RNS Number : 8740N
Equals Group PLC
27 September 2019

The following amendments have been made to the 'Interim Results for the six months ended 30 June 2019' announcement released on 26 September 2019 at 7.00 a.m. under RNS No 7060N.

Within the summary financials table within the paragraph entitled 'Financial Review' the Company has corrected the allocation of total depreciation & amortisation costs for FY 2018 and H1 2018. In the segmental analysis note, H1 2018, the total assets and liabilities were corrected. No other figures have been amended and all other details remain unchanged. The full amended text is shown below.

Equals Group plc
("Equals" or "the Group" or "the Company")

Interim Results for the six months ended 30 June 2019

Strong Half Year performance, continuing into second half.

Equals, the e-banking and international payments group, announces its interim results for the six months ended 30 June 2019.

Financial highlights:

- Group turnover(1) of £1.261 billion (H1 2018: £1.067 billion), an increase of 18.1%
- Group revenue of £14.6 million (H1 2018: £12.0 million), an increase of 21.4%
- Gross profit of £12.1 million (H1 2018: £9.7 million), an increase of 24.4%
- Adjusted EBITDA(2) of £4.7 million (H1 2018: £2.7 million), an increase of 78.0%
- Adjusted PBT(3) of £3.3 million (H1 2018: £2.6 million), an increase of 15.4%

(1) Turnover is measured by gross value of currency transactions sold of £902.8 million plus gross value of deposits into bank accounts of £358.7 million for a total of £1,261.5 million

(2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation charges, acquisition-related expenses, share-based payments and foreign exchange gains and losses

(3) Adjusted PBT is profit before tax, acquisition-related expenses, amortisation of acquisition intangibles, share-based payments and exchange rate gains or losses

Operational highlights:

- Rebranding of Group from FairFX to Equals to reflect diversified business and greater range of products
- Real-time Gross Settlement (RTGS) accounts opened at Bank of England
- Direct Membership of the UK Faster Payment Scheme
- Corporate expense platform up 41.0% to £106.6 million (2018: £75.6 million)
- Percentage of H1 Turnover from Corporate Customers rose to 68% from 52% in H1 2018
- Gained FCA Credit Broker Licence, allowing Group to offer loan products to customers via a broker model
- Continued focus on supply chain rationalisation and direct connectivity, driving better unit economics
- 123,392 new customers added to the business, bringing the total number of customers to 1,167,893

Post-Period End:

- Strong start to H2 with turnover up 18%* year on year
- Continued growth in Corporate Expense platform and International Payments
- Global banking partnership with Citi Commercial Bank providing improved payment speed and reduced cost
- Acquisition of international payments business HermexFX
- Completed successful share placing, raising gross proceeds of £14.3m to accelerate corporate offering and facilitate market consolidation through bolt-on acquisitions
- International Payments live in the USA with domestic settlement via partnership with MCB
- Five-year agreement with Mastercard to grow cards-based businesses on improved economic terms

**for H2 period to 23rd September 2019*

Commenting on the results and outlook, Chief Executive Officer of Equals, Ian Strafford-Taylor, said

"The business has delivered an excellent first half performance, continuing into the second half, both operationally and financially. Our strategic focus on rationalising supply chain through direct connectivity to payment schemes and other measures are proving successful, as demonstrated by our improving margins as we pay away less direct costs.

"The increasing diversity of our product range, adding non-FX products to our heritage revenue streams, has helped the Group achieve this against a less than benign macro-economic environment and weaker Sterling.

"With the steps we have achieved already and new revenue streams coming in during the rest of the year, the outlook for the Group's full financial year remains positive.

"Against this background, we remain confident that the full year results will be in line with expectations."

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H1 Operational Summary

The excellent growth of the Equals Group in the first six months of 2019 was achieved in an operating environment dominated by the continuing lack of clarity over Brexit, which continues to impact consumer and business confidence. This performance emphasises the success of reducing the Group's reliance on FX revenues with 37% of turnover deriving from non-FX activities in H1 2019 compared with 32% in the same period last year and 14% in the same period in 2017. The success of the Group's strategy to increase its focus on the Corporate customer space was also shown as the turnover through the Corporate Expense platform grew by 41.0%. The overall percentage of Group turnover from corporate clients rose to 68% in the period compared to 52% in H1 2018

In April 2019, the Group consolidated its London-based staff into the refurbished Group headquarters, greatly aiding internal efficiency demonstrated by more rapid product iteration and improved cross-selling.

Within the Banking division, the Group gained Real-Time Gross Settlement (RTGS) Accounts at the Bank of England. Through this the Group became a Direct Member of the UK Faster Payment Scheme, allowing the Group to offer immediate, same day UK domestic payments. These two achievements were the culmination of a year-long initiative and demonstrate the Group's strategy of direct connection to payment schemes rather than going via third parties. The benefit of this strategy is four-fold: yielding vastly near instantaneous movement of money for customers, quicker resolution of payment issues, reduced point-of-failure in the supply chain and significant cost reductions for the Group.

Also within Banking, in June 2019 the Group was granted permission by the FCA to offer Credit products to customers on a Broker-basis, thus enabling a wide range of loan products to be offered to both its business and retail customers. The Group will be acting as a broker with the loans provided by FCA authorised third party lenders, so there will be no credit risk to the Group and the loans will not appear on the Group's balance sheet.

In the currency card division, we continued to rationalise the supply chain, resulting in improved financial terms with existing partners combined with moving business to more favourable relationships where possible. In addition, in keeping with our strategy of direct connectivity to payment schemes, the process of issuing our cards directly under licence with Mastercard, rather than using third-parties, was accelerated and will yield significant future benefits. The Group yesterday announced that it had entered into a new five year agreement with Mastercard, whereby they will provide assistance to grow Equals' various card-based businesses through improved economic terms and also assist in the process of Equals becoming an issuer of all its cards.

In June 2019, the Group announced the rebranding of the Group to Equals to reflect the evolution of the product offering and strategic direction. Following the name change, the Group will move towards a monolithic brand architecture with a suite of product brands underneath with a consistent identity. The Group has moved beyond its heritage foreign exchange business into integrated money management solutions for consumers and business. The unification of the brand away from the inhouse and acquired brands will simplify the marketing messaging, optimise customer acquisition, retention and engagement whilst facilitating improved cross-selling between the family of products.

Financial Review

The Group has enjoyed a strong first half of trading with excellent top line growth, translating into increased revenue and EBITDA in line with expectations. Against this background, strong margins have been maintained and rationalisation of the supply chain is delivering results.

Turnover for the first half was up 18.1% year on year to £1.261.5 billion (2018: £1.067.4 billion), in line with management's expectations with strong performances from corporate expenses, international payments and banking.

Group revenue increased by 21.4% to £14.6m (2018: £12.0m) with the revenue margin (revenue over turnover) slightly improved in the period to 1.16% (2018: 1.13%) A major part of the revenue growth is due to currency cards which grew by 48.9% to £6.1 million (2018: £4.1 million) due to increased volumes and improved terms with the supply chain. International Payments also performed strongly with a 22% increase in revenue to £4.8 million (£3.9 million), demonstrating the Group's ability to grow the International Payments book both organically and through acquisition.

Gross profit was £12.1 million (2018: £9.7 million), an increase of 24.4% on prior year and ahead of revenue growth. This was due to the cost focus on the supply chain.

The Group's operating expenses increased by 33.0% to £9.9 million (2018: £7.4 million) on the same period last year. Adjusting for non-recurring costs such as the marketing re-brand, the adjusted costs are 21.9% ahead at £9.1 million (2018 £7.4 million). The increased operating costs include the full year effect of the City Forex acquisition and an increased depreciation and amortisation charge of £1.7 million (2018: £0.4 million). The increase in the depreciation and amortisation charge is primarily to the implementation of the new accounting treatment for leases (IFRS16) which requires property leases to be capitalised and amortised over the period of the lease and the amortisation of the internally generated intangible fixed assets. The Group has also invested further in people in areas such as cross sales, data analytics, product and design, which is expected to have a positive effect on revenue in future periods.

As illustrated in the table below, the Company achieved adjusted EBITDA of £4.7 million (2018: £2.7 million) for the period, an increase of 78%. This is a result of strong top line organic growth increasingly converting to profitability by maintaining product margins and a stable cost base. The Group has proved it can assimilate acquired companies efficiently and extract revenue and cost synergies.

The adjusted PBT in the first half of £3.3 million (H1 2018: £2.6 million), up 27% in the period,demonstrates the Group's success in executing its strategy of top line growth whilst maintaining revenue margins and controlling costs.

Adjusted EBITDA/PBT Calculation	2019 H1 £	2018 H1 £	2018 FY £
Statutory Net Profit	**1,464,079**	**2,083,559**	**2,617,666**
Amortisation of acquisition intangibles	414,956	310,100	794,959
Other amortisation charges	702,469	14,928	523,690
Depreciation costs	614,663	71,082	200,123
Right of use asset - Interest charge	148,247	-	-
Tax expense / (credit)	525,838	(58,919)	(538,343)
EBITDA	**3,870,252**	**2,420,750**	**3,598,095**
Acquisition-related costs	22,966	227,752	297,484
Marketing rebrand costs	725,558	-	590,034
Development costs	-	-	1,404,962
Restructuring costs	-	-	1,048,119
Recruitment costs	-	-	499,617
Other	116,540	13,627	74,039
Adjusted EBITDA	**4,735,316**	**2,662,129**	**7,512,350**
Depreciation costs	(614,663)	(71,082)	(200,123)
Other amortisation charges	(702,469)	(14,928)	(523,690)
Right of use asset interest charge	(148,247)	-	-
Adjusted PBT	**3,269,938**	**2,576,118**	**6,788,537**
Tax expense / (credit)	525,838	(58,919)	(538,343)
Adjusted PAT	**2,744,100**	**2,635,038**	**7,326,880**

The tax expense in the period is due to an increase in the deferred tax liability driven by the increase in the intangible assets. The deferred tax expense is purely an accounting entry with no cash impact and the deferred tax liability will unwind in future years as the asset is amortised. The Group reported tax losses brought forward at the end of 2018 of £9.3 million and so does not expect to pay any tax in the near term.

The Adjusted PAT was only slightly ahead at £2.7 million (2018: £2.6 million) on the previous period due to the higher depreciation and amortisation charges and the tax charge in the period.

The Company's balance sheet remains healthy with net assets of £41.9 million (H1 2018: £37.1 million), whilst cash and cash equivalents (excluding client money) totalled £4.8 million (H1 2018: £10.7 million).

The adjusted statutory EPS was slightly down at 1.72p (2018: 1.79p) due to the higher depreciation and amortisation and tax charges in 2019 compared to the prior period and the increased average number of shares in issue - 159.6 million (2018: 147.6 million).

Current Trading and Outlook

In the second half of the year, Equals continues to build on the significant growth achieved, with total turnover for the 2 and a half-month period to 23rd September 2019 of £722 million, up 18% on the same period last year. Growth continues to be strongest in International Payments and Corporate Expenses product lines, up 19% and 30% respectively in the post period.

The Group has entered into a global relationship with Citi Commercial Bank, allowing it to leverage Citi's extensive global footprint to enhance its current product offering and bring even more efficiencies to current processes. Citi has local settlement and clearance capabilities for payments in over 90 countries, which together will improve the customer experience through faster settlement and deliver improved economics for Equals in terms of reduced transaction costs. The partnership will also significantly increase the number of currencies Equals is able to offer clients, with more than 135 being available on Citi's WorldLink platform.

Following the attainment of the credit broker licence, an online revolving credit facility is currently in live beta testing. The credit offering is in partnership with iwoca and will allow SME's to apply and receive a decision in minutes and immediately receive funds. Business customers will be able to choose to receive funds directly into their account or onto prepaid card, either virtual or physical, which will be issued by the Group under its Mastercard membership. With the benefit of the Group's membership of Faster Payments, funds could be spent directly and immediately; for instance, in cases where stock needs to be purchased or an urgent invoice be settled.

In early August 2019, the Group acquired the international payments business of Hermex International Limited ("Hermex FX") for total consideration of £2 million cash. HermexFX offers international payment services to a predominantly corporate client base through a personalised service offering. The Acquisition will complement the Group's strategy to develop its fast-growing corporate segment, providing additional corporate clients and cross-selling opportunities for the expanding range of products through their existing sales channels. The Group continues to monitor attractive acquisition opportunities and intends to make further acquisitions in line with its stated growth strategy.

In the second half of August 2019, the Group announced that it has raised £14.3m in equity which will used to accelerate the corporate offering, facilitate market consolidation through bolt-on acquisitions and provide growth working.

Accordingly, the Board of Equals continues to be confident of meeting market expectations for the full year.

EQUALS GROUP PLC (FORMERLY KNOWN AS FAIRFX GROUP PLC)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 6 Months Ended 30-Jun-19	Unaudited 6 Months Ended 30-Jun-18	Audited Year Ended 31-Dec-18
		£	**£**	**£**
Gross value of currency transactions sold		902,837,168	805,293,495	1,783,710,215
Gross value of currency transactions purchased		(890,779,786)	(796,327,938)	(1,763,246,570)

Revenue on currency transactions		12,057,382	8,965,557	20,463,645
Banking revenue		2,538,317	3,057,739	5,628,747
Revenue	**4**	**14,595,699**	**12,023,296**	**26,092,392**
Direct costs		(2,534,403)	(2,328,410)	(5,605,961)
Gross profit		**12,061,296**	**9,694,886**	**20,486,431**
Administrative expenses		(9,900,166)	(7,442,495)	(18,109,624)
Acquisition expenses		(22,966)	(227,752)	(297,484)
Operating profit		**2,138,164**	**2,024,639**	**2,079,323**
Lease finance costs		(148,247)	-	-
Profit before tax		**1,989,917**	**2,024,639**	**2,079,323**
Tax credit / (expense)	5	(525,838)	58,919	538,343
Profit and total comprehensive income for the period / year		**1,464,079**	**2,083,558**	**2,617,666**
Earnings per share				
Basic	6	0.92p	1.41p	1.68p
Diluted	6	0.89p	1.38p	1.64p

All income and expenses arise from continuing operations. There are no differences between the profit for the year and total comprehensive income for the year, hence no Statement of Other Comprehensive Income is presented.

The below notes to the financial statements form an integral part of these financial statements.

*Refer to note 1

The below notes to the financial statements form an integral part of these financial statements.

EQUALS GROUP PLC (FORMERLY KNOWN AS FAIRFX GROUP PLC)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30-Jun-19	Unaudited as at 30-Jun-18 (Restated*)	Audited as at 31-Dec-18
	£	**£**	**£**
ASSETS			
Non-current assets			
Property, plant and equipment	1,705,336	603,246	941,826
Right of use assets	6,619,677	-	-
Intangible assets and goodwill	30,817,014	24,622,318	27,107,873
Deferred tax asset	2,679,747	511,912	2,035,728
	41,821,774	**25,737,476**	**30,085,427**
Current assets			
Inventories	285,569	239,763	286,713
Trade and other receivables	11,638,788	4,252,944	7,150,750
Deferred tax asset	-	-	859,914
Derivative financial assets	2,600,695	279,522	1,181,892
Cash and cash equivalents	4,848,870	10,734,011	7,860,368
	19,373,922	**15,506,240**	**17,339,637**
TOTAL ASSETS	**61,195,696**	**41,243,716**	**47,425,064**
EQUITY AND LIABILITIES			
Equity attributable to Equity holders			
Share capital	1,643,176	1,553,682	1,553,682
Share premium	38,239,668	35,858,770	35,858,770
Share based payment reserve	1,757,519	1,168,832	1,748,105
Merger reserve	8,395,521	8,395,521	8,395,521
Contingent consideration reserve	207,100	543,172	543,172
Retained deficit	(8,368,798)	(10,366,986)	(9,832,880)
	41,874,186	**37,152,991**	**38,266,370**
Non-Current liabilities			
Deferred tax liability	2,221,037	261,206	1,543,894
Lease liability	6,673,019	-	-
	8,894,056	**261,206**	**1,543,894**
Current liabilities			
Trade and other payables	7,617,240	3,588,979	6,679,131
Deferred tax liability	-	117,838	356,713
Derivative financial liabilities	2,601,035	122,702	578,956
Lease liability	209,180	-	-
	10,427,455	**3,829,519**	**7,614,800**
TOTAL EQUITY AND LIABILITIES	**61,195,696**	**41,243,716**	**47,425,064**

*Refer to note 1

The below notes to the financial statements form an integral part of these financial statements.

EQUALS GROUP PLC (FORMERLY KNOWN AS FAIRFX GROUP PLC)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Share Based Payment	Retained Deficit	Merger Reserve	Contingent consideration reserve	Total Equity Attributable to Shareholders
	£	£	£	£	£	£	£
Balance as at 1 January 2018	1,553,682	35,858,770	1,144,832	(12,450,546)	8,395,521	543,172	35,045,431
Profit for the period	-	-	-	2,083,559	-	-	2,083,559
Share based payment charge	-	-	24,001	-	-	-	24,001
Balance as at 30 June 2018	**1,553,682**	**35,858,770**	**1,168,832**	**(10,366,986)**	**8,395,521**	**543,172**	**37,152,991**
Balance as at 1 January 2018	1,553,682	35,858,770	1,144,832	(12,450,546)	8,395,521	543,172	35,045,431
Profit for the period	-	-	-	2,617,666	-	-	2,617,666
Share based payment charge	-	-	603,273	-	-	-	603,273
Balance as at 31 December 2018	**1,553,682**	**35,858,770**	**1,748,105**	**(9,832,880)**	**8,395,521**	**543,172**	**38,266,370**
Profit for the year	-	-	-	1,464,080	-	-	1,464,080
Shares issued in the period	89,494	2,380,898	-	-	-	(336,072)	2,134,320
Share based payment charge	-	-	9,414	-	-	-	9,414
Balance as at 30 June 2019	**1,643,176**	**38,239,668**	**1,757,519**	**(8,368,798)**	**8,395,521**	**207,100**	**41,874,186**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for shares in excess of nominal value less directly attributable costs.
Share based payment	Fair value of share options granted to both directors and employees.
Retained deficit	Cumulative profit and losses are attributable to equity shareholders.
Merger reserve	Arising on reverse acquisition from Group reorganisation.
Contingent consideration reserve	Arising on equity based contingent consideration on acquisition of subsidiaries

Under the principles of reverse acquisition accounting, the Group is presented as if Equals Group PLC had always owned the FairFX (UK) Limited Group. The comparative and current period consolidated reserves of the Group are adjusted to reflect the statutory share capital and merger reserve of Equals Group PLC as if it had always existed.

The below notes to the financial statements form an integral part of these financial statements.

EQUALS GROUP PLC (FORMERLY KNOWN AS FAIRFX GROUP PLC)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended	Unaudited 6 months ended (Restated*)	Audited as at Year ended
	30-Jun-19	30-Jun-18	31-Dec-18
	£	£	£
Profit for the period / year	1,464,079	2,083,559	2,617,666
Cash flow from operating activities			
Adjustments for:			
Depreciation	614,663	71,082	200,123
Amortisation	1,117,425	325,028	1,318,649
Interest paid on lease liabilities	(148,247)	-	-
Share based payment charge	9,414	24,000	53,765
Increase in deferred tax asset on share-based payment	-	-	549,508
Decrease / (increase) in trade and other receivables	(4,488,038)	1,146,760	(1,551,213)
Decrease / (increase) in derivative financial assets	(1,418,803)	24,253	(878,117)
Decrease / (increase) in deferred tax asset	215,896	-	(2,383,730)
Decrease / (increase) in inventories	1,144	(40,016)	(86,966)
Increase in trade and other payables	938,110	942,164	1,899,118
Increase / (decrease) in deferred tax liabilities	320,430	(58,919)	878,369
Increase / (decrease) in derivative financial liabilities	2,022,079	(22,503)	433,751
Net cash generated from operating activities	**648,152**	**4,495,410**	**3,050,923**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(946,826)	(203,205)	(670,827)
Acquisition of intangibles	(4,826,565)	-	(5,758,957)
Acquisition of subsidiary, net of cash acquired	-	(6,963,834)	(6,563,834)
Investment in subsidiary undertaking	-	(4,397,423)	-

Deferred contingent consideration on acquisition of subsidiary	(336,072)	-	-
Net cash used in investing activities	**(6,109,463)**	**(11,564,462)**	**(12,993,618)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	2,470,392	-	-
Principal elements of lease payments	(20,578)	-	-
Net cash from financing activities	**2,449,814**	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	**(3,011,497)**	**(7,069,052)**	**(9,942,695)**
Cash and cash equivalents at the beginning of the period / year	**7,860,368**	**17,803,063**	**17,803,063**
Cash and cash equivalents at the end of the period / year	**4,848,871**	**10,734,011**	**7,860,368**

*Refer to note 1

The below notes to the financial statements form an integral part of these financial statements.

EQUALS GROUP PLC (FORMERLY KNOWN AS FAIRFX GROUP PLC)

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2019

1. Basis of preparation and accounting policies

The consolidated interim financial statements have been prepared in accordance with the AIM rules and the basis of accounting policies set out in the accounts of the Group for the year ended 31 December 2018, except in relation to IFRS 16 *Leases*. The consolidated interim financial statements have been prepared using recognition and measurement principles of IFRS as adopted for use in the European Union. The IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group and therefore accounting policies applied are consistent with those disclosed in the annual financial statements for the year ended 31 December 2018.

The interim financial statements are unaudited and were approved by the Board of Directors for issue on 26 September 2018. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. These interim consolidated financial statements do not include all disclosures which would be required in a complete set of financial statements and should be read in conjunction with the 2018 Annual Report. The results for the year ended 31 December 2018 are in abbreviated form and have been extracted from the published financial statements of the Group. There were audited and reported upon without qualification by KPMG LLP and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Group has not applied IAS 34 "Interim Financial Reporting" (which is not mandatory for UK Groups) in the preparation of this interim report.

The Company is a limited liability company incorporated and domiciled in England and Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The Group financial statements are presented in pounds Sterling, which is the Group's presentational currency.

Changes in significant accounting policies
IFRS 16 *Leases*: IFRS 16 has replaced the existing IFRS guidance on leases. IFRS 16 has removed the distinction for lessees between an operating lease and a finance lease, and considers all leases to be treated in the same way. The lease liability for all leases is required to be recognised, with a right-of-use asset being recognised. A right-of-use asset represents the right to use the underlying asset for the period of the lease. The right-of-use asset is a non-current asset, and can be either an item of property, plant and equipment, investment property or an intangible asset.

Initial adoption: The Group has initially applied IFRS 16 at 1 January 2019, using the modified approach, right of use assets equals to total lease liabilities. Under this approach, comparative information is not restated and there is no cumulative effect of initial adoption.

Prior year adjustment
Customer cash is held in the Group's bank accounts and principally represents funds held in CardOne payment accounts or funds credited for the purposes of International Payments. The Group has considered the accounting for cash held on behalf of customers. In previous periods, cash held on behalf of customers has been recognised on balance sheet, with an equal liability to the customer.

During the year ended 31 December 2018, the Directors received legal advice in connection with the risks and rewards to the Group that arise from the holding of customer money and has concluded that the risks and rewards are principally vested with the customer. As a result, the Group no longer accounts for customer cash as an asset and, similarly, no longer holds a liability to the customer. The Directors also concluded that the risks and rewards were substantially the same in prior periods and have adjusted the prior year financial statements of the Group accordingly. The impact on the Group's financial statements in the prior period was as follows:

6 months to 30 June 2018	**As Stated**	**Effect of restatement**	**Restated**
Group	**£**	**£**	**£**
Statement of financial position			
Cash and cash equivalents	57,809,546	(47,075,535)	10,734,011
Trade and other payables	(50,664,514)	47,075,535	(3,588,979)
Statement of cash flows			
(Decrease) / increase in trade and other payables	13,870,033	(12,927,869)	942,164
Net cash (outflow) / inflow from operating activities	17,423,279	(12,927,869)	4,495,410
Net increase / (decrease) in cash and cash equivalents	5,858,817	(12,927,869)	(7,069,052)
Cash and cash equivalents at the beginning of the period	51,950,729	(34,147,666)	17,803,063
Cash and cash equivalents at end of the period	57,809,546	(47,075,535)	10,734,011

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. The company did not undertake any transactions prior to 30 June 2014.

On 5 August 2014, Equals Group PLC listed its shares on AIM, a market operated by The London Stock Exchange. In preparation for the Initial Public Offering ("IPO") the Group was restructured. The restructure impacted a number of the prior year and comparative primary financial statements and notes. The effect of this reorganisation was to insert one new company into the Group, a new ultimate holding company, Equals Group PLC.

Equals Group PLC acquired the entire share capital of FairFX (UK) Limited on 22 July 2014 through a share for share exchange. For the consolidated financial statements of the Group, prepared under IFRS, the principles of reverse acquisition under IFRS 3 "Business Combinations" have been applied. The steps to restructure the group had the effect of Equals Group PLC Group Plc being inserted above FairFX (UK) Limited. The holders of the share capital of FairFX (UK) Limited were issued fifty shares in Equals Group Plc for one share held in FairFX (UK) Limited.

By applying the principles of reverse acquisition accounting, the Group is presented as if Equals Group PLC had always owned and controlled the Equals group. Comparatives have also been prepared on this basis. Accordingly, the assets and liabilities of Equals Group PLC have been recognised at their historical carrying amounts, the results for the periods prior to the date the Company legally obtained control have been recognised and the financial information and cash flows reflect those of the "former" FairFX (UK) Limited group.

3. Going concern basis

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the interim statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and feel it is appropriate to adopt the going concern basis in the preparation of the interim statements.

4. Segmental analysis

Segment results are reported to the Board of Directors (being the chief operating decision maker) to assess both performance and support strategic decisions. The Board review financial information on revenue for the following segments: Currency Cards, International Payments, Travel Cash, Banking and Central (which includes overheads and corporate costs). Revenue is wholly derived from UK based customers.

IFRS 15 requires the presentation of disaggregated revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affects by economic factors. The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Board, to evaluate the financial performance of the Group.

Jun-19	**Currency Cards**	**International Payments**	**Travel Cash**	**Banking**	**Central**	**Total**
	£	£	£	£	£	£
Segment						

revenue	6,087,609	4,822,079	1,147,693	2,538,317	-	14,595,698
Direct costs	-	-	-	(595,151)	(1,939,252)	(2,534,403)
Administrative expenses	-	-	-	(1,330,679)	(8,717,733)	(10,048,412)
Acquisition costs	-	-	-	-	(22,966)	(22,966)
Profit /(loss) before tax and from operations	6,087,609	4,822,079	1,147,693	612,487	(10,679,951)	1,989,918
Total assets				-	61,195,696	61,195,696
Total liabilities				-	(19,321,510)	(19,321,510)
Total net assets	-	-	-	-	41,874,186	41,874,186

Dec-18	Currency Cards	International Payments	Travel Cash	Banking	Central	Total
	£	£	£	£	£	£
Segment revenue	9,996,890	8,389,851	2,076,904	5,628,747	-	26,092,392
Direct costs	-	-	-	(1,257,901)	(4,348,060)	(5,605,961)
Administrative expenses	-	-	-	(3,132,003)	(14,977,621)	(18,109,624)
Acquisition costs	-	-	-	-	(297,484)	(297,484)
Profit /(loss) before tax and from operations	9,996,890	8,389,851	2,076,904	1,238,843	(19,623,165)	2,079,323
Total assets	-	-	-	-	47,425,064	47,425,064
Total liabilities	-	-	-	-	(9,158,694)	(9,158,694)
Total net assets	-	-	-	-	38,266,370	38,266,370

Jun-18	Currency Cards	International Payments	Travel Cash	Banking	Central	Total
	£	£	£	£	£	£
Segment revenue	4,087,205	3,745,975	932,558	3,057,739	-	12,023,297
Direct costs	-	-	-	(598,700)	(1,729,710)	(2,328,410)
Administrative expenses	-	-	-	(1,627,895)	(5,814,600)	(7,442,495)
Acquisition costs	-	-	-	-	(227,752)	(227,752)
Profit /(loss) before tax and from operations	4,087,205	3,945,975	932,558	831,144	(7,772,061)	2,024,640
Total assets				-	41,243,716	41,243,716
Total liabilities				-	(4,090,725)	(4,090,725)
Total net assets	-	-	-	-	37,152,991	37,152,991

5. Taxation

Group	Unaudited 6 months ended	Unaudited 6 months ended	Audited as at Year ended
	30-Jun-19	30-Jun-18	31-Dec-18
	£	**£**	**£**
Changes in tax estimates related to prior years	(10,488)	-	32,544
Changes in tax estimates in pre-acquisition accounts of businesses acquired during the year	-	-	384,966
Current tax expense / (credit)	**(10,488)**	**-**	**417,510**
Origination and reversal of temporary differences	536,326	(58,919)	(1,063,420)
Recognition of previously unrecognised deductible temporary differences	-	-	107,567
Deferred tax expense / (credit)	**536,326**	**(58,919)**	**(955,853)**
Total tax expense / (credit)	**525,838**	**(58,919)**	**(538,343)**

The Group estimates that no tax is payable for the 6 months ended 30 June 2019.

The Group recognised a current tax credit of £10,488 in relation to the release of a historical tax liability reported in a subsidiary acquired in 2018, which has since been proven not to be due.

Based on valuation of acquisition of intangibles an enacted UK corporation tax rates the Group has acquired deferred tax liabilities of £760,923 as at 30 June 2019, in relation to its acquisition of Q Money Limited, Spectrum Financial Group Limited and City Forex Limited. The deferred tax will be released to the income statement as the underlying intangible assets are amortised or otherwise recognised in the profit and loss. The deferred tax liability released to the income statement for the period was £78,842. Future changes in the standard rate of corporation tax have been reflected in the carrying value of the deferred tax liability.

In the 6 months to 30 June 2019, the Group recognised a £399,272 deferred tax liability in relation to internally generated intangibles assets, which are subject to claims made under the Small or Medium-sized Enterprise (SME) R&D tax relief scheme. In addition, the Group recognised a £215,896 deferred tax expense in relation to deferred research and development tax credits recognised during the period.

The Group has estimated tax losses of £9,268,652 available for carry-forward against future trading profits. Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. The decision to recognise any asset is taken at such point recovery is reasonably certain, which the Group considered on a three-year forecast horizon. During the year ended 31 December 2018, the Group recognised a deferred tax asset of £1,607,394 in relation to carry forward losses expected to be used by 2021. The Group has an unrecognised deferred tax asset of Nil (2017: £1,761,611) in respect of the tax losses that can be carried forward against future taxable income for the period between one year and an indefinite period of time.

During the year ended 31 December 2015, the Government announced provisions further reducing the rate of corporation tax to 19.0% with effect from 1 April 2017 and to 18.0% from 1 April 2020, which were substantially enacted during the year. The tax rate applying from 1 April 2020 was further reduced to 17% during a later year. Therefore, the standard rate of corporation tax applicable to the Group for the year ended 31 December 2018 was 19.0%. The rate in the year ending 31 December 2019 is expected to be 19.0%, the rate in the year ending 31 December 2020 is expected to be 17.5% and the rate in subsequent years is expected to be 17.0%.

6. Profit / Loss per share

The profit or loss per share is based on the profit or loss attributable to ordinary shareholders of theparent company and the weighted average number of ordinary shares outstanding.

Unaudited 6 months ended 30 June 2019	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
£	£	£

Profit after tax attributable to ordinary shareholders	1,464,079	2,083,559	2,617,666
Basic shares:			
Weighted average number of ordinary shares for the purpose of basic earnings per share	159,635,522	147,603,753	155,368,259
Diluted shares:			
Weighted average number of ordinary shares for the purpose of diluted earnings per share	164,048,337	150,445,309	159,916,115

The calculation of diluted earnings per share has been based on the profit / loss attributable to ordinary shareholders and a weighted average number of shares outstanding, after adjustments for the effects of all dilutive potential ordinary shares.

7. Dividends

The Board does not recommend the payment of a dividend, since our capital allocation strategy at this stage is focused entirely on investing in the business to achieve our growth and efficiency objectives. However, the Board will continue to keep this under review.

8. Share capital and merger reserve

	As at 30 June 2019		**As at 30 June 2018**		**As at 31 December 2018**	
	Number	**£**	**Number**	**£**	**Number**	**£**
Authorised, issued and fully paid						
Ordinary shares of 1p each	164,317,683	1,643,176	155,368,259	1,553,682	155,368,259	1,553,682

Under the principles of reverse acquisition accounting, the Group is presented as if Equals Group PLC had always owned the FairFX (UK) Limited Group. The comparative and current period consolidated reserves of the Group are adjusted to reflect the statutory share capital and merger reserve of Equals Group PLC as if it had always existed.

In accordance with IAS 32 Financial Instruments: Presentation, costs incurred which are directly applicable to the raising of finance, are offset against the share premium created upon the share issue. The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9. Events after the reporting date

On the 9 August 2019, a subsidiary within the Group, FairFX Plc, acquired the International Payments business of Hermex International Limited ("HermexFX"), part of the FXPro Group, for a total consideration of £2 million, payable in cash.

On 16 August 2019, the Group issued 12,727,000 ordinary shares as part of a placing with new and existing institutional investors. On 5 September 2019, the Group issued 246,176 of ordinary shares via an open offer with existing qualifying shareholders.

10. Interim announcement

The interim report was approved by the Board of Director for issue on 26 September 2019. A copy will be posted on the Investor section of the Company's website at www.Equalsplc.com.