FAIRPOINT.

3 September 2015

Fairpoint Group plc

Half year results for the six months ended 30 June 2015

Fairpoint Group plc ("Fairpoint" or "the Group"), one of the UK's leading providers of consumer professional services, today announces its half year results for the six months ended 30 June 2015.

Highlights

Half year results are significantly ahead of the same period last year, with a strong contribution from consumer legal services, which delivered the earnings enhancements anticipated at the time of the acquisition of Simpson Millar and Fosters in June and July 2014.

- Reported and adjusted revenues and profits have increased significantly compared to the first half of 2014
  - Revenue increased by 64% to £22.9m (2014: £13.9m)
  - Adjusted profit before tax* increased by 21% to £4.1m (2014: £3.4m)
  - Adjusted basic earnings per share** increased by 19% to 7.38p (2014: 6.20p)
  - Reported profit before tax increased by 27% to £1.3m (2014: £1.0m) after deducting exceptional costs of £nil (2014: £1.2m), amortisation of acquired intangible assets of £2.3m (2014: £1.1m) and unwinding of discount on contingent consideration of £0.4m (2014: £nil)
  - Reported basic earnings per share increased by 25% to 2.33p (2014: 1.87p)

- Fairpoint is now reshaped into a broadly based professional services group
  - Legal Services is now the largest single business segment representing 49% of total revenue in the period (2014: 8%)
  - On a pro forma basis, Legal Services now represents 62% of Group revenues

- Strong balance sheet, cash generation and new enlarged long term bank facilities provide a platform for further growth
  - Net cash generated from operating activities of £4.9m (2014: £1.0m)
  - Net debt*** of £5.2m at 30 June 2015 (30 June 2014: £7.1m)
  - Expanded bank facilities with AIB Group (UK) plc ("AIB"), agreed in August 2015, taking the total facility to £25.0m

- Increased dividend reflecting strong profit and cash performance and confidence in the future
  - Interim dividend increased by 7% to 2.45p (2014: 2.30p)

- Well placed for strong performance in second half of 2015
  - Contribution expected from acquisition in August 2015 of Colemans CTTS solicitors and Holiday TravelWatch Limited ("Colemans"), a consumer legal services business, for an initial cash consideration of £8.0m and £1.0m in shares
  - Strong position to continue to develop the Legal Services platform organically and through further acquisition supported by an enlarged £25.0m financing facility
  - Strong cost control across debt solutions activities is expected to continue to deliver good margins and cash flows

** Profit before tax of £1.28m (2014: £1.01m) plus amortisation of acquired intangible assets of £2.35m (2014: £1.12m) plus unwinding of discount on contingent consideration of £0.43m (2014: £nil) plus exceptional items of £nil (2014: £1.23m)*
*** Adjusted for the net of tax effect of amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items*
**** Net debt is bank borrowings and finance lease liabilities less cash*

Chris Moat, Chief Executive Officer, said:

"Fairpoint has delivered another strong set of financial results, both in terms of profitability and cash generation, whilst continuing to execute its stated strategy of becoming a broadly based professional services group.

The addition, post period end, of Colemans in August 2015 now means that on a pro forma basis, legal services is expected to represent almost two thirds of the Group's revenues. This is expected to provide an important growth stimulus for the remainder of 2015 and beyond and the Group is well placed to develop upon the considerable opportunities within the legal services marketplace, both organically and by acquisition."

Enquiries:

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There will be an analyst presentation to discuss the results at 9.15 for 9.30am on 3 September 2015 at the offices of MHP Communications, 6 Agar Street, London, WC2 4HN

Notes to editors:

Fairpoint Group plc is an AIM listed consumer professional services business specialising in the provision of consumer-focused legal services, personal debt solutions and claims management. The Group is structured into the following primary business lines:

1. Legal Services
2. Debt Management Plans (DMPs)
3. Claims Management
4. Individual Voluntary Arrangements (IVAs)

www.fairpoint.co.uk

Chairman's statement

I am pleased to report a strong set of results for the first half of 2015, which reflect the anticipated earnings enhancements from the acquisitions in consumer legal services the Group made in June and July 2014. Significant progress has been made in developing the Group's legal services offering, with Simpson Millar and Fosters having been integrated well and with the acquisition of Colemans in August 2015. At the same time, we have continued our disciplined approach to margin and cash management in our traditional debt solutions markets, taking into account the difficult market conditions.

Strategy

Our core strategic themes will focus upon:

- Developing our customer franchise by providing consumers with a growing number of solutions which will improve their circumstances;
- Consolidation in our chosen markets, with a particular focus on the legal services market place whilst we evaluate regulatory developments in the debt management marketplace;
- Clear differentiation of our solutions from those offered by our competitors; and
- Focus on our cost agenda to maintain margin in the IVA and DMP segments.

Dividend

Our dividend policy takes into account the underlying growth in adjusted earnings, whilst acknowledging the requirement for continued organic and acquisition led investment.

In light of the results for the first half and taking into account the requirements of the Group, the Board has recommended an increase in the interim dividend of 7% to 2.45p (2014: 2.30p).

The interim dividend will be paid on 23 October 2015 to shareholders on the register on 2 October 2015, with an ex-dividend date of 1 October 2015.

People

We are reliant on the experience and commitment of our people and I would like to thank the management and staff for all of their hard work and dedication during the first half of 2015.

Outlook

We expect to make further progress in the second half of 2015, benefitting from the normal seasonality of the business, continued cost control and a first time contribution from the acquisition of Colemans.

Beyond this, we anticipate targeting further value-enhancing acquisition opportunities during 2015, to allow us to consolidate our market position.

David Harrel
Chairman

Chief Executive Officer’s review

Results

Group revenue increased by 64% to £22.9m (2014: £13.9m), with legal services activities accounting for 49% (2014: 8%). This mix change largely reflects the acquisition of Simpson Millar, the Group’s legal services platform, at the end of the first half of last year. This trend of increasing contribution from legal services activities will gather pace during the rest of 2015, given the acquisition in August of Colemans.

Adjusted profit before tax* increased by 21% to £4.1m (2014: £3.4m). Reported profit before tax increased by 27% to £1.3m (2014: £1.0m), after deducting exceptional acquisition and refinancing costs of £nil (2014: £1.2m), amortisation of acquired intangible assets of £2.3m (2014: £1.1m) and the unwinding of the discount on contingent consideration of £0.4m (2014: £nil).

Adjusted basic earnings per share** increased by 19% to 7.38p (2014: 6.20p). Basic earnings per share was 2.33p (2014: 1.87p) and fully diluted earnings per share was 2.31p (2014: 1.85p).

Net debt*** at 30 June 2015 was £5.2m (30 June 2014: £7.1m).

Operational review

Our Market places

The Group operates within the following two core market places –

Legal Services

The legal services market is highly fragmented and has recently been subjected to significant regulatory change, which is intended to improve consumer choice and value. These changes are encouraging industry consolidation and present a unique opportunity to create more competitive consumer offerings. The acquisition of Simpson Millar in June 2014, Fosters in July 2014 and the subsequent acquisition of Colemans in August 2015 provide a significant platform from which the Group can deploy its core skill of applying process to professional services. On a pro-forma basis, Legal Services are now expected to generate the majority of the Group’s income.

Debt Solutions

Market conditions for the Group’s debt solutions remain challenging and we continue to take a disciplined approach to marketing expenditure, ensuring that uneconomic activity is minimised. The volume of new IVA solutions in England and Wales decreased by over 30% to 19,426 in the first half of 2015 (2014: 27,791), (source: The Insolvency Service), a reflection of the economic stability in the wider economy. These market conditions, in our view, are likely to continue until bank base rate increases adversely impact the financial circumstances of home owners who typically have higher incomes.

** Profit before tax of £1.28m (2014: £1.01m) plus amortisation of acquired intangible assets of £2.35m (2014: £1.12m) plus unwinding of discount on contingent consideration of £0.43m (2014: £nil) plus exceptional items of £nil (2014: £1.23m)*
*** Adjusted for the net of tax effect of amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items*
**** Net debt is bank borrowings and finance lease liabilities less cash*

In the debt management sector, a rigorous regulatory agenda has been driven by the Financial Conduct Authority (FCA) since it assumed responsibility for the regulation of this sector from April 2014, including the release, in June 2015, of its thematic review of the debt management sector. The Group has opted to suspend acquisition activity in this sector for the foreseeable future, whilst pricing and valuations evolve under the new regulatory regime. As with all firms operating within this sector, since the change in regulatory regime, the Group has traded under an interim regulatory permission. Following this, the Group has submitted its application for full regulatory permission and this is expected to be processed during the second half of 2015.

Legal Services

Revenues in the legal services segment rose to £11.3m (2014 (2 weeks): £1.2m) reflecting the acquisition of Simpson Millar in June 2014. The segmental adjusted pre-tax profit was £1.4m (2014 (2 weeks): £0.1m), with a small improvement in adjusted profit margin to 13% (2014 (2 weeks): 10%). Compared to the full six month period of the prior year (when it was not part of the Group), legal services performed well with single digit organic growth in revenues and profits. Simpson Millar provides consumer-focused legal services with its main lines including: family, public law, and complex personal injury law.

Our mission within legal services is to make law more accessible to consumers. During the last 12 months we have taken a series of actions aimed towards bringing this mission to life including:

- placing prime responsibility for the generation of new customer enquiries into our Group marketing and helpline function
- defining a pricing tariff for over 70 legal products, which will enable us to communicate a price point for a fixed schedule of services at the outset
- developing our infrastructure to operate more efficiently
- more recently adding a class leading volume personal injury, conveyancing and travel law business to enhance our product set.

In August 2015, the Group acquired Colemans, a provider of consumer-focused legal services with leading expertise in volume personal injury, volume conveyancing and travel law. On a pro forma basis following the acquisition of Colemans, legal services are now expected to represent at least 62% of the Group's revenues.

The initial consideration was £8.0m in cash and a further £1.0m through the issue of 755,516 ordinary shares. Further contingent consideration of up to £7.0m may be payable based on the financial performance of Colemans for the 11 month period ending June 2016 and the 12 month period ending June 2017. Colemans has over 200 employees (of which 67 are direct fee earners, with the rest facilitating the efficiency of those fee earners) based in three offices in Manchester, Kingston and Acton. Colemans brings a pronounced competency in volume personal injury law, which is complementary to the range of services already offered in Simpson Millar.

As previously announced, the acquisition of Colemans is expected to incur £1.0m of legal, professional and integration costs in the second half of 2015.

IVA services

Revenues from the Group's IVA activities were £5.6m (2014: £6.7m). Revenues reduced largely as a result of fewer new cases, due to the 30% market reduction in IVAs noted above.

IVA services segmental adjusted pre-tax profit was £1.0m (2014: £1.3m). In light of the market conditions outlined above, we have focused on profit margin management through cost control and as a result, adjusted profit margin fell only slightly to 17% (2014: 19%), despite reduced revenues.

The total number of fee paying IVAs under management at 30 June 2015 was 16,889 (30 June 2014: 18,717). The number of new IVAs written in the first half of 2015 was 795 (2014: 1,464) and the average gross fee per new IVA was £3,036 (2014: £3,458).

DMP services

Revenues in the DMP segment were £3.9m (2014: £3.9m) and the segmental adjusted pre-tax profit was £1.5m (2014: £1.6m).

Our focus in the DMP segment has been on customer service to our existing clients and engaging with the requirements of the new regulatory regime. In line with the FCA thematic review, we have implemented certain changes to our procedures and we expect our application for full regulatory permission to be processed during 2015. In light of the regulatory environment, no acquisitions of DMP back books were considered during the period.

The total number of DMPs under management at 30 June 2015 was 20,730 (2014: 21,422). Adjusted profit margin was broadly flat at 39% (2014: 40%).

Claims management

Revenues from our claims management activities were £2.1m (2014: £2.1m) and the segmental adjusted pre-tax profit decreased to £0.4m (2014: £0.6m) as the business invested in developing new products and services.

Claims levels, largely relating to payment protection insurance (PPI) reclaim activity from existing IVA clients have reached maturity, whilst those from our debt management clients, conducted through our “Writefully Yours” brand, are building well.

Outlook

Following the acquisition of Colemans, we have now established a significant and diverse legal services platform and this is expected to be accretive to earnings in the second half of 2015. In addition, we expect to continue to pursue acquisition opportunities, with particular focus on the legal services market, as well as benefitting from further integration activity in this segment, as we pursue our objective of making law more accessible to consumers.

We anticipate that the market conditions in the IVA segment will remain challenging and we will therefore continue to focus on margin management and cash generation. We expect the development of other claims products to mitigate in part the effects of the maturing IVA claims activity. In DMP, we are focussed on existing business whilst our application for full regulatory permission is processed. Our debt solutions activities are expected to benefit from their usual seasonally stronger second half, in part due to lower anticipated marketing costs given the subdued markets.

As a result of the above factors, the Board is confident of delivering good progress in line with market expectations for the year as a whole, whilst further establishing the building blocks for continuing growth.

Chris Moat
Chief Executive Officer

Finance Director's review

Financial highlights

Group revenue increased by 64% to £22.9m (2014: £13.9m). This increase was largely as a result of the contribution from Simpson Millar which was acquired in June 2014. Revenues within the DMP and claims management segments were consistent with the first half of 2014, but declined in the IVA segment.

The Group achieved a gross margin of 50% (2014: 50%) and adjusted profit before tax* increased by 21% to £4.1m (2014: £3.4m). The increased revenue from legal services and a controlled cost base have led to the improved results.

The Group incurred no exceptional costs during the first half of 2015. During the first half of 2014, the Group incurred exceptional costs of £1.2m represented by £0.7m of costs in relation to the acquisition of Simpson Millar and £0.5m of costs associated with the refinance of the Group with AIB.

Reported profit before tax was £1.3m (2014: £1.0m).

The Group's tax charge was £0.3m (2014: £0.2m). The tax charge on adjusted profits was £0.8m (2014: £0.7m). This represents an effective rate of 20.3% (2014: 21.5%), the reduction largely resulting from the change in corporation tax rates during the year.

The total comprehensive income for the six months ended 30 June 2015 was £1.0m (2014: £0.8m).

Earnings per share (EPS)

Adjusted basic EPS** was 7.38p (2014: 6.20p). Basic EPS was 2.33p (2014: 1.87p). Diluted EPS was 2.31p (2014: 1.85p).

Cash flows

Cash generated from operations was £5.5m (2014: £1.8m) representing 128% of adjusted profit before finance costs. The cash flows for the six months ended 30 June 2014 included cash outflows associated with exceptional costs of £0.7m and £1.3m of one-off working capital outflows associated with Simpson Millar. There were no cash outflows associated with exceptional costs for the six months ended 30 June 2015. In legal services, work in progress days at 30 June 2015 were 101 (30 June 2014: 96) and the acquisition of Colemans is not expected to significantly extend this working capital investment in work in progress, given the high volume and shorter term nature of its case portfolio.

Interest paid was £0.2m (2014: £0.1m).

During the first half of 2015 the Group made tax payments of £0.4m (2014: £0.6m).

Investing cash outflows were £0.7m (2014: £9.3m), with 2014 reflecting in particular the cash element of the Simpson Millar acquisition of £5.0m (net of cash balances acquired) and the acquisition of two DMP businesses (one via a corporate acquisition, the other via an asset acquisition).

Financing cash outflows were £4.0m (2014: cash inflows £10.1m), including dividend cash outflows which increased to £1.8m (2014: £1.6m).

** Profit before tax of £1.28m (2014: £1.01m) plus amortisation of acquired intangible assets of £2.35m (2014: £1.12m) plus unwinding of discount on contingent consideration of £0.43m (2014: £nil) plus exceptional items of £nil (2014: £1.23m)*
*** Adjusted for the net of tax effect of amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items*
**** Net debt is bank borrowings and finance lease liabilities less cash*

Financing

The Group's net debt*** position as at 30 June 2015 was £5.2m (30 June 2014: £7.1m).

In August 2015 the Group agreed a £5.0m extension to its previous £20.0m banking facility with AIB, taking the total facility to £25.0m. The new committed facility comprises a £17.0m revolving credit facility and an £8.0m term loan, providing the Group with significant financing headroom. This new facility extends to May 2019.

The new facility supported the acquisition of Colemans and provides long term financing to underpin the Group's growth and acquisition strategy.

John Gittins
Group Finance Director

**** Net debt is bank borrowings and finance lease liabilities less cash.*

Consolidated statement of comprehensive income – Period from 1 January 2015 to 30 June 2015

	Period from 1 January to 30 June 2015 Unaudited			Period from 1 January to 30 June 2014 Unaudited			Year ended 31 December 2014 Audited		
	Adjusted * £'000	Amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items £'000	Total £'000	Adjusted * £'000	Amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items £'000	Total £'000	Adjusted * £'000	Amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items £'000	Total £'000
Revenue	22,882	-	22,882	13,942	-	13,942	38,324	-	38,324
Cost of sales	(11,369)	-	(11,369)	(6,997)	-	(6,997)	(18,000)	-	(18,000)
Gross profit	**11,513**	**-**	**11,513**	**6,945**	**-**	**6,945**	**20,324**	**-**	**20,324**
Amortisation of acquired intangibles	-	(2,347)	(2,347)	-	(1,117)	(1,117)	-	(3,272)	(3,272)
Other administrative expenses	(8,192)	-	(8,192)	(4,666)	(1,229)	(5,895)	(12,988)	(2,534)	(15,522)
Total administrative expenses	**(8,192)**	**(2,347)**	**(10,539)**	**(4,666)**	**(2,346)**	**(7,012)**	**(12,988)**	**(5,806)**	**(18,794)**
Finance income – unwinding of discount on IVA revenue	871	-	871	1,262	-	1,262	2,332	-	2,332
Finance income – other	104	-	104	2	-	2	93	-	93
Profit (loss) before finance costs	**4,296**	**(2,347)**	**1,949**	**3,543**	**(2,346)**	**1,197**	**9,761**	**(5,806)**	**3,955**
Finance costs	(239)	(427)	(666)	(186)	-	(186)	(506)	-	(506)
Profit (loss) before taxation	**4,057**	**(2,774)**	**1,283**	**3,357**	**(2,346)**	**1,011**	**9,255**	**(5,806)**	**3,449**
Tax (expense) credit	(822)	562	(260)	(721)	505	(216)	(1,839)	1,248	(591)
Profit (loss) for the period	**3,235**	**(2,212)**	**1,023**	**2,636**	**(1,841)**	**795**	**7,416**	**(4,558)**	**2,858**
Total comprehensive income (loss) for the period	3,235	(2,212)	1,023	2,636	(1,841)	795	7,416	(4,558)	2,858
Earnings per Share									
Basic	7.38		2.33	6.20		1.87	17.17		6.62
Diluted	7.30		2.31	6.13		1.85	16.95		6.53

***** Before amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items.

All of the profit and comprehensive income for the period is attributable to equity holders of the parent.

Consolidated statement of financial position as at 30 June 2015

Company Number 04425339

	As at 30 June 2015 Unaudited £'000	As at 30 June 2014 Unaudited £'000	As at 31 December 2014 Audited £'000
ASSETS			
Non Current Assets			
Property, plant and equipment	1,405	1,268	1,175
Goodwill	17,279	15,995	16,770
Other intangible assets	14,954	17,236	17,424
Trade receivables and amounts recoverable on IVA services	7,363	10,222	8,294
Total Non Current Assets	**41,001**	**44,721**	**43,663**
Current Assets			
Trade receivables and amounts recoverable on IVA services	13,472	14,608	15,366
Other current assets	6,338	2,574	3,630
Unbilled income	5,755	4,629	5,359
Cash and cash equivalents	2,563	4,612	2,370
Total Current Assets	**28,128**	**26,423**	**26,725**
Total Assets	**69,129**	**71,144**	**70,388**
EQUITY			
Share capital	450	450	450
Share premium account	2,514	2,514	2,514
Treasury shares	(727)	(727)	(727)
ESOP share reserve	(517)	(517)	(517)
Merger reserve	11,842	11,842	11,842
Other reserves	254	254	254
Retained earnings	31,657	31,236	32,359
Total equity attributable to equity holders of the parent	**45,473**	**45,052**	**46,175**
LIABILITIES			
Non Current Liabilities			
Long-term financial liabilities	6,900	11,463	9,338
Deferred consideration	-	-	140
Contingent consideration	2,565	5,086	2,201
Deferred tax liabilities	1,078	1,816	1,253
Total Non Current Liabilities	**10,543**	**18,365**	**12,932**
Current Liabilities			
Trade and other payables	8,612	7,021	7,707
Contingent consideration	3,000	-	2,435
Deferred consideration	184	-	260
Short-term borrowings	813	298	588
Current tax liability	504	408	291
Total Current Liabilities	**13,113**	**7,727**	**11,281**
Total Liabilities	**23,656**	**26,092**	**24,213**
Total Equity and Liabilities	**69,129**	**71,144**	**70,388**

Consolidated statement of cash flows for the period from 1 January 2015 to 30 June 2015

	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2014	Year ended 31 December 2014
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Cash flows from continuing operating activities			
Profit after taxation	1,023	795	2,858
Taxation	260	216	591
Share based payments charge	36	36	82
Depreciation of property, plant and equipment	324	182	385
Amortisation of intangible assets and development expenditure	2,656	1,320	3,752
Finance income - other	(104)	(2)	(93)
Finance costs	666	186	506
(Increase) Decrease in trade and other receivables	(279)	137	263
Increase (Decrease) in trade and other payables	905	(1,094)	(470)
Cash generated from operations	**5,487**	**1,776**	**7,874**
Interest paid	(224)	(147)	(985)
Income taxes paid	(382)	(628)	(1,230)
Net cash generated from operating activities	**4,881**	**1,001**	**5,659**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)	(480)	(145)	(271)
Interest received	104	2	93
Purchase of trademarks	(1)	-	(4)
Software development	(118)	-	(638)
Purchase of intangible assets	-	(266)	-
Purchase of debt management and legal services books	(219)	(2,698)	(2,890)
Acquisition of subsidiaries	-	(6,208)	(9,683)
Net cash absorbed by investing activities	**(714)**	**(9,315)**	**(13,393)**
Cash flows from financing activities			
Equity dividends paid	(1,761)	(1,596)	(2,582)
(Payment) Proceeds of long-term borrowings	(2,438)	11,462	9,925
Proceeds (Payment) of short-term borrowings	225	199	(100)
Net cash absorbed by financing activities	**(3,974)**	**10,065**	**7,243**
Net change in cash and cash equivalents	**193**	**1,751**	**(491)**
Cash and cash equivalents at start of period	2,370	2,861	2,861
Cash and cash equivalents at end of period	**2,563**	**4,612**	**2,370**

Consolidated statement of net debt as at 30 June 2015

Net debt comprises:

	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2014	Year ended 31 December 2014
	Unaudited £'000	Unaudited £'000	Audited £'000
Short term borrowings	813	298	588
Long term borrowings	6,900	11,463	9,338
Cash and cash equivalent	(2,563)	(4,612)	(2,370)
Net debt	5,150	7,149	7,556

Consolidated statement of changes in equity for the period from 1 January 2015 to 30 June 2015

	Share Capital £'000	Share Premium Account £'000	Merger Reserve £'000	Treasury Shares £'000	Other Reserves £'000	ESOP Share Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2014	**436**	**528**	**11,842**	**(727)**	**254**	**(517)**	**32,001**	**43,817**
Changes in equity for the six months ended 30 June 2014:								
Total comprehensive income for the period	-	-	-	-	-	-	795	**795**
Share based payment expense	-	-	-	-	-	-	36	**36**
Issue of shares	14	1,986	-	-	-	-	-	**2,000**
Dividends of 3.85 pence per share	-	-	-	-	-	-	(1,596)	**(1,596)**
Balance at 30 June 2014	**450**	**2,514**	**11,842**	**(727)**	**254**	**(517)**	**31,236**	**45,052**
Changes in equity for the six months ended 31 December 2014:								
Total comprehensive income for the period	-	-	-	-	-	-	2,063	**2,063**
Share based payment expense	-	-	-	-	-	-	46	**46**
Dividends of 2.30 pence per share	-	-	-	-	-	-	(986)	**(986)**
Balance at 31 December 2014	**450**	**2,514**	**11,842**	**(727)**	**254**	**(517)**	**32,359**	**46,175**
Changes in equity for the six months ended 30 June 2015:								
Total comprehensive income for the period	-	-	-	-	-	-	1,023	**1,023**
Share based payment expense	-	-	-	-	-	-	36	**36**
Dividends of 4.10 pence per share	-	-	-	-	-	-	(1,761)	**(1,761)**
Balance at 30 June 2015	**450**	**2,514**	**11,842**	**(727)**	**254**	**(517)**	**31,657**	**45,473**

Notes

1 Status of financial information

The financial information set out in this report is based on the consolidated financial statements of Fairpoint Group plc and its subsidiary companies (together referred to as the “Group”). The accounts of the Group for the six months ended 30 June 2015, which are unaudited, were approved by the Board on 2 September 2015. The financial information contained in this interim report does not constitute statutory accounts as defined by s434 of the Companies Act 2006. This report has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

These accounts have been prepared in accordance with the accounting policies set out in the Annual Report and Financial Statements of Fairpoint Group plc for the year ended 31 December 2014.

The statutory accounts for the year ended 31 December 2014 have been filed with the registrar of Companies. The auditors’ report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Going concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the chairman’s statement and chief executive officer’s review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the finance director’s review.

The financial statements have been prepared on a going concern basis. The Group’s existing facility with AIB Group (UK) plc extends to 2019 and was refinanced in August 2015 to provide a total facility of £25m. For the purpose of considering going concern the board has considered a period of at least 12 months from the date of approving these interim results.

2 Tax expense

For the period ended 30 June 2015 tax is charged based on the estimated average annual effective corporation tax rate of 20.25% (period ended 30 June 2014: 21.50%).

3 Earnings per share (EPS)

	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2014	Year ended 31 December 2014
	£'000	£'000	£'000
Numerator			
Profit for the period – used in basic and diluted EPS	1,023	795	2,858
Denominator			
Weighted average number of shares used in basic EPS	43,830,708	42,524,667	43,183,055
Effects of:			
- employee share options	488,021	511,838	569,725
Weighted average number of shares used in diluted EPS	44,318,729	43,036,505	43,752,780

Adjusted EPS figures are also presented as the directors believe they provide a better understanding of the financial performance of the Group. The calculations for these are shown below:

	Period from 1 January to 30 June 2015 Unaudited			Period from 1 January to 30 June 2014 Unaudited			Year ended 31 December 2014 Audited		
	Adjusted *	Amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items	Total	Adjusted *	Amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items	Total	Adjusted *	Amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total comprehensive income (loss) for the period	3,235	(2,212)	1,023	2,636	(1,841)	795	7,416	(4,558)	2,858
Adjusted earnings per share *									
Basic	7.38			6.20			17.17		
Diluted	7.30			6.13			16.95		

***** Before amortisation of acquired intangible assets, unwinding of discount on contingent consideration and exceptional items.

4 Dividends

During the interim period, the final dividend relating to the year ended 31 December 2014 of 4.10p per share was paid (6 months ended 30 June 2014: 3.85p). Dividends were waived on 2,082,753 (6 months ended 30 June 2014: 2,158,565) of the 45,024,875 ordinary shares (6 months ended 30 June 2014: 43,609,346 ordinary shares). Of the dividends waived, 888,586 relate to shares held by the Fairpoint Group plc Employee Benefit Trust and 1,194,167 relate to shares held in treasury.

5 Segment analysis

Reportable segments

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are operating divisions that offer different products and services. They are managed separately because each business requires different marketing and operational strategies.

Measurement of operating segment profit and assets

The accounting policies of the operating segments are as described in the Group's 2014 Annual Report and Accounts which are available on the Company's website at www.fairpoint.co.uk.

The Group evaluates performance on the basis of adjusted (for exceptional items, unwinding of discount on contingent consideration and amortisation of goodwill, brands and acquired intangible assets) profit before taxation from continuing operations.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

The chief operating decision maker has organised the Group into four operating segments - Individual Voluntary Arrangements (IVA), Debt Management Plans (DMP), Claims Management and Legal Services. These segments are the basis on which the Group is structured and managed, based on its principal services provided. The reportable segments reflect the Group's current and future strategic focus on IVAs, DMPs, Claims Management and Legal Services activities, which each contribute a significant proportion of the Group's revenue.

The segments are summarised as follows:

- IVA consists primarily of the Group company Debt Free Direct Limited, the core debt solution brand. The primary product offering of these brands is an IVA which consists of a managed payment plan providing both interest and capital forgiveness and results in a consumer being debt free in as little as five years of the agreement commencing.

- DMP consists primarily of the Group company Lawrence Charlton Limited, the trading brand used to provide DMPs for consumers. DMPs are generally suitable for consumers who can repay their debts in full, if they are provided with some relief on the rate at which interest accrues on their debts. They could take more than 5 years to complete and offer consumers a fixed repayment discipline as well as third party management of creditors.

- Claims Management activities involves enhancing the financial position of our customers through Payment Protection Insurance (PPI) and other claims and offering a switching facility on personal outgoings such as utility costs, with the primary objective of making the consumers' money go further.

- Legal services activities provide a range of consumer-focused legal services with main lines being family, personal injury and clinical negligence through 13 offices around the UK.

5 Segment analysis (continued)

Six month period ending 30 June 2015

	IVA £'000	Debt M'ment £'000	Claims M'ment £'000	Legal Services £'000	Unallocated £'000	Total £'000
Total external revenue	5,587	3,901	2,079	11,315	-	22,882
Total operating profit	91	1,517	392	1,321	-	3,321
Finance income – unwinding of discount on IVA revenue	871	-	-	-	-	871
Finance income – other	-	-	-	102	2	104
Adjusted profit before finance costs	**962**	**1,517**	**392**	**1,423**	**2**	**4,296**
Finance expense	-	-	-	-	(239)	(239)
Adjusted profit (loss) before taxation	**962**	**1,517**	**392**	**1,423**	**(237)**	**4,057**
Amortisation of acquired intangible assets	(235)	(1,644)	(121)	(347)	-	(2,347)
Finance cost – unwinding of discount on contingent consideration	-	-	-	(427)	-	(427)
Exceptional items	-	-	-	-	-	-
Profit (loss) before taxation	**727**	**(127)**	**271**	**649**	**(237)**	**1,283**
Tax						(260)
Profit for the period						**1,023**
Total assets						
Reportable segment assets	30,224	8,323	863	23,159	6,560	69,129
Capital additions	-	1	9	61	547	618
Depreciation and amortisation	(491)	(1,855)	(130)	(504)	-	(2,980)

The Group's operations are located wholly within the United Kingdom.

Reportable assets allocated to segments consist primarily of property, plant and equipment, intangible assets, trade and other receivables.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Tax expense is reviewed for the Group in total. Accordingly, no disclosure of the tax expense for individual segments has been made.

5 Segment analysis (continued)

Six month period ending 30 June 2014

	IVA £'000	Debt M'ment £'000	Claims M'ment £'000	Legal Services £'000	Unallocated £'000	Total £'000
Total external revenue	6,728	3,917	2,133	1,164	-	13,942
Total operating profit	2	1,579	578	120	-	2,279
Finance income – unwinding of discount on IVA revenue	1,262	-	-	-	-	1,262
Finance income – other	-	-	-	-	2	2
Adjusted profit before finance costs	**1,264**	**1,579**	**578**	**120**	**2**	**3,543**
Finance expense	-	-	-	-	(186)	(186)
Adjusted profit (loss) before taxation	**1,264**	**1,579**	**578**	**120**	**(184)**	**3,357**
Amortisation of acquired intangible assets	(110)	(887)	(120)	-	-	(1,117)
Exceptional items	-	-	-	(749)	(480)	(1,229)
Profit (loss) before taxation	**1,154**	**692**	**458**	**(629)**	**(664)**	**1,011**
Tax						(216)
Profit for the period						**795**
Total assets						
Reportable segment assets	37,984	6,662	457	18,446	7,595	71,144
Capital additions	426	3,914	-	-	-	4,340
Depreciation and amortisation	(322)	(1,035)	(130)	(15)	-	(1,502)

5 Segment analysis (continued)

Year ended 31 December 2014

	IVA £'000	Debt Mgmt £'000	Claims Mgmt £'000	Legal Services £'000	Unallocated £'000	Total £'000
Total external revenue	13,588	8,293	4,501	11,942	-	38,324
Total operating profit	1,051	3,304	1,384	1,592	5	7,336
Finance income – unwinding of discount on IVA revenue	2,332	-	-	-	-	2,332
Finance income – other	-	-	-	-	93	93
Adjusted profit before finance costs	**3,383**	**3,304**	**1,384**	**1,592**	**98**	**9,761**
Finance expense	-	-	-	-	(506)	(506)
Adjusted profit (loss) before taxation	**3,383**	**3,304**	**1,384**	**1,592**	**(408)**	**9,255**
Amortisation of acquired intangible assets	(421)	(2,315)	(241)	(295)	-	(3,272)
Exceptional items	-	(1,305)	-	(749)	(480)	(2,534)
Profit (loss) before taxation	**2,962**	**(316)**	**1,143**	**548**	**(888)**	**3,449**
Tax*						(591)
Profit for the year						**2,858**
Balance sheet assets						
Reportable segment assets [+]	32,472	9,844	2,977	20,173	4,922	70,388
Capital additions	860	7,887	-	10,119	-	18,866
Depreciation and amortisation	(819)	(2,528)	(372)	(295)	(123)	(4,137)

[+] Reclassified compared to 31 December 2014 annual report to better reflect allocation between segments

6 Exceptional items

	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2014	Year Ended 31 December 2014
During the period the Group had exceptional costs as detailed below:	£’000	£’000	£’000
Transactional and restructuring costs [1]	-	-	1,305
Acquisition costs [2]	-	749	749
Refinancing costs [3]	-	480	480
Total exceptional expense	**-**	**1,229**	**2,534**

[1] Predominantly legal and restructuring costs relating to the acquisition of Debt Line.

[2] Acquisition costs relating to the acquisition of Simpson Millar.

[3] Refinancing costs relating to the refinance of the Group.

7 Post Balance Sheet Events

On 14 August 2015, the Group acquired Colemans CTTS solicitors and Holiday TravelWatch Limited ("Colemans"), a provider of consumer-focused legal services with particular class leading expertise in volume personal injury, volume conveyancing and travel law.

The initial consideration was £8.0m in cash and a further £1.0m through the issue of 755,516 ordinary shares. Further contingent consideration of up to £7.0m may be payable based on the financial performance of Colemans for the 11 month period ending June 2016 and the 12 month period ending June 2017.

8 Interim Report

A copy of this report is available on the Company's website at www.fairpoint.co.uk.