

29th September 2015

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

Interim Results for the six months ended 30 June 2015

Strong growth in first half continuing into 3rd Quarter

FAIRFX, a FinTech business specialising in low cost, multi-currency payments announces its interim results for the six months ended 30 June 2015.

Key Financial Highlights

- Turnover up 40% to £312 million (H1 2014: £223 million)
- Gross profit up 49% to £2.72 million (H1 2014: £1.82 million)
- Marketing spend of £2.02 million (H1 2014: £0.75 million)

Key Operational Highlights

- Total retail customer numbers increased by 60,495 (H1 2014: 44,094) to a total of 465,205, a growth rate of 37%
- The focus on consumer currency cards paid off with a total of 41,817 new cards sold, an increase of 55%
- Mobile responsive website launched in May, combined with new app, improved customer conversion by up to 57%
- Marketing investments of £2 million, including Sky Sports F1 channel sponsorship and summer TV advertising campaign, raised brand awareness by more than 70% (source: YouGov)
- Corporate Card Platform volumes up 41% year on year
- Completed hiring of senior management team

Post Period End

- Growth in new card sales accelerated further with 19,478 cards sold in the 2 months to 31st August, up 68% year on year, reflecting the success of the TV advertising campaign
- Total turnover in July and August totaled approximately £125 million, an increase of 34% on the same period last year with a concentration on growth of card turnover which expanded by 45%
- In Q3, FAIRFX website traffic from mobile devices surpassed that from desktop for the first time validating our emphasis on mobile and app interfaces
- Strategic plan to grow the unique FAIRFX Corporate Card solution commenced with roll-out of mobile-responsive framework for Corporate Card website and platform

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

"We are delighted with our first half performance and indeed the results we've seen throughout the summer.

At the beginning of the year we clearly stated our strategy of focusing on the retail card space and performing a land-grab by building brand awareness through the deployment of marketing resources allied to targeted, consumer-led technical innovation. Our first half results coupled with the trading update for July and August show the success of our approach as retail card numbers have accelerated strongly over last year whilst at the same time our conversion percentages have improved across all devices in terms of digital visitors becoming FAIRFX customers.

We will continue to focus on growth of the retail side of our business via marketing and see further opportunities for rapid expansion in this marketplace, both in the UK and beyond.

In addition, we are taking our experience in growing the retail card business and applying it to our Corporate Card platform. At over £30 billion*, the market size for UK Corporate Expenses is a comparable to the UK travel money market of £35 billion* and hence represents a great opportunity for FAIRFX. Our Corporate Card expense solution is a unique platform and will enable us to use disruptive technology to compete head-on with the charge-card offerings which currently predominate. We will use a similar model of targeted marketing spend allied to technical innovation for the Corporate Card market as we have already proven with our results for the retail card. We are extremely excited both by the potential for this market and our product capabilities within it.

Overall, we have made great strides so far this year and look forward to the future with confidence."

* Sources - UK Corporate expense market from 2013 CIPS (Chartered Institute of Procurement and Supply) Report. UK Travel Money Market from 2014 Mintel Report.

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About FAIRFX

FAIRFX is a FinTech Company specializing in international payments services, 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. The platform has bank-grade security features and is PCI-DSS compliant.

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 and validation of its technology.

Introduction

The six months ended 30 June 2015 has seen the Group continue the strong growth trajectory of 2014, with all product lines growing strongly.

Group revenues for the period were £312 million (H1 2014: 223 million), an increase of 40 per cent. Gross profits were £2.71 million (H1 2014: £1.82 million), an increase of 49 per cent. The Group incurred a loss for the period of £2.06 million (H1 2014: £0.58 million) including costs of marketing of £2.02 million and a charge relating to options issued on IPO of £0.32 million. The marketing spend is in line with our stated strategy and included the making of a new TV commercial, Sky F1 sponsorship and a substantial TV campaign during June. These steps helped fuel growth in June and, as can be seen from the post period end update, July through to the present day.

Operational Summary

FAIRFX has continued to expand rapidly. As at 30 June 2015, the Group's personal customers totaled 465,205 representing an increase of 102,798 in 12 months. In addition, FAIRFX business customers increased by 60% to approximately 1,600 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 offerings in respect of rates and customer satisfaction by consumer ratings companies MoneySupermarket.com and MoneySavingExpert.com.

During the period, the Group has substantially increased both its marketing and front end IT budgets to drive new customer acquisition by raising awareness through targeted TV advertising and improving the functionality and usability of the FAIRFX systems with a pronounced emphasis on mobile technology. The deployment of upgrades to both the FAIRFX website to make it mobile-responsive and also App improvements all occurred on schedule and in time for the June 1st TV marketing launch. The TV coverage was augmented with Pay-per-click, Google adverts, search engine optimization and affiliate marketing.

The Group has restructured its IT department, including the adoption of agile process management. This has resulted in substantially improved productivity and reduced deployment lead-times as can be seen from the changes made so far in 2015.

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 as well as looking at a non-Eurozone test market.

As announced in the Final Results in March 2015, the Group continues to strengthen and refine its compliance procedures was granted additional permissions by the FCA under the Authorised Payment Institution regulations in February 2015.

Financial Review

The six months ended 30 June 2015 has seen the Group continue the strong growth trajectory of 2014, with all product lines expanding rapidly. Group revenues were 40 per cent higher at £312 million (H1 2014: £223 million). Multi-pay product lines were up 32 per cent on the equivalent period in 2014, growing from £125 million to £164 million with the Single-pay offering increasing by 51 per cent from £97 million to £146 million. Customer numbers have expanded rapidly, with an aggregate 60,495 retail customers added during the six month period to 30 June 2015, bringing the total to 465,205, compared with the addition of 44,094 in the equivalent six month period in 2014, a growth rate of 37 per cent. More importantly, the focus on the retail card has yielded 41,817 cards sold in the period compared to 26,955 in H1 2014 - an increase of 55%.

Gross profits of the Group for the period were £2.72 million (H1 2014: £1.82 million), an increase of 49 per cent. Gross profit growing at a faster rate than turnover reflects both an improved mix of business towards the card products combined with FAIRFX ability to maintain its profit margins.

The Group incurred a loss for the period of £2.06 million (H1 2014: £0.58 million) which included Marketing Spend of £2.02 million (H1 2014 £0.75 million) and a charge of £0.32 million relating to options for Directors and Senior Management issued at IPO. The results for the first half reflect the Group's implementation of its stated strategy of deploying the funds raised in 2014 to seek a land-grab by a successful marketing campaign. Given the seasonal nature of the Travel Money market and FAIRFX strategy to acquire retail currency card customers, FAIRFX marketing was targeted primarily in the first 6 months of the year and the post-period end numbers bear witness to the success of this spend. In addition, the Group invested in IT upgrades in the period to enhance user experience and customer conversion and is now enjoying the benefits of this automation as reflected by headcount numbers peaking at 68 during the period, up from 66 at 31st December 2014 but currently running at 63, which is sufficient for future growth.

Senior Management Changes

The Group has now completed the establishment of its senior management team to augment the original team at IPO and to provide a stronger foundation for further expansion and reduce key-man risk. During the period, Clive Atkinson was appointed as the Chief Financial Officer and Jonathan Saverimuttu as Chief Marketing Officer. Both Clive and Jonathan have a wealth of relevant experience in their respective fields.

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 490,741 customers as at 31st August 2015. Management is maintaining its aggressive land-grab of retail card customers and augmenting this with a strategic re-launch of its Corporate Card solution.

Since IPO in 2014, the Company has remained focused on its stated strategy to grow the business through deployment of marketing expenditure which is cash intensive in the short term. The Company's ambition to expand into the corporate card market will also require investment but the Board is confident that this spend will enhance shareholder value. The Board will continue to monitor its strategy to ensure the optimum balance between growth and having sufficient resources to enable the Company to achieve its goal of becoming cashflow positive during the course of 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 6 months ended 30 June 15 £	Unaudited 6 months ended 30 June 14 £	Audited Year ended 31 December 2014 £
Gross value of currency transactions sold	4	312,038,968	222,787,418	475,345,811
Gross value of currency transactions purchased		(308,403,066)	(220,426,901)	(469,864,995)
Margin on currency transactions		3,635,902	2,360,517	5,480,816
Direct costs		(920,263)	(543,464)	(1,666,109)
Gross margin		2,715,639	1,817,053	3,814,707
Administrative expenses		(4,777,828)	(2,400,037)	(5,966,697)
AIM listing expenses		-	-	(678,056)
Loss before tax and from operations		(2,062,189)	(582,984)	(2,830,046)
Tax expense	5	-	-	-
Loss for the period / year		(2,062,189)	(582,984)	(2,830,046)
Loss per share				
Basic	6	(2.93)p	(0.95)p	(4.41)p
Diluted	6	(2.93)p	(0.95)p	(4.41)p

All amounts relate to continuing activities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited at 30 June 15 £	Unaudited at 30 June 14 £	Audited at 31 December 14 £
ASSETS			
Non - current assets			
Property, plant and equipment	101,748	84,497	112,759
	101,748	84,497	112,759
Current assets			
Inventories	226,086	58,133	161,149
Trade and other receivables	13,696,585	7,253,086	7,899,101
Cash and cash equivalents	6,134,058	3,955,424	4,085,137
	20,056,729	11,266,643	12,145,387
TOTAL ASSETS	20,158,477	11,351,140	12,258,146
EQUITY AND LIABILITIES			

Equity attributable to Equity holders

Share capital	704,758	614,744	704,758
Share premium	3,522,752	-	3,522,752
Share based payment reserve	603,004	-	279,136
Merger reserve	5,416,083	5,416,082	5,416,083
Retained deficit	(10,124,283)	(5,815,032)	(8,062,094)
Total equity	122,314	215,794	1,860,635

Non-Current Liabilities

Borrowings	-	446,510	-
	-	446,510	-

Current Liabilities

Borrowings	334,882	-	334,882
Trade and other payables	19,701,281	10,688,836	10,062,629
	20,036,163	10,688,836	10,397,511
TOTAL EQUITY AND LIABILITIES	20,158,477	11,351,140	12,258,146

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Share Based Payment	Retained Deficit	Merger Reserve	Total Equity Attributable to Shareholders
	£	£	£	£	£	£
Balance as at 1 January 2014	614,743	-	-	(5,232,048)	5,416,083	798,778
Loss for the period	-	-	-	(582,984)	-	(582,984)
Balance as at 30 June 2014	614,743	-	-	(5,815,032)	5,416,083	215,794
Balance as at 1 January 2014	614,743	-	-	(5,232,048)	5,416,083	798,778
Loss for the year	-	-	-	(2,830,046)	-	(2,830,046)
Shares issued in the year	90,015	3,522,752	-	-	-	3,612,767
Share based payment charge	-	-	279,136	-	-	279,136
Balance as at 31 December 2014	704,758	3,522,752	279,136	(8,062,094)	5,416,083	1,860,635
Loss for the period	-	-	-	(2,062,189)	-	(2,062,189)
Share based payment charge	-	-	323,868	-	-	323,868
Balance as at 30 June 2015	704,758	3,522,752	603,004	(10,124,283)	5,416,083	122,314

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 costs directly attributable to the Initial Public Offer of the company's share.
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.

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 if it had always existed.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 June 2015 £	Unaudited 6 months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
Loss for period/year	(2,062,189)	(582,984)	(2,830,046)
Cash flow from operating activities			
<i>Adjustments for:</i>			
Depreciation	29,951	9,000	55,537
Share based payment charge	323,868	-	279,136
Decrease/ (increase) in trade and other receivables	(5,797,484)	1,782,388	1,136,373
Decrease in borrowings	-	-	(111,628)
Increase in trade and other payables	9,638,652	781,929	155,722
Decrease/ (increase) in inventories	(64,937)	18,148	(84,868)
Net cash generated / (used) from / (by) operating activities	2,067,861	2,008,481	(1,399,774)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(18,940)	(59,345)	(134,144)
Net cash used in investing activities	(18,940)	(59,345)	(134,144)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	-	-	4,161,104
Costs directly attributable to share issuance	-	-	(548,337)
Net cash from financing activities			3,612,767
Net increase in cash and cash equivalents	2,048,921	1,949,136	2,078,849
Cash and cash equivalents at the beginning of the period / year	4,085,137	2,006,288	2,006,288
Cash and cash equivalents at end of the period / year	6,134,058	3,955,424	4,085,137

Included in cash and cash equivalents at 30 June 2015 was £5.3m of customer trading funds (30 June 2014: £3.6 million, 31 December 2014: £2.1 million).

Notes to the unaudited Consolidated Interim Report for the six months ending 30 June 2015

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 2014. 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 2014.

The interim financial statements are unaudited and were approved by the Board of Directors for issue on 28 September 2015. 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 2014 Annual Report. The results for the year ended 31 December 2014 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.

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 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, FAIRFX Group plc.

FAIRFX Group Plc acquired the entire share capital of 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. 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 will be taken at such point recovery is reasonably certain, when the group returns to profitability.

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 2015	Unaudited 6 months ended 30 June 2014	Audited 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	(2,062,189)	(582,984)	(2,830,046)
Number of shares:			
Weighted average number of Ordinary shares for the purpose of basic LPS	70,475,810	61,474,350	64,128,356

In the periods ended 30 June 2015, 30 June 2014 and 31 December 2014 there were share options in issue which could potentially have a dilutive impact. The Group was loss making in the period to 30 June 2015, 30 June 2014 and the year ended 31 December 2014 and therefore the weighted average number of ordinary shares for the purpose of the basic and dilutive loss per share were the same.

7. Dividends

The Directors do not recommend the payment of a dividend

8. Share capital and merger reserve

	As at 30 June 2015 and 31 December 2014		As at 30 June 2014	
	Number	£	Number	£
Allotted, issued and fully paid				
Ordinary shares of 1p each	70,475,810	704,758	61,474,350	614,744

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 if it had always existed.

Since 30 June 2014, the company has made the following share issues:

Date of Issue	No Shares Issued	Price per share	Gross value of shares issued	Nominal Value of shares issued	Costs of share issues	Share Premium
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5 August 2014	5,726,667	£0.45	£2,577,000	£57,267	£446,602	£2,073,132
5 August 2014	549,611	£0.01	£5,496	£5,496	-	-
26 November 2014	199,800	£0.57	£113,886	£1,998	-	£111,888
18 December 2014	2,525,382	£0.58	£1,464,722	£25,254	£101,736	£1,337,732
Total	<u>9,001,460</u>		<u>£4,161,104</u>	<u>£90,015</u>	<u>£548,338</u>	<u>£3,522,752</u>

9. Events after the reporting date

There are no events to report since the reporting date.

10. Interim announcement

The interim report was approved by the Board of Director for issue on 28 September 2015. A copy will be posted on the Investor section of the Company's website at www.fairfx.com.

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