



BUILDING RELATIONSHIPS  
ENHANCING VALUE



CASHBOX IS A LEADING INDEPENDENT AUTOMATED TELLER MACHINE (“ATM”) INSTALLER AND OPERATOR.

THE CASHBOX TEAM PRIDES ITSELF IN ENTERING INTO **MUTUALLY BENEFICIAL PARTNERSHIPS** WITH SITES THAT WOULD BENEFIT FROM PROVIDING THE PUBLIC WITH CONVENIENT ACCESS TO CASH, BY HAVING AN ATM ON THEIR PREMISES.

## FINANCIAL SUMMARY

Cashbox (AIM: CBOX), the independent ATM deployer and operator, announces its interim results for the six months ended 31 December 2009 (H1 09/10).

	H1 09/10 unaudited Six months to 31 December 2009	H2 08/09 unaudited Six months to 30 June 2009	H1 08/09 unaudited Six months to 31 December 2008
Machines installed at period end	<b>2,528</b>	2,438	2,838
Number of transactions	<b>2,928,760</b>	2,799,206	2,121,499
Revenue (£000)	<b>3,367</b>	3,433	2,986
Gross profit (£000)	<b>1,278</b>	1,229	1,083
Gross margin (%)	<b>38</b>	36	36
Adjusted EBITDA (£000)*	<b>(143)</b>	(862)	(659)
Adjusted loss attributable to equity holders (£000)**	<b>(1,204)</b>	(1,897)	(1,454)
Loss per share (p)	<b>(0.8)</b>	(0.8)	(1.0)
Net debt (£000)*	<b>9,870</b>	9,268	8,096

\*Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, exceptional items, share-based payments, fair value movements on valuations for acquisitions and derivatives) and net debt are as defined in note 12.

\*\*Adjusted loss attributable to equity holders is the loss for the period less accumulated professional fees written-back and excluding the gain on the valuation of the estate purchases of Cash4All and MyATM in H2 08/09.

## HIGHLIGHTS

- Installed machines reach 2,528, after uplifting over 300 First Quench (Thresher) ATMs
- Transaction volumes increased by 38% over H1 08/09 and 5% over H2 08/09, despite the loss of First Quench ATMs driven by Thresher administration
- Ownership of over 300 Thresher ATMs transfers to Cashbox
- Gross profits increased in line with gross margin improvements
- EBITDA loss reduced by 78% on comparable period in 2008
- New funding of £800,000 convertible loan notes raised in period
- £5.7m bank facility restructured, reducing and deferring capital repayments

IFC FINANCIAL SUMMARY AND HIGHLIGHTS

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# Chairman's statement

The encouraging trend established during the prior year has continued with a significant reduction in losses at EBITDA level, while building upon previous gross margin improvements. For the six months ended 31 December 2009 your Company incurred a loss of £1.2m on turnover of £3.4m.

During the period under review, your Company has delivered solid progress in its organic growth strategy. New contracts have been signed with Orchard Group, Tattershall Castle Group, Reel Cinemas and Calco West Midlands amongst others, whilst contracts with existing clients, such as Mitchells and Butlers PLC, have been expanded to encompass considerably more sites.

The growth impact of these new business wins has been partially mitigated by the loss, in November 2009, of over 300 ATMs which Cashbox supported on behalf of Threshers, following the move into administration of First Quench Retailing. Revenue and EBITDA performance in the third quarter will be adversely affected, but your Company has worked hard to redeploy these Thresher ATMs, which we have acquired as payment for services rendered during the administration, into newly won sites, thus negating any long-term impact. As these 300 ATMs are now owned by Cashbox, once redeployed they should generate higher retained income for your Company than when they comprised the Thresher ATM estate. As a result of this, the Board remains very confident of meeting market expectations for the full year.

Over the period, after prolonged trials of the concept, your Company has successfully launched a "Free to Use" ("FTU") business model, which has quickly grown to over 7% of the installed base and is currently generating over 15% of the transaction volumes. Income from the FTU model is sourced from the banking system and not the actual ATM user.

Increasing the number of ATMs in our estate is a primary focus, however it is equally important to monitor the performance of existing machines. Wherever possible, those ATMs that have a low number of transactions are removed and placed on sites where utilisation levels are assessed to be materially higher.

The impact of these three initiatives: strong organic growth; launch of the FTU business; and an increased focus on the redeployment of underperforming ATMs has had a dramatic impact on transaction volumes, which are up 38% (over 800,000 transactions) over the same period in the prior year. This year will see the Company increase its emphasis upon transaction volumes in preference to simple estate size as the Board believes that this Key Performance Indicator ("KPI") more clearly and accurately indicates the performance of the business.

As with all businesses, there needs to be a continually vigilant approach to cost control and it is appropriate to report that annual overheads have been further reduced, with significant reductions in senior management costs.

## Financing

As a currently loss-making business, the Company is mindful of the need to ensure access to working capital whilst reducing cash outflows. With that in mind, the £5.7m facility with Bank of Scotland was restructured in December 2009 to the Company's advantage by reducing and deferring regular capital repayments in exchange for a more significant bullet repayment at the end of the term of the facility. This change to the facility will result in cash savings for the Company in the initial years of up to £1.2m per year.

The Company is also pleased to announce that it has secured a further £800,000 convertible secured loan from Synergy Capital, taking the total loan to £2.3m. The principal terms of the new loan are the same as those of the original loan (announced on 31 December 2008) save that the loan is for three years, the interest rate chargeable is 12% per annum.

## Outlook

Your Board is particularly mindful to target, as a key objective, continuing the current trend of reduction in losses at EBITDA level. The first quarter of this year delivered breakeven at an EBITDA level and the Board is confident that this achievement will be consistently reproduced as the impact of the Thresher loss diminishes proportionately with new ATM installations, in line with market expectations.



**Ciaran Morton**  
Chairman and  
Chief Executive Officer  
3 March 2010

# Operational and financial review

Performance for the current period, the six months ended 31 December 2009 (H1 09/10), is measured against both the comparable period being the first half of the prior year, the six months ended 31 December 2008 (H1 08/09), and the period immediately preceding the period under review being the six months ended 30 June 2009 (H2 08/09).

The installed base of ATMs increased to 2,528 by 31 December 2009, compared to 2,438 at 30 June 2009, but showed a decrease from 2,838 at 31 December 2008. However, transaction volumes in the period under review increased by 38% compared to the H1 08/09.

The increases in transaction volumes led to a significant increase of 13% in total revenue as compared to H1 08/09, up from £2.9m to £3.4m.

The period saw an increase in gross margin to 38% from the 36% experienced for the previous twelve months mainly due to better commercial contracts being negotiated and the loss of the Thresher estate (which generated below average gross margins for the Company).

Adjusted administration costs continued to fall and the period showed a further reduction of 18% as compared to H1 08/09 mainly due to a 23% fall in salaries for the period, with headcount at 39, down from 43 at H2 08/09 and 45 at H1 08/09.

The profitability of the Company, represented by adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, share-based payments and exceptional items) continued to improve dramatically, falling from a loss of £0.9m and £0.7m (in H2 08/09 and H1 08/09 respectively) to £0.1m for a 78% improvement.

Interest costs increased substantially as borrowings increased from £9.3m to £10.2m as compared to the corresponding period in 2008/2009.

Net cash from operating activities was an outflow of £0.6m, a significant improvement over the £2.1m and £2.5m in H2 08/09 and H1 08/09 respectively. The effect of not purchasing any assets for the period and obtaining additional funding of £0.8m in December 2009 was that the Company increased its cash reserves by £0.1m for the period.

# Consolidated statement of comprehensive income

for the six months ended 31 December 2009

	Notes	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Revenue	2	<b>3,367</b>	2,986	6,419
Cost of sales		<b>(2,089)</b>	(1,903)	(4,107)
Gross profit		<b>1,278</b>	1,083	2,312
Administration expenses	3	<b>(2,028)</b>	(2,171)	(5,123)
Gain on bargain purchases		—	—	1,199
<b>Total administration expenses</b>		<b>(2,028)</b>	(2,171)	(3,923)
<b>Operating loss</b>		<b>(750)</b>	(1,088)	(1,612)
Finance income		—	15	16
Finance costs	4	<b>(454)</b>	(381)	(885)
		<b>(454)</b>	(367)	(869)
<b>Loss attributable to the equity holders of the parent company</b>		<b>(1,204)</b>	(1,454)	(2,481)
<b>Loss per ordinary share (p)</b>	5			
Basic		<b>(0.8)</b>	(1.0)	(1.8)
Diluted		<b>(0.8)</b>	(1.0)	(1.8)

# Consolidated statement of changes in equity

for the six months ended 31 December 2009

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Opening shareholders' deficit	<b>(5,015)</b>	(5,348)	(5,348)
Loss for financial period being the total recognised loss	<b>(1,204)</b>	(1,454)	(2,481)
Share-based remuneration	<b>22</b>	30	101
Issue of shares for cash including premium net of costs	—	2,035	1,485
Issue of shares for acquisition	—	—	573
Equity component of convertible loan	—	1,002	—
Issue of shares for conversion of debt	<b>200</b>	—	—
Issue of shares including premium on conversion of loan stock	—	—	655
<b>Closing shareholders' deficit</b>	<b>(5,997)</b>	(3,735)	(5,015)

# Consolidated statement of financial position

as at 31 December 2009

	Notes	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	30 June 2009 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		1,636	730	1,701
Property, plant and equipment		2,715	3,453	3,239
		<b>4,351</b>	4,183	4,940
<b>Current assets</b>				
Inventories		301	453	257
Trade and other receivables	6	532	946	495
Cash and cash equivalents		711	1,122	594
		<b>1,544</b>	2,521	1,346
<b>Total assets</b>		<b>5,895</b>	6,704	6,286
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Trade and other payables	7	1,691	1,688	1,958
Borrowings	8	6,535	849	6,583
		<b>8,226</b>	2,537	8,541
<b>Non-current liabilities</b>				
Borrowings	8	3,666	7,902	2,760
		<b>3,666</b>	7,902	2,760
<b>Total liabilities</b>		<b>11,892</b>	10,439	11,301
<b>Capital and reserves attributable to equity holders</b>				
Share capital	9	1,502	1,445	1,445
Share premium account	9	8,962	9,389	8,823
Merger reserve	9	2,661	2,180	2,661
Equity reserve	9	655	1,002	655
Warrant reserve	9	112	—	108
Retained earnings	9	(19,889)	(17,751)	(18,707)
		<b>(5,997)</b>	(3,735)	(5,015)
<b>Total equity and liabilities</b>		<b>5,895</b>	6,704	6,286

# Consolidated statement of cash flows

for the six months ended 31 December 2009

	Note	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
<b>Cash flows from operating activities</b>				
Cash used in operations	10	(286)	(1,799)	(1,986)
Finance income		—	15	16
Finance costs		(321)	(324)	(582)
<b>Net cash used in operating activities</b>		<b>(607)</b>	<b>(2,108)</b>	<b>(2,552)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		—	(1,539)	(426)
Purchase of intangible fixed assets		—	(51)	(11)
Acquisition of MyATM		—	—	(319)
Acquisition of Cash4All		—	(311)	(1,238)
<b>Net cash used in investing activities</b>		<b>—</b>	<b>(1,901)</b>	<b>(1,994)</b>
<b>Cash flows from financing activities</b>				
Proceeds of issue of ordinary shares for cash (net of issue costs)		—	1,485	1,485
Proceeds from borrowings		800	2,537	2,546
Capital repayments on bank loan		(75)	—	—
Capital repayments on finance leases		(1)	(1)	(3)
<b>Net cash generated from financing activities</b>		<b>724</b>	<b>4,021</b>	<b>4,028</b>
<b>Net increase/(decrease) in cash</b>		<b>117</b>	<b>12</b>	<b>(518)</b>
Cash and cash equivalents at the beginning of the year		594	1,112	1,112
<b>Cash and cash equivalents at the end of the year</b>		<b>711</b>	<b>1,124</b>	<b>594</b>

# Notes to the interim financial statements

for the six months ended 31 December 2009

## 1. Accounting conventions and policies

### Basis of preparation

The financial information contained within this interim report has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as adopted by the EU and expected to apply at 30 June 2010. This interim report is condensed with respect to IFRS requirements. As permitted, this interim report has been prepared in accordance with AIM Rules for companies and not in accordance with IAS34 'Interim Financial Reporting' and is therefore not fully compliant with IFRS. This interim report is presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

### Basis of consolidation

The consolidated interim financial statements comprise Cashbox Public Limited Company together with Cashbox ATM Systems Limited (the "principal operating company"), EnSCO 694 Limited, Cashbox No. 2 Limited, Cashbox No. 1. Limited and Cashbox Finance Limited. All subsidiaries are wholly owned either directly or indirectly by Cashbox PLC. The consolidated interim financial statements are for the six month period ended 31 December 2009, with comparative information for the six month period ended 31 December 2008 and for the year ended 30 June 2009. All inter-company balances have been eliminated on consolidation.

### Changes in accounting policies

#### New standards, interpretations and amendments effective from 1 January 2009

The following new standards, interpretations and amendments, applied for the first time from 1 January 2009, have had an effect on the consolidated interim financial statements:

#### Improving Disclosures about Financial Instruments (Amendments to IFRS 7)

The application of this Amendment has resulted in changes to the disclosures provided in respect of financial instruments, primarily in note 3 to the consolidated interim financial statements including an analysis of financial asset and financial liability that is measured at fair value in the consolidated statement of financial position, into a three level fair value measurement hierarchy. The Amendment does not change the recognition or measurement of transactions and balances in the consolidated interim financial statements.

#### Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation

As a result of the application of this Amendment the Group has elected to present a single statement of comprehensive income. In addition, a statement of changes in equity is now presented as a primary statement. The Amendment does not change the recognition or measurement of transactions and balances in the consolidated interim financial statements.

#### IFRS 8: Operating segments

IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This will not result in a change in the reportable segments presented.

#### Principal accounting policies

The principal accounting policies of the Group, which are considered to be most appropriate to the Group's circumstances, are set out below. The accounting policies used are the same as set out in detail in the annual report 2009 and have been applied consistently to all periods presented in these financial statements.

#### Revenue

Revenue represents the value of goods sold and services provided during the year, stated exclusive of Value Added Tax. Transaction income is recognised in the period in which the transaction took place. Income from the sale of ATMs is recognised when each ATM is installed in its first location.

## 1. Accounting conventions and policies continued

### Principal accounting policies continued

#### Segmental reporting

The Directors in considering the disclosure of business segments have considered the following definitions: A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. On this basis, in the opinion of the Directors, the Group has only one segment at present. This will be reviewed at least annually. Since management does not report each acquired estate as a matter of internal control it was deemed unnecessary to disclose this information as all transaction revenue is directed through the core estate reporting systems.

#### Foreign currency translation

The consolidated interim financial statements are presented in pounds sterling (“£”), which is the Company’s functional and presentational currency. Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

#### Business combinations

The consolidated interim financial statements incorporate the results of the business combinations using the purchase method. In the consolidated statement of financial position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The result of acquired operations is included in the consolidated statement of comprehensive income from the date on which control is obtained.

#### Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date as a gain on bargain purchase.

#### Website development costs

Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written-off as incurred.

#### Intangible assets

Intangible assets comprise sales contracts and computer software licences acquired and are capitalised on the basis of separately identifiable costs incurred to acquire and bring into use specific software less accumulated amortisation and any impairment in value.

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the cost of administration expenses in the consolidated statement of comprehensive income.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual rights and obligations. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

# Notes to the interim financial statements

for the six months ended 31 December 2009

continued

## 1. Accounting conventions and policies continued

### Principal accounting policies continued

#### Intangible assets continued

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Computer software	3 years	Estimated replacement cost
Sales contracts	5 years	Estimated discounted cash flow

#### Property, plant and equipment

Property, plant and equipment are held at cost being the purchase price and other costs directly attributable to bringing the asset into use less accumulated depreciation and any impairment in value.

#### Depreciation on property plant and equipment

Depreciation is provided on property, plant and equipment to write off the cost, less estimated residual values, evenly over their expected useful lives on a straight line basis. Lives used for this purpose are:

#### Plant and machinery Useful economic life

ATMs	5 years
Furniture and fittings	3 years
Office equipment	3 years

#### Leased assets

Assets that are financed by leasing agreements that give rights approximating to ownership (finance leases) are treated as if they had been purchased outright. The amount capitalised is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the period of the lease. Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element of the payment reduces the amount payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged or credited to the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

#### Impairment of non-current assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on the estimated selling price less additional costs to completion and disposal.

#### Financial assets

The Group has classified all its financial assets as loans and receivables. This is based on the classification of the financial assets at initial recognition by management. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

## 1. Accounting conventions and policies continued

### Principal accounting policies continued

#### Trade receivables

Trade receivables are recognised initially at invoiced value, less provision for impairment, and if materially different adjusted to fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

#### Cash and cash equivalents

Cash and cash equivalents only include cash in hand and at bank.

The Group has not classified any of its financial assets under the following headings:

- Assets held to maturity
- In money derivatives – fair value through profit or loss
- Available for sale financial assets

#### Financial liabilities

The Group classifies all its financial liabilities (other than those in qualifying as derivatives and adjusting through profit and loss) as other financial liabilities and includes the following:

##### Trade payables

Trade payables are recognised at invoiced value and if materially different adjusted to fair value and subsequently measured at amortised cost using the effective interest method.

##### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, that are directly attributable to the issue of the instrument. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

##### Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

##### Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components where the terms of the debt result in the conversion to a fixed number of shares. The amount initially attributed to the debt component equals the discounted cash flows and the equity component included in the equity portion included in the equity reserve. Using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost (see above), and the equity component is included in equity reserve. On conversion, the equity component in reserves is taken to the share premium account.

##### Financial liabilities classified as at fair value through profit or loss

The proceeds received on issue of convertible loan debt that converts at a variable price and consequently for a variable number of shares are allocated into liability and derivative components. The liability component is valued in the manner described in the paragraph above. The derivative component is also included within liabilities, but is measured at fair value in the consolidated statement of financial position, with changes in the fair value of the derivative component written off to the consolidated statement of comprehensive income. Other than these designated financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through the profit or loss.

# Notes to the interim financial statements

for the six months ended 31 December 2009

continued

## 1. Accounting conventions and policies *continued*

### Principal accounting policies *continued*

#### Derivative financial instruments and hedge accounting

The Group has considered the requirements of IFRS 7 and as at 31 December 2009, and in the financial year preceding, no asset or liability met the requirements for hedge accounting.

#### Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated interim financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax balances are not discounted.

#### Pension costs

Contributions to the Group's defined contribution pension scheme are charged to the consolidated statement of comprehensive income in the year in which they become payable.

#### Share-based employee remuneration

The Group issues equity-settled share-based payments including share options and warrants to certain Directors and employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. Equity-settled share-based payments are measured at fair value at the date of grant using an appropriate option pricing model. The fair value determined at the date of grant is expensed to the consolidated statement of comprehensive income on a straight line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

#### Warrants

The Group has issued warrants to key equity investors that are considered to be outside the scope of share-based employee remuneration, and hence out of the scope of IFRS 2. These warrants have been measured at fair value at the date of grant using an appropriate options pricing model. This fair value has been released immediately on vesting to the warrants reserve with market conditions factored into the fair value price. In the event of a lapse or exercise then the fair value is to be released immediately to the warrants reserve.

## 1. Accounting conventions and policies continued

### Critical accounting estimates and judgements

In preparing the consolidated interim financial statements, management has to make judgements on how to apply the Group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the consolidated interim financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are discussed below:

#### Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

#### Fair value of financial assets and liabilities

The Group determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows which will have a direct impact upon the carrying value of those liabilities in the consolidated statement of financial position, and the movement in the carrying value which is taken to consolidated statement of comprehensive income. These carry significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Amounts recoverable under indemnities

As described in note 11, the settlement costs of the Hanco litigation are recoverable from Anthony Sharp (previously Chairman and a significant shareholder) and Carl Thomas (previously Chief Executive Officer). In considering the likelihood of recovery under the indemnity, judgement has been used in forming the view that while receipt is eventually anticipated, it is not virtually certain.

#### Key assumptions and sources of estimation

Useful lives of tangible fixed assets, which are used to provide for depreciation and amortisation, are based upon management's estimates of the likely period of contribution, periodically reviewed for reasonableness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

#### Fair value of acquired assets

The Group acquired two estates during the year ended 30 June 2009. They were both tangible and intangible components. These were valued at fair value at the dates of acquisition. The difference in historical cost and fair value was taken to the consolidated statement of comprehensive income and recognised immediately with no carrying value of goodwill in the statement of financial position. Changes to the assumptions used in the model can result in significant variations in the carrying values of the assets.

#### Fair value of options and warrants

The Group has equity-settled share-based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes valuation model, on the date of grant based on certain assumptions. Those assumptions include, among others, the dividend growth rate, expected volatility, expected life of the options and number of options expected to vest.

#### Income taxes

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. The carrying values of income tax assets and liabilities are disclosed separately in the consolidated statement of financial position.

# Notes to the interim financial statements

for the six months ended 31 December 2009

continued

## 1. Accounting conventions and policies continued

### Critical accounting estimates and judgements continued

#### Provisions

The Group continues to carry provisions in a number of areas against exposures that arise in the normal course of trading. These provisions cover areas such as uninsured losses, termination and reorganisation activities and property dilapidation reserves. Judgement is involved in assessing the exposures in these areas and hence in setting the level of the required provision.

#### Relationship to statutory accounts and audit status

The financial information set out in this interim report does not constitute the company's full statutory accounts for the purposes of section 435 of the Companies Act 2006. The six months results for both periods are unaudited.

The comparative figures for the year ended 30 June 2009 are derived from the statutory financial statements for 2009, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, but included a emphasis of matter in respect of going concern and did not contain statements under section 498(2) or (3) Companies Act 2006. The interim report was approved by the board and authorised for issue on 3 March 2010.

## 2. Revenue and segmental analysis

Revenue (all arising in the UK) is attributed to the Group's principal activity of the supply and maintenance of ATMs and the processing of transactions therefrom:

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Gross transaction revenue	3,232	2,832	6,028
ATM and consumable sales	36	59	182
Other revenues	99	95	209
	<b>3,367</b>	<b>2,986</b>	<b>6,419</b>

## 3. Expenses by nature

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Employee costs	825	1,069	2,181
Depreciation of tangible fixed assets	478	368	920
Amortisation of intangible fixed assets	108	35	316
Occupancy costs	114	140	218
Vehicle costs	141	143	272
Professional fees (including auditor's remuneration)	145	164	642
Costs of acquisitions written-off	—	—	329
Other administration costs	217	252	240
Exchange differences	—	—	5
<b>Total administration costs</b>	<b>2,028</b>	<b>2,171</b>	<b>5,123</b>

#### 4. Finance costs

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Loan interest	350	306	739
Other charges	104	75	146
	<b>454</b>	<b>381</b>	<b>885</b>

#### 5. Loss per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the financial year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to reflect the impact of conversion of dilutive potential ordinary shares. The potential dilutive ordinary shares consist of share options and warrants. As the Group is loss-making, none of the potentially dilutive shares are currently dilutive.

#### 6. Trade and other receivables

	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	30 June 2009 £000
Trade receivables	19	36	11
Provision for doubtful receivables	(5)	(11)	(5)
Trade receivables	14	25	6
Prepayments and accrued income – current portion	324	490	256
Other taxes	24	226	47
Other receivables	170	122	186
Trade and other receivables	532	863	495
Prepayments and accrued income – non-current portion	—	83	—
	<b>532</b>	<b>946</b>	<b>495</b>

The Group considers the fair value of trade and other receivables to equal book value and not require revaluation. Movements in provision represent amounts written off to the statement of comprehensive income in the year.

Not included in receivables is a principal amount of £1,999,760 plus interest, due joint and severally from Carl Thomas and Anthony Sharp under the terms of an indemnity in relation to the settlement of litigation with Hanco ATM Systems Limited as described in note 11. Under IFRS this has been treated as a reimbursement and will not be recognised until its receipt is virtually certain.

#### 7. Trade and other payables

	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	30 June 2009 £000
Trade payables	558	534	477
Other taxation and social security	178	60	112
Other payables	601	199	639
Accruals	207	598	552
	<b>1,544</b>	<b>1,391</b>	<b>1,780</b>
Deferred income	147	297	178
	<b>1,691</b>	<b>1,688</b>	<b>1,958</b>

The Group considers the fair value of trade and other payables to approximate carrying values.

# Notes to the interim financial statements

for the six months ended 31 December 2009

continued

## 8. Borrowings

	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	30 June 2009 £000
<b>Current</b>			
Amounts due under finance leases	1	2	2
Bank loans	5,855	238	5,936
Other loans	679	609	645
	<b>6,535</b>	849	6,583
<b>Non-current</b>			
Amounts due under finance leases	—	1	—
Bank loans	—	5,645	—
Convertible loan notes	3,666	2,256	2,760
	<b>3,666</b>	7,902	2,760
	<b>10,201</b>	8,751	9,343

The bank loans include £5,725,000 due under a fixed-rate loan facility with the Bank of Scotland, repayable by 30 June 2012. The loan facility is secured by a fixed and floating charge over the Group's assets and various cross guarantees in the favour of Bank of Scotland are in place between the Company and its subsidiaries.

## 9. Capital and reserves

The Group has capital and reserves as follows:

	Share capital £000	Share premium £000	Merger reserve £000	Equity reserve £000	Warrant reserve £000	Retained earnings £000	Total £000
At 1 July 2008	1,044	7,755	2,180	—	—	(16,327)	(5,348)
Issue of shares	401	1,634	—	—	—	—	2,035
Convertible loans	—	—	—	1,002	—	—	1,002
Loss for the period	—	—	—	—	—	(1,454)	(1,454)
IFRS 2 payments	—	—	—	—	—	30	30
At 31 December 2008	1,445	9,389	2,180	1,002	—	(17,751)	(3,735)
Issue of shares	—	(458)	481	—	—	—	23
Convertible loans	—	—	—	(347)	—	—	(347)
Loss for the period	—	—	—	—	—	(1,027)	(1,027)
IFRS 2 payments	—	(108)	—	—	108	71	71
At 30 June 2009	1,445	8,823	2,661	655	108	(18,707)	(5,015)
Issue of shares on conversion of debt	57	143	—	—	—	—	200
Loss for the period	—	—	—	—	—	(1,204)	(1,204)
IFRS payments	—	(4)	—	—	4	22	22
<b>At 31 December 2009</b>	<b>1,502</b>	<b>8,962</b>	<b>2,661</b>	<b>655</b>	<b>112</b>	<b>(19,889)</b>	<b>(5,997)</b>

## 10. Notes supporting consolidated statement of cash flows

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Loss before taxation	<b>(1,204)</b>	(1,454)	(2,481)
Adjustments:			
Depreciation of property, plant and equipment	<b>478</b>	203	920
Amortisation of intangible fixed assets	<b>107</b>	9	316
Gain on bargain purchases	—	—	(1,199)
Net finance costs	<b>454</b>	208	869
Share-based remuneration charges	<b>22</b>	70	101
Costs of acquisitions written-off	—	—	329
Changes in working capital:			
(Increase)/decrease in inventories	<b>(45)</b>	54	(91)
(Increase)/decrease in receivables	<b>(36)</b>	(11)	161
Decrease in trade and other payables	<b>(62)</b>	(878)	(911)
<b>Cash used in operations</b>	<b>(286)</b>	(1,799)	(1,986)

## 11. Contingencies

In July 2007 the Company's principal operating subsidiary, Cashbox ATM Systems Limited, ("Cashbox ATM") was ordered to pay costs of £199,760 to Hanco ATM Systems Limited ("Hanco") as part of the litigation brought by Hanco against Cashbox ATM Systems Limited, claiming that Carl Thomas and the Company's subsidiary had diverted a business opportunity from Hanco to Cashbox.

In October 2007 Cashbox ATM reached full and final settlement with Hanco concluding its ongoing litigation with Hanco. Under the terms of the settlement, Cashbox ATM was liable to pay a further £1.8m with interest if payment is deferred to Hanco. The liability was settled by the issue of £1,800,000 convertible unsecured loan note.

The Cashbox ATM has a joint and several indemnity in connection with this litigation, from Carl Thomas (previously Chief Executive Officer) and Anthony Sharp (previously Chairman), together "the Indemnifiers", signed on 23 March 2006 prior to the listing of the Company on the AIM market of the London Stock Exchange in which the indemnifiers jointly and severally agreed to keep Cashbox ATM indemnified from and against all Hanco expenses including any settlement costs and against all legal and other costs, charges and expenses the Company and or Cashbox ATM may incur in enforcing, or attempting to enforce, their rights under the Indemnity.

Cashbox has been notified by the Official Receiver that on 14 May 2008 a bankruptcy order was made against Anthony Sharp. Mr Sharp has subsequently been discharged as a bankrupt but, despite this, the Company maintains its position in respect to his indemnification.

The Company also believes that Carl Thomas, the other indemnifier, who was declared bankrupt on 10 February 2009, does not have any unencumbered assets of significant value. Therefore there is a significant risk that recovery under the indemnities will be complicated and could take a significant period of time.

The Directors, while believing the indemnity is enforceable, have treated the receivable as a reimbursement in accordance with IAS 37, and since receipt is not virtually certain, have not recorded the amount due of £1,999,760 plus interest and costs in the accounts.

# Notes to the interim financial statements

for the six months ended 31 December 2009

continued

## 12. Non-GAAP terms

### Adjusted EBITDA

Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exceptional items, share-based payments, fair value movements on valuations for acquisitions and derivatives and equals operating income/loss before exceptional items plus depreciation and amortisation. Adjusted EBITDA, which we consider to be a meaningful measure of operating performance, particularly the ability to generate cash, does not have a standard meaning under IFRS and may not be comparable with similar measures used by others.

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Operating loss	(750)	(1,088)	(1,611)
Add back:			
Gain on bargain purchases	—	—	(1,199)
Gain on fair value of derivative	—	—	(48)
Depreciation and amortisation	585	403	1,236
Share-based payments	22	26	101
<b>Adjusted EBITDA</b>	<b>(143)</b>	<b>(659)</b>	<b>(1,521)</b>

### Net debt

Net debt is a measure used by the Directors to consider the level of indebtedness of the Group and is defined as the borrowings of the Group (including bank loans, other loans, finance and overdrafts) less cash and cash equivalents excluding balances held with the Bank of England for cash withdrawal settlement purposes. The Directors exclude the balances held with the Bank of England as, while there is no legal obligation to separately identify those funds, the balance principally represents merchants' funds withdrawn from ATMs.

	Unaudited 31 December 2009 £000	Unaudited 31 December 2008 £000	30 June 2009 £000
Cash and cash equivalents	711	1,122	594
Less Bank of England cash balance	(380)	(467)	(519)
Cash excluding Bank of England balances	331	655	75
Current borrowings	(6,535)	(849)	(6,583)
Non-current borrowings	(3,666)	(7,902)	(2,760)
	<b>(10,201)</b>	<b>(8,751)</b>	<b>(9,343)</b>
<b>Net debt</b>	<b>(9,870)</b>	<b>(8,096)</b>	<b>(9,268)</b>

Adjusted administration expenses used for key performance measures only:

	Unaudited six months to 31 December 2009 £000	Unaudited six months to 31 December 2008 £000	Year to 30 June 2009 £000
Administration costs, as per statement of comprehensive income:	2,028	2,171	5,122
Depreciation and amortisation	(585)	(403)	(1,236)
Share-based remuneration charges	(22)	(26)	(101)
Costs of acquisitions written-off	—	—	(329)
<b>Adjusted administration costs</b>	<b>1,422</b>	<b>1,742</b>	<b>3,456</b>

# Forward-looking statements

This document contains statements concerning the Group's business, financial condition, results of operations and certain of the Group's plans, objectives, assumptions, projections, expectations or beliefs with respect to these items.

The Company cautions that any forward-looking statements in this document may and often do vary from actual results and the differences between these statements and actual results can be material. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this document, including, without limitation, changes in the Group's business or acquisition or divestment strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, among other things: the impact of competitive pricing; changes in the price of ATMs and other key items; the occurrence of major operational problems; the loss of major customers; limitations imposed by the Group's indebtedness and leverage, contingent liabilities; risks associated with changes in technology requirements from LINK; risks of litigation; and other factors described in the Company's filings with the London Stock Exchange.



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