687
<b>Operating cashflow</b>	<b>977</b>	<b>2,158</b>	<b>3,359</b>
Net changes in working capital:			
Change in inventories	-	9	9
Change in trade and other receivables	(713)	(7,140)	(479)
Change in trade and other payables	524	3,079	1,293
Change in provisions	-	2	2
<b>Cash generated from operations</b>	<b>788</b>	<b>(1,892)</b>	<b>4,184</b>

## **NOTES TO THE FINANCIAL INFORMATION**

### **1. CORPORATE INFORMATION**

Frontier Developments plc 'the Group' develops video games for the interactive entertainment sector.

The Company is a public limited company and is incorporated and domiciled in the United Kingdom.

The address of its registered office is 306 Science Park, Milton Road, Cambridge CB4 0WG.

The Group's operations are based in the UK and its North American subsidiary, Frontier Developments Inc, in the US.

The condensed, consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 May 2017 were approved by the Board of Directors on 5 September 2017 and delivered to the Registrar of Companies. The Auditors Report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

### **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

#### ***Basis of preparation***

The consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 31 May 2017.

The financial information of Frontier Developments plc has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

The financial information has been prepared under the historical cost convention, except for financial instruments held at fair value. The financial information is presented in Sterling, the presentation and functional currency for the Group and Company. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

#### ***Going concern basis***

The Group's forecasts and projections, taking account of current cash resources and reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

### **3. ACCOUNTING POLICIES**

The consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 May 2017.

#### **4. ACCOUNTING ESTIMATES AND KEY JUDGEMENTS**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurements of assets, liabilities, income and expenses. The actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 May 2017.

#### **5. SIGNIFICANT EVENTS AND TRANSACTIONS**

There were no significant events or transactions in the interim period (1 June 2017 to 30 November 2017) which were not included within the interim financial statements. There have been no significant events or transactions during the period from the end of the interim period to the day preceding the date of this report (1 December 2017 to 5 February 2018).

#### **6. SEGMENT INFORMATION**

The Group identifies operating segments based on internal management reporting that is regularly reviewed by the chief operating decision maker and reported to the Board. The chief operating decision maker is the Chief Executive Officer.

Management information is reported as one operating segment, being revenue from self-published franchises and other revenue streams such as royalties and licensing.

The Group does not provide any information on the geographical location of sales as the majority of revenue is through 3rd party distribution platforms which are responsible for the sales data of consumers.

All of the Group's non-current assets are held within the UK.

All material revenue is categorised as either self-publishing revenue or other revenue.

	6 months to 30 Nov 2017 £'000	6 months to 30 Nov 2016 £'000	12 months to 31 May 2017 £'000
Self-publishing revenue	18,471	17,302	36,357
Other revenue	519	772	1,006
	18,990	18,074	37,363

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Frontier Developments plc divided by the weighted average number of shares in issue during the year.

	6 months to 30 Nov 2017	6 months to 30 Nov 2016	12 months to 31 May 2017
Profit attributable to shareholders (£'000)	2,942	3,636	7,711
Weighted average number of shares	36,659,973	33,880,435	33,943,972
Basic earnings per share (pence)	8.0	10.7	22.7

The calculation of the diluted earnings per share is based on the profits attributable to the shareholders of Frontier Developments plc divided by the weighted average number of shares in issue during the year as adjusted for the dilutive effect of share options.

	6 months to 30 Nov 2017	6 months to 30 Nov 2016	12 months to 31 May 2017
Profit attributable to shareholders (£'000)	2,942	3,636	7,711
Diluted weighted average number of shares	38,580,165	35,341,966	34,446,017
Diluted earnings per share (pence)	7.6	10.3	22.4

The reconciliation of average number of Ordinary Shares used for basic and diluted earnings per share is as follows:

	6 months to 30 Nov 2017	6 months to 30 Nov 2016	12 months to 31 May 2017
Weighted average number of shares	36,659,973	33,880,435	33,943,972
Dilutive effect of share options	1,920,192	1,461,531	502,045
Diluted average number of shares	38,580,165	35,341,966	34,446,017

## 8. INTANGIBLE ASSETS

Intangible assets comprise capitalised development tools and self-published software from internal development activities and acquired software licences.

	Development tools and licences £'000	Self- published software £'000	Third party software £'000	Total £'000
<b>Cost</b>				
At 31 May 2016	3,966	21,600	1,102	26,668
Additions - arising from capitalised development expenses and purchases	271	4,593	103	4,967
At 30 November 2016	4,237	26,193	1,205	31,635
Additions - arising from capitalised development expenses and purchases	300	4,483	54	4,837
At 31 May 2017	4,537	30,676	1,259	36,472
Additions - arising from capitalised development expenses and purchases	424	4,611	401	5,436
At 30 November 2017	4,961	35,287	1,660	41,908
<b>Amortisation</b>				
At 31 May 2016	2,605	6,374	999	9,978
Amortisation charges	437	1,507	38	1,982
At 30 November 2016	3,042	7,881	1,037	11,960
Amortisation charges	437	2,148	56	2,641
At 31 May 2017	3,479	10,029	1,093	14,601
Amortisation charges	474	2,337	63	2,874
At 30 November 2017	3,953	12,366	1,156	17,475
Net book value at 30 November 2017	1,008	22,921	504	24,433
Net book value at 31 May 2017	1,058	20,647	166	21,871
Net book value at 30 November 2016	1,195	18,312	168	19,675
Net book value at 31 May 2016	1,361	15,226	103	16,690

## 9. TANGIBLE ASSETS

	Fixtures and Fittings £'000	Computer Equipment £'000	Leasehold Improvements £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>					
At 31 May 2016	235	1,576	4	-	1,815
Additions	-	96	-	-	96
At 30 November 2016	235	1,672	4	-	1,911
Additions	1	141	-	394	536
Disposals	(121)	(916)	(4)	-	(1,041)
At 31 May 2017	115	897	-	394	1,406
Additions	-	167	-	2,793	2,960
At 30 November 2017	115	1,064	-	3,187	4,366
<b>Depreciation</b>					
At 31 May 2016	213	1,294	4	-	1,511
Charge for the period	11	114	-	-	125
At 30 November 2016	224	1,408	4	-	1,636
Charge for the period	3	112	-	-	115
Disposals	(121)	(916)	(4)	-	(1,041)
At 31 May 2017	106	604	-	-	710
Charge for the period	1	122	-	-	123
At 30 November 2017	107	726	-	-	833
Net book value at 30 November 2017	8	338	-	3,187	3,533
Net book value at 31 May 2017	9	293	-	394	696
Net book value at 30 November 2016	11	264	-	-	275
Net book value at 31 May 2016	22	282	-	-	304

## 10. SHARE CAPITAL

	Number	Nominal Value £
At 1 June 2016	34,096,781	170,484
Shares issued on option exercises and warrants	15,748	79
At 30 November 2016	34,112,529	170,563
Shares issued on option exercises and warrants	118,000	590
At 31 May 2017	34,230,529	171,153
Shares issued to Tencent Holdings Limited	3,386,252	16,931
Shares issued on option exercises and warrants	839,367	4,197
At 30 November 2017	38,456,148	192,281

## 11. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Foreign Currency Forward Contracts

The Group used foreign exchange forward contracts to mitigate exchange rate exposure arising from forecast sales in US Dollars. The forward contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

All forward contracts are held at fair value through the profit and loss by reference to the exchange rate at the balance sheet date.

	30 Nov 2017 £'000	31 May 2017 £'000	30 Nov 2016 £'000
Forward exchange contracts – held for trading	205	(70)	(1,339)