

Strictly Private & Confidential

30 September 2014

**FAIRFX Group plc**  
**(“FAIRFX” or “the Group” or “the Company”)**

**Interim Results for the six months**  
**ended 30 June 2014**

**Further strong customer and revenue growth in first half**

FAIRFX, a leading low cost, multi-currency payments provider, which joined AIM in August 2014, announces its maiden interim results\* for the six months ended 30 June 2014.

Key Financial Highlights

- Revenue up 68% to £223 million (H1 2013: £133 million)
- Gross profit up 42% to £1.82 million (H1 2013: £1.28 million)

Key Operational Highlights

- Retail Customer numbers increased in the first half by 44,094 (H1 2013: 26,175) to a total of 362,407, a growth rate of 68%, principally fuelled by increased and targeted marketing spend
- Growth in each multi-payment and single-payment category
- Continued investment in technological R&D – P2P matching platform provides major edge
- Top ranked by consumer ratings companies
- Significant upgrades to website, mobile and Apps expected by year end

Post Period End

- Net cash position strengthened by approximately £1.5m net post half year following Placing and Admission to AIM at 45pence per share
- Net proceeds of the Placing to primarily fund the Group’s marketing and IT development programme

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

“As expected, the Group enjoyed another period of strong growth in revenues.

We are carrying on our strategy of deployment of marketing resources allied to ongoing technological innovation to drive market share across our four segments of Cards, Physical Currency, FairPay and Dealing. Trading has continued to be very encouraging into the second half and the Board sees significant market share opportunities both in the UK and overseas. Consequently, we view the future with confidence.”

Enquiries:

FAIRFX Group plc +44 (0) 20 7778 9308  
Ian Strafford-Taylor, CEO

Square1 Consulting +44 (0) 20 7929 5599  
David Bick/Mark Longson

Cenkos Securities plc +44 (0) 20 7397 8925  
Max Hartley/Callum Davidson

## **About FAIRFX**

### **FAIRFX**

FAIRFX is a leading international payment services provider, incorporated in the UK in 2005. The Company has developed a cloud-based peer-to-peer payments platform that enables personal and business customers to make easy, low-cost multi-currency payments in a broad range of currencies and across a range of FX products all via one integrated system. The FAIRFX platform facilitates payments either direct to Bank Accounts or at 30 million merchants and over 1 million ATM's in a broad range of countries globally via Mobile apps, the Internet, SMS, wire transfer and MasterCard/ VISA debit cards.

FAIRFX operates within the rapidly growing online multi-currency payments market and provides transactional services to both personal and business customers through four channels being Currency Cards, Physical Currency, FairPay and Dealing. The Currency Card and Physical Currency offerings facilitate multiple overseas payments at points of sale and ATM's whereas the FairPay and Dealing products support wire transfer foreign exchange transactions direct to Bank Accounts.

In addition, FAIRFX has entered into a number of "white-label" arrangements for the use of its P2P matching platform. Customers include easyjet, ThinkMoney and Pitney Bowes. FAIRFX has also partnered with Concur Technologies, Inc. a leading provider of integrated travel and expense management solutions with over 25 million users globally. Such relationships provide strong support for FAIRFX's customer acquisition strategy.

### **Introduction**

The six months ended 30 June 2014 has seen the Group continue the strong growth trajectory of 2013, with all product lines expanding rapidly.

Group revenues for the period were £222.8 million (H1 2013: 133.3 million), an increase of 68 per cent. Gross profits were £1.82 million (H1 2013: £1.28 million), an increase of 42 per cent. The Group incurred a loss for the period of £0.58 million (H1 2013: £0.16 million), reflecting the increased marketing and IT spend as well as the growth in headcount to support the Group's aggressive customer acquisition strategy.

### **Operational Summary**

FAIRFX has continued to expand its business across all four segments. As at 30 June 2014, the Group's personal customers totalled 362,407 and had approximately 1,000 business customer, including Alexander McQueen, Aston Martin, Comic Relief, Freemantle Media, Grant Thornton, Harrods, KFC, Trinity Mirror and Toyota.

The Group continues to be top ranked for its Currency Card offering in respect of rates and customer satisfaction by consumer ratings companies MoneySupermarket.com and MoneySavingExpert.com.

During the period, the Group has continued to expand both its marketing and front end IT budgets with the aim of acquiring new customers by raising awareness through targeted advertising and improving the functionality and usability of the FAIRFX systems to be “light touch”. This strategy has been key to driving growth to date and the AIM IPO proceeds are being similarly invested. Marketing has been, and will continue to be, focused on targeted television advertising, Pay-per-click, Google adverts, Search Engine Optimisation and Affiliate marketing. Significant resources are being focused on the Group’s user interfaces, namely website, mobile and Apps to add new functionality combined with an enhanced user experience. Management expects to launch upgrades of all its user interfaces by the end of the year.

The Group has continued to invest in upselling multi-pay customers into the higher income single-pay products, the success of which has been borne out by the 93 per cent. increase in single-pay revenue in the first six months of 2014.

FAIRFX retains its ambition to expand its operations beyond the UK with a targeted launch in Ireland by the end of the year using the Group’s EEA-wide licence.

## **Financial Review**

The six months ended 30 June 2014 has seen the Group continue the strong growth trajectory of 2013, with all product lines expanding rapidly. Group revenues were 66 per cent. higher at £222.8 million (H1 2013: £133.3 million). Multi-pay product lines were up 52 per cent. on the equivalent period in 2013, growing from £82 million to £125 million with the Single-pay offering increasing by 93 per cent. from £50 million to £97 million. Customer numbers have expanded rapidly, with an aggregate 44,094 retail customers added during the six month period to 30 June 2014, bringing the total to 362,407, compared with the addition of 26,175 in the equivalent six month period in 2013, a growth rate of 68 per cent.

Gross profits of the Group for the period were £1.82 million (H1 2013: £1.28 million), an increase of 42 per cent. The Group incurred a loss for the period of £0.58 million (H1 2013: £0.16 million), reflecting the Group’s increased marketing and IT spend and growth in headcount to support the Group’s aggressive customer acquisition strategy. Marketing spend increased to approximately £750,000 in the first six months compared to approximately £500,000 during the comparable period in 2013. Headcount rose from 41 to 50 during the period, compared to 35 people employed as at 30 June 2013.

The Group’s net cash position was strengthened by approximately £1.5 million post the half year following the Placing and Admission to AIM at 45 pence per share, resulting in a current cash position of approximately £1.7 million.

\*FAIRFX Group plc (“FairFX” or the “Company” or the “Group”), includes in this announcement its first unaudited half year results following the Company’s Admission to AIM on 5 August 2014. Whilst the Company did not trade in the period to 30 June 2014, the Company acquired FAIRFX (UK) Limited (previously named FAIRFX Group Limited) and its trading subsidiaries on 22 July 2014. These accounts have been prepared as if FAIRFX (UK) Limited had been owned and controlled by the Company since FAIRFX (UK) Limited commenced trading.

## **Current Trading and Outlook**

FAIRFX has performed strongly in the first half and the Board looks ahead with confidence.

The Group has continued the trend of growing its customer base, with a total of 393,509 customers as at 28<sup>th</sup> September 2014. In addition, management is focused on improving its customer user experience through website, mobile and app.

## Consolidated Statement of Comprehensive Income

	Notes	Unaudited 6 months ended 30 June 14  £	Unaudited 6 months ended 30 June 13  £	Audited Year ended 31 December 2013  £
Revenue	4	222,787,418	133,253,550	322,384,612
Cost of sales		(220,970,365)	(131,972,077)	(319,611,662)
<b>Gross profit</b>		1,817,053	1,281,473	2,772,950
Administrative expenses		(2,400,037)	(1,444,385)	(2,643,689)
Operating ( loss )/ profit before tax		(582,984)	(162,912)	129,261
		(582,984)	(162,912)	129,261
Tax expense	5	-	-	-
<b>(Loss)/profit and total comprehensive income for the period attributable to shareholders</b>		(582,984)	(162,912)	129,261

All amounts relate to continuing activities.

<b>Loss per ordinary share (pence) attributable to shareholders</b>				
Basic	6	(0.95)p	(0.27)p	0.21p
Diluted		(0.95)p	(0.27)p	0.20p



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Merger Reserve	Retained Deficit	Total equity attributable to shareholders
	£	£	£	£
Balance as at 1 January 2013	614,744	5,416,082	(5,361,309)	669,517
Loss for the period			(162,912)	(162,912)
<b>Balance as at 30 June 2013</b>	<b>614,744</b>	<b>5,416,082</b>	<b>(5,524,221)</b>	<b>506,605</b>
Balance as at 1 January 2013	614,744	5,416,082	(5,361,309)	669,517
Profit for the year			129,261	129,261
<b>Balance as at 31 December 2013</b>	<b>614,744</b>	<b>5,416,082</b>	<b>(5,232,048)</b>	<b>798,778</b>
Loss for the period			(582,984)	(582,984)
<b>Balance as at 30 June 2014</b>	<b>614,744</b>	<b>5,416,082</b>	<b>(5,815,032)</b>	<b>215,794</b>

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

Share capital amount subscribed for shares at nominal value.

Retained deficit Cumulative profit and losses are attributable to equity shareholders.





## Consolidated Statement of Financial Position

	Unaudited at 30 June 14	Unaudited at 30 June 13	Audited at 31 December 2013
	£	£	£
<b>ASSETS</b>			
<b>Non- Current assets</b>			
Property, plant and equipment	84,497	39,270	34,152
	84,497	39,270	34,152
<b>Current assets</b>			
Inventories	58,133	141,453	76,281
Trade and other receivables	7,253,086	5,821,035	9,035,474
Cash and cash equivalents	3,955,424	3,000,082	2,006,288
	11,266,643	8,962,570	11,118,043
<b>TOTAL ASSETS</b>	<b>11,351,140</b>	<b>9,001,840</b>	<b>11,152,195</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Equity holders</b>			
Share capital	614,744	614,744	614,744
Merger reserve	5,416,082	5,416,082	5,416,082
Retained deficit	(5,815,032)	(5,524,221)	(5,232,048)
<b>Total equity</b>	<b>215,794</b>	<b>506,605</b>	<b>798,778</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	446,510	446,510	-

	446,510	446,510	-
<b>Current Liabilities</b>			
Trade and other payables	10,688,836	8,048,725	10,353,417
	10,688,836	8,048,725	10,353,417
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,351,140</b>	<b>9,001,840</b>	<b>11,152,195</b>

### **Consolidated Statement of Cashflow**

	<b>Unaudited 6 months ended 30 June 14 £</b>	<b>Unaudited 6 months ended 30 June 13 £</b>	<b>Audited year ended 31 December 2013 £</b>
(Loss)/ profit for period/ year	(582,984)	(162,912)	129,261
<b>Cash flow from operating activities</b>			
Adjustments for:			
Depreciation	9,000	6,000	23,558
Decrease/ (increase) in trade and other receivables	1,782,388	(2,606,205)	(5,820,644)

Increase in trade and other payables	781,929	3,503,728	5,361,910
Decrease/ (increase) in inventories	18,148	(68,815)	(3,643)
<b>Net cash generated from operating activities</b>	2,008,481	671,796	(309,558)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(59,345)	(7,660)	(20,100)
<b>Net cash used in investing activities</b>	(59,345)	(7,660)	(20,100)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	1,949,136	664,136	(329,658)
<b>Cash and cash equivalents at the beginning of the period</b>	2,006,288	2,335,946	2,335,946
<b>Cash and cash equivalents at end of the period</b>	3,955,424	3,000,082	2,006,288

Included in cash and cash equivalents at 30 June 2014 was £3.6 million of customer trading funds. (30 June 2013: £2.6 million, 31 December 2013: £1.3 million)

## Notes to the unaudited interim results

### 1. Basis of preparation and accounting policies

The 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 2013. 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 2013.

The interim financial statements are unaudited and were approved by the Board of Directors for issue on 29<sup>th</sup> September 2014. 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 2013 Annual Report. The results for the year ended 31 December 2013 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 Gerald Edelman 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.

### 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, FAIRFX 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 has impacted a number of the current 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 parent company, FAIRFX Group plc. The impact of the shares subscribed from the “IPO” are not included in the historical or current six months results to 30 June 2014 as the listing occurred after the period end.

FAIRFX Group plc acquired FAIRFX (UK) Limited (previously named FAIRFX Group 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 FAIRFX Group plc being inserted above FAIRFX (UK) Limited. The holders of the share capital of FAIRFX (UK) Limited were issued fifty shares in FAIRFX Group plc for one share held in FAIRFX (UK) Limited.

By applying the principles of reverse acquisition accounting, the Group is presented as if FAIRFX Group plc had always owned and controlled the FAIRFX group. Comparatives have also been prepared on this basis. Accordingly, the assets and liabilities of FAIRFX 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**

The revenue for the group is generated through the provision of foreign currency services and this is the sole operating segment of the group. The revenue is wholly derived from within the UK.

### **5. Taxation**

There is no charge for current or deferred tax due to the availability of tax losses. A deferred tax asset has not been recognised as the directors do not believe it is probable that future taxable profits will be available against which they can be utilised for the foreseeable future.

## 6. Loss per share

The loss per ordinary share is based on a loss attributable to equity shareholders of the parent company.

	Unaudited 6 months ended 30 June 2014	Unaudited 6 months ended 30 June 2013	Year ended 31 December 2014
Earnings:			
Loss for the purposes of basic and diluted loss per share (LPS) being the net loss attributable to the owners of the Company	(582,984)	(162,912)	129,261
Number of shares:			
Weighted average number of Ordinary shares for the purpose of basic LPS	61,474,350	61,474,350	61,474,350

In the periods ended 30 June 2014, 30 June 2013 and 31 December 2013 there were share options in issue which could potentially have a dilutive impact. The Group was loss making in the period to 30 June 2014 and 30 June 2013 and therefore the weighted average number of ordinary shares for the purpose of the basic and dilutive loss per share were the same. For the year ended 31 December 2013 the weighted number of shares including the share options was 66,297,150.

## 7. Dividends

The Directors do not recommend the payment of a dividend

	As at 30 June 2014, 30 June 2013 and 31 December 2013	As at 30 June 2014, 30 June 2013 and 31 December 2013
	Number	£
<b>Allotted, issued and fully paid</b>		
Ordinary shares of 1p each	61,474,350	614,744
<b>Share capital and merger reserve</b>		

Under the principles of reverse acquisition accounting, the Group is presented as if FAIRFX 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 FAIRFX Group plc as of it had always existed.



**9. Events after the reporting date**

On 5 August 2014, the Company raised gross £2,577,000 by way of a placing of 5,726,667 new ordinary shares at a price of 45pence per ordinary share. Following admission of the new ordinary shares to trading on AIM, the total number of ordinary shares in issue was 67,750,628.

**10. Interim announcement**

The interim report was approved by the Board of Director for issue on 29<sup>th</sup> September 2014. A copy will be posted on the Investor section of the Company's website at [www.fairfx.com](http://www.fairfx.com)