

Cashbox Public Limited Company

("Cashbox" or "the Company")

Interim Results for the six months ended 31st December 2007

Cashbox (AIM:CBOX), the independent Automated Teller Machine ("ATM") installer and operator, announces its interim results for the six months ended 31 December 2007 (H1 07/08).

	H1 07/08	H2 06/07	H1 06/07
	6m ended	6m ended	6m ended
	31 Dec 07	30 Jun 07	31 Dec 06
	unaudited	unaudited	unaudited
Machines installed at period end	1,820	1,442	1,245
Turnover £ 000	2,271	2,137	2,243
Gross Margin %	36%	27%	26%
EBITDA * † £ 000	(1,119)	(2,199)	(1,311)
Loss before exceptionals* £ 000	(1,609)	(2,431)	(1,625)
Loss after exceptionals £ 000	(1,609)	(5,116)	(1,625)
Loss per share before exceptionals (p)*	(1.9)p	(3.7)p	(2.6)p
Loss per share after exceptionals (p)	(1.9)p	(7.9)p	(2.6)p
Net debt † (£000)	5,022	1,340	2,204

* before exceptional items in H2 06/07 of £2,000,000 relating to settlement of litigation and £685,000 lease termination penalties.

† A non GAAP measure, these are defined in note 14.

Highlights

- Installed machines reach 1,820
- Transaction revenues increased by 5% over H2 and 15% over H1 06/07
- Gross profits increased and gross margin improved to 36%
- Losses measured by EBITDA, operating loss, loss for the period, and loss per share all improved
- Hanco litigation settled in October 2007 at a cost of £1.8m bringing the total settlement to £2.0m.
- New funding of £1.0m in December 2007

CHAIRMAN'S STATEMENT

I am pleased to present my first interim report to shareholders as the Chairman of Cashbox PLC. For the six months to December 2007 your Company incurred a loss of £1.6m on turnover of £2.3m. The loss was incurred principally due to the slower than expected roll out of ATM's due to delays from suppliers in the first quarter and the delayed refinancing at the end of last year. However, Cashbox has seen a reduction in losses before exceptional items and an encouraging increase in gross margins.

Although this has been a difficult period in your Company's history there is much to give encouragement. The new executive management team has worked hard to rid Cashbox of distractions to its core business; including the necessary settlement of the Hanco litigation.

Installations in Q1 2007 were 104 rising substantially to 274 for Q2, bringing the total to 378 ATM's for the period. The total number of ATM's in Cashbox's estate was 1,820 at the end of December 2007. Cashbox now has the 5th largest ATM estate in the UK.

Moving forward we are focusing all our efforts on increasing the number of new installations initially to 100 per month with the intention of exceeding this number from the summer onwards. This is made possible by the new banking facilities secured from Bank of Scotland and the additional £1.0m of convertible debt and unsecured debt funding raised in December 2007.

As with all businesses at the same stage of Cashbox's evolution there needs to be an ever vigilant approach to cost controls and I am pleased to report that after a review of operations carried out during the period annual overheads have been reduced.

The increased focus on installations with the 'Placement Model', in which Cashbox receives a larger proportion of the transaction revenues has resulted in nearly half the estate being in that category. This has brought about increased margins and bodes well for future profitability.

Increasing the number of ATM's in our estate is a primary focus, however the performance of existing machines is constantly assessed and wherever possible those ATM's that appear to have a low number of transactions are removed and placed on sites where utilisation levels will be materially higher.

Your Board and management are confident that opportunities are available to continue to increase market share. The excellent systems that have been developed coupled with the customer service that this affords give distinct competitive advantage. This is clearly evidencing itself as we increase our penetration of major organisations who value this level of professionalism.

Hanco Litigation Update

In October 2007 we agreed a full and final settlement with Hanco in respect of the litigation between the two companies. In the settlement, Cashbox ATM Systems Limited will pay an additional £1.8m, on top of the £200,000 already paid. Cashbox ATM Systems Limited has the benefit of a joint and several indemnity from Carl Thomas and Anthony Sharp in connection with this litigation, which the directors intend to enforce to recover the £2m. The Board did not believe that continuing with the litigation was in the best interests of shareholders.

Financing

In December 2007 we raised additional operating capital through the issue of a convertible loan at the same time as restructuring our arrangements with Bank of Scotland. This increased the headroom on the financial covenants while the facility was reduced from £8m previously agreed to £6m but extended through to December 2009 when repayment is due to commence. This has the effect of giving additional flexibility for the financing of machines. In March 2008 we are finalising arrangements to raise further operating capital as set out in the Annual Report and at the AGM. The holders of the convertible loan have given notice that they intend to convert on 1 April 2008 thereby further reducing the Company's gearing.

Board Update

As advised in the Annual Report, a number of Board changes took place following the AGM on 22 January 2008. Matthew Thomas, CTO, and Andrew Wilmot, Technical Director, stepped down from the PLC Board to concentrate upon the organic growth of the business, and sit on the Board of Cashbox ATM Systems Limited.

Stephen Brown, Non-Executive Director, and John Maples, Chairman, stepped down from the Board after successfully assisting with the stabilisation of the business.

The Board of Cashbox PLC now comprises Robin Saunders as Non Executive Chairman, Ciaran Morton (Chief Executive), David Auger (Chief Financial Officer) and William Hughes as a non executive director.

Outlook

Shareholders have reason to feel optimistic about Cashbox's prospects as we move into 2008. A number of significant hurdles, not least the Hanco litigation and the re-financing of the business, have been successfully completed. This now enables the management to concentrate upon two key areas: the organic growth of the core business, and deriving value from a consolidating market. The Board and the Executive Management teams remain wholly focussed upon these primary goals, and are confident that the business will demonstrate accelerated growth in installations and revenues in the second half of the year.

Robin Saunders Non Executive Chairman

27 March 2008

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INTERNATIONAL FINANCIAL REPORTING STANDARDS

This is the first interim report of the Group produced in accordance with International Financial Reporting Standards (“IFRS”). The transition date for the adoption of IFRS is 1 July 2006. All comparative data in this report has been restated accordingly and a reconciliation is included in note 15.

OPERATING AND FINANCIAL REVIEW

Performance for the current period, the six months ended 31 December 2007 (H1 07/08) is measured against both the comparable period being the first half of the prior year being the six months ended 31 December 2006 (H1 06/07) and the period immediately preceding the period under review being the six months ended 30 June 2007 (H2 06/07). The comparison to the second half of the prior year is considered to be meaningful as the Company is growing with the installation of new ATMs increasing the size of the installed base.

The **installed base** of ATMs increased to 1,820 machines by 31 December 2007 compared to 1,442 machines at 30 June 2007 and 1,245 machines at 31 December 2006. The average number of machines in the first half of the year was 21% higher than the preceding six months and 42% higher than the comparable period following the acceleration of installations, particularly in the second quarter.

Surcharging transactions for the six months were 1.3 million, up on both the six months ended June 2007 H2 06/07, 1.2 million, and December 2006 H1 06/07, 1.2 million, following the increase in the size of the ATM estate which offset a slight decline in transactions per machine.

Turnover for the first half of the year was £2.3m, up 6% on the preceding six months H2 06/07 and 1% on the comparable period H1 06/07. Transaction income was up 5% and 15% respectively as the increased installed base of machines contributed, offsetting the decline in transaction volumes per machine seen during the period.

Gross margins improved to 36% as a result of the higher margins on transaction fee revenues compared to ATM sale revenues as well as the increase in the proportion of “Placement model” ATMs where ownership of the ATM is retained by the Cashbox Group in return for a higher share of the transaction revenues. At 31 December 2007, Placement machines represented just under half of the total estate. This resulted in the **gross profit** for the period being £0.8m, up on the £0.6m for both the six months ended December 2006 and June 2007.

Administration costs were slightly lower than the preceding period but up on the same period last year. Excluding depreciation, which increased following the greater number of owned machines, the administration costs were £2.0m, a reduction on prior periods with the benefits of the cost saving measures being felt. Salary costs, including related items such as recruitment costs, were inline with prior periods despite the increase in headcount from 39 in H1 06/07 to 50 in H2 06/07 (giving average of 44 for the year ended June 2007) to 52 for the current six months. Professional fees remain higher than would be liked as a consequence of the costs associated with reaching settlement with Hanco ATM Systems Limited, the financing undertaken towards the end of the half year and the pursuit of Anthony Sharp and Carl Thomas under the indemnity given by them at the time of the flotation of the Company on AIM.

Earnings before interest, tax, depreciation and amortisation, share based payments and exceptionals, **EBITDA**, for the period was a loss of £1.1m, a significant improvement from the £2.1m loss in H2 06/07 and £1.3m loss in H1 06/07.

Total **operating loss** was £1.4m for the period, an improvement on prior periods of £1.6m in H1 06/07 and £4.4m in H2 06/07 with the higher gross profits and lower administration costs.

Interest costs were up with the increased debt financing from Bank of Scotland, and included interest on the Hanco settlement monies, resulting in a **loss before tax** for the period of £1.6m.

Net cash from operating activities was an outflow of £1.9m with adverse movements in working capital principally being the payment of creditors. **Purchase of fixed assets** was £0.9m as placement machines were installed during the period. The outflows were financed by draw downs on the Bank of Scotland facility and the issue of the convertible loan in December 2007. Overall there was a decrease in cash of £0.9m during the period.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007

		unaudited 6m ended 31-12-07	unaudited 6m ended 31-12-06	unaudited Year ended 30-6-07
	<i>Notes</i>	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
Revenue	2	2,271	2,243	4,380
Cost of sales		(1,455)	(1,655)	(3,219)
Gross Profit		816	588	1,161
Administration expenses	4	(2,217)	(2,146)	(5,093)
Exceptional items:				
Litigation settlement costs	3	-	-	(2,000)
Total administration expenses		(2,217)	(2,146)	(7,093)
Operating loss		(1,401)	(1,558)	(5,932)
Finance income		27	11	37
Finance costs	5	(235)	(78)	(161)
Exceptional finance charges	3	-	-	(685)
		(208)	(67)	(809)
Loss for the period attributable to the equity holders of the parent		(1,609)	(1,625)	(6,741)
Loss per ordinary share (pence)	6			
Basic		(1.9)p	(2.6)p	(10.5)
Diluted		(1.9)p	(2.6)p	(10.5)
Loss for the period excluding exceptional costs attributable to the equity holders of the parent		(1,609)	(1,625)	(4,056)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007

	unaudited 6m ended 31-12-07 £ 000	unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
Opening shareholders' deficit	(3,520)	(180)	(180)
Loss for the financial period being total income and expenditure recognised in the period	(1,609)	(1,625)	(6,741)
Share based payments	73	117	138
	(1,536)	(1,508)	(6,603)
Issue of shares including premium	-	-	3,263
Equity component of convertible loan	38	-	-
Movement in shareholders' funds	(1,498)	(1,508)	(3,340)
Closing shareholders' deficit	(5,018)	(1,688)	(3,520)

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

		unaudited 31-12-07 £ 000	unaudited 31-12-06 £ 000	unaudited 30-6-07 £ 000
ASSETS				
Non current assets				
Intangible assets		55	10	13
Property, plant and equipment		1,796	1,157	1,077
		1,851	1,167	1,090
Current Assets				
Inventories		56	27	110
Trade and other receivables	7	861	822	850
Cash and cash equivalents		1,160	1,161	1,452
		2,077	2,010	2,412
TOTAL ASSETS		3,928	3,177	3,502
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	8	3,922	3,392	4,715
Borrowings	9	620	1,473	2
		4,542	4,865	4,717
Non current liabilities				
Borrowings	9	4,404	-	2,305
TOTAL LIABILITIES		8,946	4,865	7,022
Capital and reserves attributable to equity holders of the parent				
Share capital	10	832	614	832
Share premium account	10	6,925	3,880	6,925
Merger reserve	10	2,180	2,180	2,180
Equity component of Convertible debt	10	38	-	-
Warrants reserve	10	-	37	-
Accumulated losses	10	(14,993)	(8,399)	(13,457)
		(5,018)	(1,688)	(3,520)
TOTAL EQUITY AND LIABILITIES		3,928	3,177	3,502

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2007

		unaudited 6m ended 31-12-07 £ 000	Unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	11	(1,927)	863	(2,440)
Interest paid		(158)	(41)	(150)
Net cash used in operating activities		(2,085)	822	(2,590)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment		(857)	(623)	(687)
Purchase of intangible fixed assets		(52)	-	(6)
Net cash used in investing activities		(909)	(623)	(693)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of ordinary shares for cash		-	-	584
Proceeds from convertible loans		584	-	-
Proceeds from borrowings		1,500	500	5,600
Repayments of borrowings		-	-	(130)
Capital repayments on finance leases		(1)	(74)	(1,388)
Lease termination costs paid	3	-	-	(467)
Net cash generated from financing activities		2,083	426	4,199
Net (decrease) / increase in cash		(911)	625	916
Cash and cash equivalents at the beginning of the period		1,452	536	536
Cash and cash equivalents at the end of the period		541	1,161	1,452

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting convention, policies and basis of preparation

These half year 2008 interim consolidated financial statements of Cashbox PLC are for the six months ended 31 December 2007. The information included within this document has been prepared on the basis of the recognition and measurement requirements of applicable IFRS and IFRIC interpretations in issue that either are endorsed by the European Commission and effective (or available for early adoption) at 30 June 2008 or are expected to be endorsed and effective (or available for early adoption) at 30 June 2008, the Group's first annual reporting date in accordance with IFRS.

In preparing these consolidated interim financial statements, management has amended certain accounting and valuation methods applied in the 2007 Annual Report and Accounts to comply with IFRS. The Group accounting policies as set out in the 2007 Annual Report and Accounts have been revised where applicable to conform to IFRS.

The restated accounting policies as set out on pages 10 to 13 of these statements, comprise the Group's complete accounting policies under IFRS. These policies have been consistently applied to all the years presented. The adopted IFRS that will be effective (or available for early adoption) in the annual financial statements for the year ending 30 June 2008 are still subject to the possibility of change as a result of decisions taken by the European Commission on endorsement. As a result of such changes the accounting policies cannot be determined with certainty and therefore may require updating when the annual financial statements are prepared for the year ending 30 June 2008.

The comparative figures in respect of the year ended 30 June 2007 have been restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS are provided in note 15.

Basis of Consolidation

The consolidated financial statements comprise Cashbox Public Limited Company together with Cashbox ATM Systems Limited ("principal operating company") together with Cashbox No 1 Limited, Cashbox No 2 Limited and Cashbox Finance Limited, all wholly owned either directly or indirectly by Cashbox PLC, for the six month period ended 31 December 2007 with comparative information for the six month period ended 31 December 2006 and for the year to 30 June 2007. All inter-company balances and transactions have been eliminated upon consolidation.

The merger reserve arose on the combination of Cashbox ATM Systems Limited with Cashbox PLC on 23 March 2006 as the combining entities within the Group were controlled by the same parties both before and after the combination.

Principal Accounting Policies

The following paragraphs describe the main accounting policies that have been revised on transition to IFRS and hence supersede the previous accounting policy detailed in the 2007 Annual Report and Accounts.

Revenue

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

Foreign currency translation

The consolidated financial statements are presented in pounds sterling ('£'), which is the company's functional and presentation 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 income statement.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

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.

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 assets 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 income statement on a straight line basis over the term of the lease.

Sale and leaseback

Sale and leaseback arrangements, by means of a finance lease, are accounted for in the same manner as a standard finance lease agreement. It is not appropriate to regard an excess of sale proceeds over the carrying amount as income. Such excess is deferred and amortised over the lease term.

Onerous Leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Finance costs

Finance costs are charged to the income statement 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.

Intangible fixed assets

Intangible fixed assets comprise 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.

Amortisation on intangible fixed assets

Amortisation is provided on intangible fixed assets which have a finite useful economic life 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:

- Computer software 3 years

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 tangible fixed assets

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:

- Automated teller machines 5 years
- Furniture and fittings 3 years
- Office equipment 3 years

Impairment of non-financial 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.

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 classifies all its financial assets as loans and receivables. 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. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Trade receivables

Trade receivables are recognised initially at 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 includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade payables

Trade payables are recognised initially at 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. 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 12 months after the balance sheet date.

Borrowings which carry a right or option to acquire shares in the company are accounted for as separate components with the borrowing element being calculated with an interest rate equivalent to a debt only borrowing with similar security and the equity component calculated as the balance in a separate reserve in Shareholders funds.

Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. 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 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 balance sheet date 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.

Pension costs

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

Reimbursements under Indemnity agreements

Amounts recoverable under indemnity agreements are treated as reimbursements and, unless virtually certain, are only recognised on receipt.

Share-based employee remuneration

The Group has adopted IFRS 2 'Share based payment'. The Group issues equity settled share based payments including share options and warrants to certain Directors and employees and to Bank of Scotland. 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 income statement on a straight line basis over the vesting period. At the balance sheet date the cumulative change in respect of each award is adjusted to reflect the actual levels of options vesting or expected to vest.

Relationship to statutory accounts and audit status

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the financial year ended 30 June 2007 are not the Group's statutory accounts for that financial year. Those accounts, which were prepared under UK Generally Accepted Accounting Practices, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. Turnover and Segmental Analysis

Turnover (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 there from. Although the directors consider that there is only one business segment, the following analysis of turnover is provided:

	unaudited 6m ended 31-12-07 £ 000	unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
ATM sales	41	318	373
Gross transaction revenue	2,199	1,915	4,003
Other	31	-	4
	2,271	2,243	4,380

3. Exceptional Items

	unaudited 6m ended 31-12-07 £ 000	unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
Charged in arriving at operating losses:			
Litigation settlement costs	-	-	2,000
Charged within interest costs:			
Lease termination payments	-	-	685

The litigation settlement costs relate to the full and final settlement costs of £1,800,000 associated with the agreement reached with Hanco on 23 October 2007 together with the costs order of £199,760 paid on 24 July 2007. This has been accounted for in the year ended 30 June 2007. The Company's subsidiary, Cashbox ATM Systems Limited, has a joint and several indemnity in connection with this litigation. In

accordance with IAS 37, the amounts due under the indemnity have been treated as a reimbursement as described in Note 13.

The £685,000 exceptional costs associated with terminating the lease arrangements with General Capital Venture Finance included the effective cash payment of the interest element of future lease rentals, £467,000, plus the non-cash costs related to the write off of arrangement fees, £189,000, together with write back of future warrant accretion costs, £29,000. The agreement terminating the lease arrangements provided for full and final settlement of all outstanding obligations if the Group purchased the assets legally owned by GCVF and GCVF agreed to release the debenture held over the Group's assets.

4. Expenses by nature

	unaudited 6m ended 31-12-07 £ 000	unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
Employee and associated staff costs	1,209	1,286	2,691
Depreciation of tangible fixed assets	203	126	277
Amortisation of intangible fixed assets	9	4	7
Occupancy costs	149	160	319
Vehicle costs	145	114	292
Professional fees	259	219	874
Other costs	243	237	633
	2,217	2,146	5,093

5. Finance costs

	unaudited 6m ended 31-12-07 £ 000	unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
Loan interest	211	-	11
Interest on finance leases	1	73	138
Other	23	5	12
	235	78	161

6. Loss per ordinary 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. The Group also presents an adjusted earnings per share based on earnings excluding exceptional items which the Directors believe aid the understanding of the Group's trading performance. 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 the share options and warrants. However as the Group is currently loss making none of the potentially dilutive shares are currently dilutive. Adjusted earnings per share are calculated on the same basis excluding the impact of exceptional items.

7. Trade and other receivables

	unaudited	unaudited	unaudited
	31-12-07	31-12-06	30-6-07
	£ 000	£ 000	£ 000
Trade receivables	30	238	11
Corporation tax	-	21	21
Value added tax	476	54	479
Other receivables	102	152	85
Prepayments and accrued income	139	357	122
Impairment of receivables	(6)	-	(6)
	741	822	712
Prepayments greater than one year	119	-	138
Trade and other receivables	861	822	850

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 3. Under IFRS this has been treated as a reimbursement and will not be recognised until its receipt is virtually certain.

8. Trade and other payables

	unaudited	unaudited	unaudited
	31-12-07	31-12-06	30-6-07
	£ 000	£ 000	£ 000
Trade payables	641	924	731
Taxation and social security	65	307	262
Other payables	1,869	473	2,111
Accruals and deferred income	1,347	1,688	1,611
	3,922	3,392	4,715

Included in other payables is an amount of £1,820,000 (30 June 2007: £1,999,760; 31 December 2006 nil) due to Hanco ATM Systems Limited as a result of the settlement of litigation as described in note 3.

9. Borrowings

	unaudited 31-12-07 £ 000	unaudited 31-12-06 £ 000	unaudited 30-6-07 £ 000
Current			
Bank overdrafts	618	-	-
Amounts due under finance leases	2	1,473	2
	620	1,473	2
Non Current			
Bank loans	3,854	-	2,300
Amounts due under finance leases	4	-	5
Convertible loan note	546	-	-
	4,404	-	2,305
	5,024	1,473	2,307

The Bank overdraft and loans are secured by fixed and floating charges over the Group's assets. The Convertible loan note is unsecured.

10. Reconciliation of closing equity

The Group has capital and reserves as follows:

	unaudited Share capital £ 000	unaudited Share premium £ 000	unaudited Merger reserve £ 000	unaudited Equity reserves £ 000	unaudited Retained earnings £ 000	unaudited Total £ 000
At 1 July 2006	614	3,880	2,180	37	(6,891)	(180)
Loss for the period					(1,625)	(1,625)
Share based payments (IFRS 2)					117	117
At 31 December 2006	614	3,880	2,180	37	(8,399)	(1,688)
Issue of shares May 2007 (net of costs)	218	3,045				3,263
Cancellation of GCVF Warrants				(37)	37	-
Loss for the year					(5,116)	(5,116)
Share based payments (IFRS 2)					21	21
At 30 June 2007	832	6,925	2,180	-	(13,457)	(3,520)
Loss for the year					(1,609)	(1,609)
Convertible loan – equity element				38		38
Share based payments (IFRS 2)					73	73
At 31 December 2007	832	6,925	2,180	38	(14,993)	(5,018)

11. Cash used in operations

	Unaudited	unaudited	unaudited
	6m ended	6m ended	Year ended
	31-12-07	31-12-06	30-6-07
	£ 000	£ 000	£ 000
Loss before taxation	(1,609)	(1,625)	(6,741)
Adjustments:			
Net finance costs	208	67	809
Interest received	27	11	37
Depreciation of tangible fixed assets	203	126	277
Amortisation of intangible fixed assets	9	4	7
Accretion for warrants	-	-	27
Share based remuneration charge	70	117	138
Changes in working capital:			
Decrease / (increase) in inventories	54	(5)	(88)
(Increase) / decrease in receivables	(11)	834	433
(Decrease) / increase in trade & other payables	(878)	1,334	2,661
Cash used in operations	(1,927)	863	(2,440)

12. Post balance sheet events

On 14 March 2007 the Company received notice from MBC Investments that the intention was to convert the convertible loan note issued into shares under the terms of the loan on 1 April 2008.

13. Contingencies

On 17 July 2007 the Company's subsidiary wrote to Anthony CJ Sharp and Carl J Thomas (the indemnifiers) under the terms of the deed of indemnity signed on 23 March 2006. The Company's subsidiary has received a reply from Anthony Sharp informing the Company that he does not consider the indemnity to be binding on him. The Directors do not accept Mr Sharp's position and having taken legal advice, believe the indemnity is enforceable. Discussions have been taking place with the indemnifiers to resolve matters, however, if agreement with the indemnifiers cannot be reached in the near future then proceedings to recover monies due under the indemnities will commence.

As a result of Mr Sharp's position disputing the indemnity and concerns relating to Mr Thomas' ability to pay, 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 in the accounts.

Following the initial public offering of the Company it was expected that the above indemnity would be replaced by a further indemnity from KKR Investment management SA, ("KKR", a company in which A CJ Sharp was expected to be a minority shareholder), Annenberg Investment Management SA (a company controlled by ACJ Sharp) and CJ Thomas severally (the "Further Indemnity") with sole recourse (in the case of Annenberg and CJ Thomas) to their respective holdings of ordinary shares in the Company. The Further Indemnity was intended to come into effect only once KKR had unconditional finance in place, to the satisfaction of the Directors and Seymour Pierce Limited (the Company's Nominated Advisor and Broker) to cover its liabilities under the Further Indemnity. As part of this agreement, the Company agreed to pay a cash fee in the amount of £112,500 to KKR in respect of the provision of the Further Indemnity together with the issue of 187,500 new ordinary shares to KKR. These shares would only be issued once the Further Indemnity was unconditional. Pursuant to the deed, unconditional finance has not been put in place.

14. Non GAAP terms

EBITDA is earnings before interest, tax, depreciation, amortisation, exceptional items, share based payments and minority interests and equals operating income / loss before exceptional items plus depreciation and amortisation. 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 6m ended 31-12-07 £ 000	unaudited 6m ended 31-12-06 £ 000	unaudited Year ended 30-6-07 £ 000
Operating loss	(1,401)	(1,558)	(5,932)
Add back			
Depreciation and amortisation	212	130	284
Exceptional items (see note 3)	-	-	2,000
Share based payments	70	117	138
	(1,119)	(1,311)	(3,510)

Net debt includes the borrowings of the Group (including bank loans, other loans, finance leases and overdrafts) less cash and cash equivalents excluding balances held with the Bank of England for cash withdrawal settlement purposes.

	unaudited 31-12-07 £ 000	unaudited 31-12-06 £ 000	unaudited 30-6-07 £ 000
Cash and cash equivalents	1,160	1,161	1,452
Less BOE cash balance	(1,158)	(1,028)	(1,349)
Cash excluding BOE balances	2	133	103
Current borrowings	779	1,473	2
Non current borrowings	4,245	-	2,305
	5,024	1,473	2,307
Net debt	5,022	1,340	2,204

15. Adoption of IFRS

In implementing the transition to IFRS, the Group has followed the requirements of IFRS 1 "First Time Adoption of International Financial Reporting Standards", which in general requires IFRS accounting policies to be applied fully retrospectively in deriving the opening balance sheet at the date of transition. In the Group's case this is 1 July 2006 being the start of the previous period that has been presented as comparative information. IFRS 1 contains certain mandatory exceptions and some optional exemptions to this principle of retrospective application. The adoption of IFRS represents an accounting change only and does not affect the operations or cash flows of the Group. The principal area of impact is that purchased computer software costs were previously recorded as property, plant and equipment as permitted by UK GAAP. In accordance with IAS 38, all purchased computer software is recorded as an intangible asset. The impact of this adjustment was to reduce the net book value of property, plant and equipment by £14,000 as at 30 June 2006, £10,000 as at 31 December 2006 and £13,000 as at 30 June 2007 with a corresponding increase in intangible assets.

UNAUDITED COMPARATIVE DATA RESTATED IN ACCORDANCE WITH TRANSITION TO IFRS

CONSOLIDATED INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2007

	UK GAAP	Adjustments	IFRS
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
Revenue	4,380	-	4,380
Cost of sales	(3,219)	-	(3,219)
Gross Profit	1,161		1,161
Administration expenses	(5,093)	-	(5,093)
Exceptional Litigation settlement costs	(2,000)	-	(2,000)
Total administration expenses	(7,093)	-	(7,093)
Operating loss	(5,932)	-	(5,932)
Finance income	37	-	37
Finance costs	(161)	-	(161)
Exceptional finance charges	(685)	-	(685)
	(809)	-	(809)
Loss for the period attributable to the equity holders of the parent	(6,741)	-	(6,741)

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR SIX MONTHS ENDED 31 DECEMBER 2006

	UK GAAP	Adjustments	IFRS
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
Revenue	2,243	-	2,243
Cost of sales	(1,655)	-	(1,655)
Gross Profit	588	-	588
Administration expenses	(2,146)	-	(2,146)
Operating loss	(1,558)	-	(1,558)
Finance income	11	-	11
Finance costs	(78)	-	(78)
	(67)	-	(67)
Loss for the period attributable to the equity holders of the parent	(1,625)	-	(1,625)

UNAUDITED COMPARATIVE DATA RESTATED IN ACCORDANCE WITH TRANSITION TO IFRS
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2006

	UK GAAP	Adjustments	IFRS
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
ASSETS			
Non current assets			
Intangible assets	-	14	14
Property, plant and equipment	674	(14)	660
	<u>674</u>	<u>-</u>	<u>674</u>
Current Assets			
Inventories	22	-	22
Trade and other receivables	1,492	-	1,492
Cash and cash equivalents	536	-	536
	<u>2,050</u>	<u>-</u>	<u>2,050</u>
TOTAL ASSETS	<u>2,724</u>	<u>-</u>	<u>2,724</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	2,053	-	2,053
Borrowings	172	-	172
	<u>2,225</u>	<u>-</u>	<u>2,225</u>
Non current liabilities			
Borrowings	679	-	679
TOTAL LIABILITIES	<u>2,904</u>	<u>-</u>	<u>2,904</u>
Capital and reserves attributable to equity holders of the parent			
Share capital	614	-	614
Share premium account	3,880	-	3,880
Merger reserve	2,180	-	2,180
Warrants reserve	37	-	37
Accumulated losses	(6,891)	-	(6,891)
	<u>(180)</u>	<u>-</u>	<u>(180)</u>
TOTAL EQUITY AND LIABILITIES	<u>2,724</u>	<u>-</u>	<u>2,724</u>

Adjustments relate to the separate disclosure of software from other tangible fixed assets of £14,000.

UNAUDITED COMPARATIVE DATA RESTATED IN ACCORDANCE WITH TRANSITION TO IFRS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	UK GAAP	Adjustments	IFRS
	£ 000	£ 000	£ 000
ASSETS			
Non current assets			
Intangible assets	-	10	10
Property, plant and equipment	1,167	(10)	1,157
	<u>1,167</u>	<u>-</u>	<u>1,167</u>
Current Assets			
Inventories	27	-	27
Trade and other receivables	822	-	822
Cash and cash equivalents	1,161	-	1,161
	<u>2,010</u>	<u>-</u>	<u>2,010</u>
TOTAL ASSETS	<u>3,177</u>	<u>-</u>	<u>3,177</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	3,392	-	3,392
Borrowings	1,473	-	1,473
	<u>4,865</u>	<u>-</u>	<u>4,865</u>
Non current liabilities			
Borrowings	-	-	-
TOTAL LIABILITIES	<u>4,865</u>	<u>-</u>	<u>4,865</u>
Capital and reserves attributable to equity holders of the parent			
Share capital	614	-	614
Share premium account	3,880	-	3,880
Merger reserve	2,180	-	2,180
Warrants reserve	37	-	37
Accumulated losses	(8,399)	-	(8,399)
	<u>(1,688)</u>	<u>-</u>	<u>(1,688)</u>
TOTAL EQUITY AND LIABILITIES	<u>3,177</u>	<u>-</u>	<u>3,177</u>

Adjustments relate to the separate disclosure of software from other tangible fixed assets of £10,000.

UNAUDITED COMPARATIVE DATA RESTATED IN ACCORDANCE WITH TRANSITION TO IFRS
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007

	UK GAAP	Adjustments	IFRS
	£ 000	£ 000	£ 000
ASSETS			
Non current assets			
Intangible assets	-	13	13
Property, plant and equipment	1,090	(13)	1,077
	<hr/> 1,090	<hr/> -	<hr/> 1,090
Current Assets			
Inventories	110	-	110
Trade and other receivables	850	-	850
Cash and cash equivalents	1,452	-	1,452
	<hr/> 2,412	<hr/> -	<hr/> 2,412
TOTAL ASSETS	<hr/> 3,502	<hr/> -	<hr/> 3,502
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	4,715	-	4,715
Borrowings	2	-	2
	<hr/> 4,717	<hr/> -	<hr/> 4,717
Non current liabilities			
Borrowings	2,305	-	2,305
TOTAL LIABILITIES	<hr/> 7,022	<hr/> -	<hr/> 7,022
Capital and reserves attributable to equity holders of the parent			
Share capital	832	-	832
Share premium account	6,925	-	6,925
Merger reserve	2,180	-	2,180
Accumulated losses	(13,457)	-	(13,457)
	<hr/> (3,520)	<hr/> -	<hr/> (3,520)
TOTAL EQUITY AND LIABILITIES	<hr/> 3,502	<hr/> -	<hr/> 3,502

Adjustments relate to the separate disclosure of software from other tangible fixed assets of £13,000.

UNAUDITED COMPARATIVE DATA RESTATED IN ACCORDANCE WITH TRANSITION TO IFRS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	UK GAAP	Adjustments	IFRS
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	(2,440)	-	(2,440)
Interest paid	(149)	-	(149)
Net cash used in operating activities	<u>(2,589)</u>	<u>-</u>	<u>(2,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment	(687)	-	(687)
Purchase of intangible fixed assets	(6)	-	(6)
Net cash used in investing activities	<u>(693)</u>	<u>-</u>	<u>(693)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of ordinary shares for cash	584	-	584
Proceeds from borrowings	5,600	-	5,600
Repayments of borrowings	(130)	-	(130)
Capital repayments on finance leases	(1,389)	-	(1,389)
Lease termination costs paid	(467)	-	(467)
Net cash generated from financing activities	<u>4,198</u>	<u>-</u>	<u>4,198</u>
Net increase in cash	<u>916</u>	<u>-</u>	<u>916</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	UK GAAP	Adjustments	IFRS
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	863	-	863
Interest paid	(41)	-	(41)
Net cash used in operating activities	<u>822</u>	<u>-</u>	<u>822</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment	(623)	-	(623)
Net cash used in investing activities	<u>(623)</u>	<u>-</u>	<u>(623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	500	-	500
Capital repayments on finance leases	(74)	-	(74)
Net cash generated from financing activities	<u>426</u>	<u>-</u>	<u>426</u>
Net increase in cash	<u>625</u>	<u>-</u>	<u>625</u>

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.