



Independent thinking...

Cashbox Public Limited Company (“Cashbox” or “the Company”)

Interim Results

For the six months ended 31 December 2006

Cashbox (AIM:CBOX), the independent Automated Teller Machine (“ATM”) deployer and operator, announces its interim results for the six months ended 31 December 2006 (H1 06/07).

Anthony Sharp, Executive Chairman said:

“Our sales force has continued its momentum but lack of timely funds from our lease provider delayed our ability to roll out ATMs as quickly as we would have liked, however the foundations remain in place to drive this business forward”.

	H1 06/07 ended Dec 06 unaudited £'000	as restated H2 05/06 ended Jun 06 unaudited £'000	H1 05/06 ended Dec 05 unaudited £'000
Machines installed at period end	1,245	1,058	848
Turnover	2,243	1,730	1,429
Gross Margin %	26%	25%	34%
EBITDA*	(1,311)	(1,313)	(735)
Loss on ordinary activities*	(1,625)	(1,531)	(927)
Earnings per share*	(2.6)p	(3.0)p	(2.7)p
Net debt	312	315	8

* before exceptional items of £1,179,000 in H2 05/06 relating to listing and share option costs.

Highlights

- Merchant contract wins increases potential ATM sites to over 80,000
- Installed estate increased to 1,245 despite difficulties with lease provider
- Turnover up 30% from preceding six months and 57% from the same period last year
- Gross margin up slightly from H2 05/06 but lower than the comparable period H1 05/06 which benefited from higher service income
- Net debt at period end £0.3m, unchanged from H2 05/06
- New £2.8m loan facilities signed in 2007

Chairman's statement

While the steps that the Board had put in place, as reported in the Annual Report, put us in an excellent position to grow the business, the period to 31 December 2006 and the last couple of months have proved frustrating as our lease provider, General Capital Venture Finance Ltd ("GCVF"), did not provide funds on a timely basis. As a consequence our ability to roll out our ATMs across Merchant Sites at the rate we would have liked was fundamentally prejudiced, and our ability to reach a critical mass impeded. This has delayed our stated ambition of achieving profitability. Clearly this is disappointing, however arrangements for alternative ATM financing are being made and the foundations remain in place to drive this business forward once we have access to necessary capital.

In February 2007 we arranged a series of short term loans totaling £0.8m from directors and some existing shareholders as the arrangements with GCVF deteriorated. This is testament to the continuing support of a number of key individuals. The Board also resolved to seek alternative asset financing to facilitate the growth of the business and is in the final stages of negotiating an £8.0m asset financing arrangement together with a £0.75m overdraft facility. While this progresses, the Company has arranged a £2.0m loan facility in March to enable the rollout of ATMs to continue.

At an operational level the existing estate of ATMs has performed well. During this difficult time we have been able, through careful cash management, to install a further 187 machines and the sales force have worked hard and continued to sign a number of key agreements with major customers. The number of sites owned or managed by Cashbox's customers (including those with an associated membership network) has increased to in excess of 80,000. Operationally we therefore believe the business is well placed to execute the business plan once the asset financing arrangements are finalised.

Financial Review

Turnover for the first half of the year was £2.2m, up 30% from the second half of last year and 57% over the first half of last year, the comparable period, with growth due to higher transaction income as more ATMs are installed.

Gross margin for the period was 26%, up slightly from the second half of 05/06, but down from the first half

05/06 which benefited from service income derived from relocating a number of a customer's ATMs.

Administration costs were up significantly from the comparable period last year, mainly salary costs including share-based payments, as the business continues to put in place the infrastructure to grow, but only 15% up on the preceding six months as the growth has been slowed while the financing of new ATM installations is resolved.

Interest costs are lower following the restructuring of the debt prior to the flotation of the Company in March 2006 and the interest for the six months ended 31 December 2006 relates principally to the lease facility.

Consequently the **loss on ordinary activities** for the period was £1.6m compared to £0.9m for the comparable period with higher gross profit being more than offset by the higher administration costs.

Careful cash management and negotiation of payment terms resulted in a **net cash inflow from operating activities** of £0.9m, with cash collection from debtors and increased creditors. This was utilised servicing the lease facilities and purchasing fixed assets with an overall increase in **cash** for the period of £0.6m.

Net debt was unchanged at £0.3m at the period end with the net cash inflow from operating activities covering the continued investment in ATMs.

Board update

As we announced on 21 March 2007, Carl Thomas, previously CEO, was dismissed without notice after a disciplinary process. Carl Thomas has notified the Company he is appealing this decision. I have assumed executive responsibilities while the company is without a Chief Executive and while holding an executive position I have stepped down from the Audit Committee.

David Auger has also joined the Board to take over as Chief Financial Officer, effective 2 April 2007, from Darren Woolsgrove who will be working in a more operational role assisting me. We are delighted to have been able to appoint someone of David's calibre as CFO. The expertise he brings with him from high profile organisations such as PricewaterhouseCoopers and ICI will be of great benefit to Cashbox as we continue to grow. Darren has indicated a desire to ultimately seek a new challenge after the Company's successful IPO and is seeing through his commitments made at that time last

year. He will be stepping down as a Director once a CEO is in place.

Hanco Litigation update

The litigation between inter alia, Cashbox ATM Systems Limited (the Company's Subsidiary), Carl Thomas (previously Cashbox CEO), and other former employees of the Company and Hanco ATM Systems Limited ("Hanco") is continuing. At a hearing on 21 February 2007, and as announced on 23 February 2007, the court made an order for the Company's Subsidiary and Carl Thomas to pay 60% of Hanco's costs of the summary judgment application together with an interim payment on account of those costs of £150,000. The Company's Subsidiary and Carl Thomas have applied for permission to appeal the summary judgment decision and a stay of the interim payment on account of costs has been granted pending determination of the application for permission to appeal.

The Company and the Company's Subsidiary have obtained a joint and several indemnity from both Carl Thomas and Anthony Sharp against any liability of the Company or the Company's Subsidiary arising from or in connection with this litigation to pay any sum for damages awarded in respect thereof by a court of competent jurisdiction (including all sums payable to the legal advisers of Hanco) or for any agreed settlement in respect thereof.

Hanco's application for an interim payment in relation to quantum was adjourned to a further hearing.

The position of the Company's Subsidiary remains that Hanco would not be entitled to anything other than nominal recovery because Hanco would not have secured Phase II of the Threshers contract in any event; and Phase II of the Threshers contract was not profitable for the Company's subsidiary.

Financing

As a direct result of the difficulties experienced with the current lease provider GCVF, the Board decided to seek alternative financing for the business.

The Company has secured a £2.0m loan through the clients of UK investment bank, Fairfax I.S. plc, while discussions are taking place with a major, reputable prime lender to provide asset financing. These discussions are at an advanced stage, credit approval has been received, and we are working towards completion in the near future.

The Board is considering seeking additional equity financing to maintain an appropriate level of financial gearing and, if necessary, will hold an Extraordinary General Meeting to seek shareholder approval for this.

Discussions are taking place with GCVF for the termination of their lease facility and release of their debenture security. It is the Company's view that GCVF are in breach of the terms of the facility and that the significant contractual penalties GCVF is currently relying on are not payable. The ongoing without prejudice negotiations have been protracted and the outcome is uncertain. The Board is of the view that the termination of this facility is in the long term interests of the business and expects matters to be resolved in the near future.

Outlook

Whilst the last few months have been a difficult and frustrating period for the Company and our staff, we are confident that good progress will be made in growing the business over the next few months and that we will be reporting significant progress with our full year results to be announced in the autumn.

Anthony Sharp
Executive Chairman
30 March 2007

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Consolidated profit and loss account

For the six months ended 31 December 2006

	Notes	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	as restated Year ended 30-6-06 £'000
Turnover		2,243	1,429	3,159
Cost of sales		(1,655)	(947)	(2,245)
Gross profit		588	482	914
Administrative expenses		(2,146)	(1,265)	(3,131)
Exceptional items:				
Share based remuneration (options) charge		–	–	(574)
Listing costs		–	–	(605)
Total exceptional costs		–	–	(1,179)
Total administrative expenses		(2,146)	(1,265)	(4,310)
Operating loss		(1,558)	(783)	(3,396)
Interest receivable and similar income		11	6	13
Interest payable and similar charges	2	(78)	(150)	(254)
Loss on ordinary activities before and after taxation		(1,625)	(927)	(3,637)
Loss per ordinary share (pence)	3			
Basic		(2.6)p	(2.7)p	(8.4)p
Diluted		(2.6)p	(2.7)p	(8.4)p
Loss on ordinary activities excluding exceptional costs and before and after taxation		(1,625)	(927)	(2,458)

All amounts relate to continuing activities

Consolidated statement of total recognised gains and losses
For the six months ended 31 December 2006

	Notes	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 30-6-06 £'000	as restated Year ended 31-12-05 £'000
Loss for the period		(1,625)	(927)	(3,637)
Prior period adjustments – share based payments	1	(75)		
Total gains and losses recognised since last financial statements		(1,700)		

Consolidated balance sheet

As at 31 December 2006

	Notes	unaudited 31-12-06 £'000	unaudited 31-12-05 £'000	30-6-06 £'000
Fixed assets				
Tangible assets		1,167	234	674
Current assets				
Stocks		27	48	22
Debtors		822	634	1,492
Cash at bank and in hand		1,161	625	536
		2,010	1,307	2,050
Creditors: amounts falling due within one year	4	(4,865)	(3,807)	(2,225)
Net current liabilities		(1,688)	(2,500)	(175)
Total assets less current liabilities		(521)	(2,266)	499
Creditors: amounts falling due after more than one year	4	–	–	(679)
Net liabilities		(1,688)	(2,266)	(180)
Capital and reserves				
Called up share capital		614	380	614
Share premium account		3,880	–	3,880
Merger reserve		2,180	2,180	2,180
Warrants reserve		37	–	37
Profit and loss account		(8,399)	(4,826)	(6,891)
Shareholders' deficit	5	(1,688)	(2,266)	(180)

Consolidated cash flow statement
For the six months ended 31 December 2006

	Notes	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	Year ended 30-6-06 £'000
Net cash inflow/(outflow) from operating activities	6	852	(742)	(4,327)
Returns on investments and servicing of finance				
Interest received		11	6	13
Interest paid		(41)	(117)	(254)
Net cash outflow from returns on investment and servicing of finance		(30)	(111)	(241)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(623)	(154)	(44)
Net cash outflow from capital expenditure and financial investment		(623)	(154)	(44)
Cash inflow/(outflow) before use of liquid resources and financing		3	(1,007)	(4,612)
Financing				
Issue of ordinary shares for cash (net of issue costs)		–	1,596	5,339
Loans taken and repaid		–	(15)	(457)
Cash advances from Lease Provider		500	–	–
Capital element of finance leases repaid		(74)	–	–
Sale and leaseback of tangible fixed assets		–	–	215
Net cash inflow from financing		426	1,581	5,097
Increase/(decrease) in cash		625	574	485

Notes to the Consolidated Financial Statements

For the six months ended 31 December 2006

1. Accounting policies and basis of presentation of financial information

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards on a going concern basis and should be read in conjunction with the Group's Annual Accounts for the year ended 30 June 2006. The results for the six months ended 31 December 2006 and the comparative figures for the six months ended 31 December 2005 are unaudited.

The interim report for the six months ended 31 December 2006 was approved by the Board on 29 March 2007.

This interim financial information does not constitute the Company's statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the year ended 30 June 2006 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditors' report in those accounts was unqualified but included an emphasis of matter regarding Going Concern. The auditors' report did not contain a statement under s237 (2) or (3) Companies Act 1985.

Change of accounting policy

The Company has applied the requirements of Financial Reporting Standard No 20 Share-based payment, which it has adopted for the first time with effect from 1 July 2006 as its application is obligatory for accounting periods commencing on or after 1 January 2006.

The Group issues equity-settled share-based payments including share options and warrants to certain Directors and employees. 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 profit and loss account 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. The effect of this is to increase costs for the six months ended 31 December 2006 by £117,000. The prior period comparatives have been restated resulting in an increase in costs for both the six months and year ended 30 June 2006 of £75,000 being £71,000 of ordinary and £4,000 exceptional costs. There was no impact on opening reserves at 1 July 2005 as no equity-settled share-based payments were made prior to March 2006.

2. Interest payable and similar charges

	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	Year ended 30-6-06 £'000
Bank loans and overdrafts	–	126	203
Supplier interest	–	23	46
Other loans	5	1	5
Finance lease interest and other charges	73	–	–
	<hr/> 78 <hr/>	<hr/> 150 <hr/>	<hr/> 254 <hr/>

3. Loss per Share

Basic and diluted loss per share has been calculated on the basis of losses after taxation of £1,625,000 (2005: £927,000) and 61,409,143 1p ordinary shares (2005: 34,068,000 equivalent 1p ordinary shares) being the weighted average number of shares in issue during the six month period. The exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of Financial Reporting Standard 22.

4. Creditors falling due within and after one year

	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	Year ended 30-6-06 £'000
Within one year			
Director loans	–	600	–
Trade creditors	924	1,435	592
Taxation and social security	307	97	45
Amounts due under finance leases	973	–	172
Advances from lease provider	500	–	–
Other creditors	473	462	469
Accruals and deferred income	1,688	1,213	947
	<hr/> 4,865 <hr/>	<hr/> 3,807 <hr/>	<hr/> 2,225 <hr/>
After one year			
Amounts due under finance leases	–	–	679
	<hr/> – <hr/>	<hr/> – <hr/>	<hr/> 679 <hr/>

The finance lease is provided by GCVF and is for a period of five years from the date of execution, 30 June 2006, and as per a facility letter dated 23 March 2006 for a total facility of £6.1m. On 13 November and 18 December 2006, two cash advances were received but no accompanying documentation has been provided or executed and accordingly these balances are treated as Cash Advances rather than finance leases.

Following GCVF's failure to provide funds on a timely basis, and in accordance with the facility letter of 23 March 2006, it is expected that the finance leases and cash advances will be repaid within the next 12 months and accordingly balances previously due after one year have been reclassified.

Notes to the Consolidated Financial Statements For the six months ended 31 December 2006

5. Reconciliation of movements in shareholders' funds

	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	as restated Year ended 30-6-06 £'000
Loss for the period	(1,625)	(927)	(3,637)
Share based payments – credit to reserves	117	–	645
	<hr/>	<hr/>	<hr/>
Profit and loss account	(1,508)	(927)	(2,992)
Issue of shares	–	–	234
Premium on shares issued	–	–	3,880
Capital (merger) reserve	–	1,706	1,706
Warrants reserve	–	–	37
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(1,508)	779	2,865
	<hr/>	<hr/>	<hr/>
Shareholders' deficit at beginning of the period as previously stated	(180)	(3,045)	(3,045)
Prior period adjustments:			
Share based remuneration charge	75	–	–
Share based payments – credit to reserves	(75)	–	–
	<hr/>	<hr/>	<hr/>
Shareholders' deficit at beginning of the period as restated	(180)	(3,045)	(3,045)
	<hr/>	<hr/>	<hr/>
Shareholders' (deficit)/funds at end of period	(1,688)	(2,266)	(180)
	<hr/>	<hr/>	<hr/>

6. Reconciliation of operating loss to net cash outflow from operating activities

	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	as restated Year ended 30-6-06 £'000
Operating loss	(1,558)	(783)	(3,396)
Share based remuneration charge	117	–	645
Depreciation	130	48	98
(Increase)/decrease in stock	(5)	163	189
Decrease/(increase) in debtors	834	(325)	(1,294)
Increase/(decrease) in creditors	1,334	155	(569)
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities	852	(742)	(4,327)
	<hr/>	<hr/>	<hr/>

7. Analysis of changes in net debt

	unaudited Cash in hand and at bank £'000	unaudited Bank overdraft £'000	unaudited Total cash and overdraft £'000	unaudited Debt due within one year £'000	unaudited Debt due after one year £'000	unaudited Total net debt £'000
At 30 June 2006	536	–	536	(172)	(679)	(315)
Cash flows	625	–	625			625
Cash advances from lease provider				(500)	–	(500)
Funds due from lease provider				(192)		(192)
Finance lease repayments				74	–	74
Non cash items				(4)		(4)
Reclassifications	–	–	–	(679)	679	–
At 31 December 2006	<u>1,161</u>	<u>–</u>	<u>1,161</u>	<u>(1,473)</u>	<u>–</u>	<u>(312)</u>

The funds due from lease provider relate to amounts invoiced to the lease provider as part of the sale and leaseback of ATMs. A corresponding amount is included in Debtors.

8. Dividend

The Directors are not able to declare a dividend.

9. Subsequent events

On 8 February 2007 the Company arranged a series of short term loans from directors and a number of existing shareholders totalling £0.8m repayable on 28 days notice with interest payable at base rate plus 0.5%.

On 26 March 2007 the company signed a £2.0m 15% loan note repayable in three years time with interest payable quarterly in arrears with Finsbury Nominees Limited, a client of Fairfax I.S. plc, a UK investment bank.

10. Contingencies

The Company's Subsidiary has entered into a finance leasing agreement with GCVF. The liabilities of the Company's Subsidiary pursuant to such agreement are secured by fixed and floating charges and guarantees given by the Company and Company's Subsidiary. Under the terms of the agreement, penalty clauses up to a maximum of the outstanding charges discounted at 3% are payable on early termination.

In December 2003 Hanco ATM Systems Limited ("Hanco") made significant claims against Carl Thomas and Cashbox ATM Systems Limited ("Subsidiary") including an allegation that Carl Thomas diverted a business opportunity from Hanco to Cashbox, namely a contract for the installation of ATMs with the Thresher Group. Both the Company's Subsidiary and Carl Thomas vigorously denied these claims.

The Company and the Company's Subsidiary have obtained a joint and several indemnity from both Carl Thomas and Anthony Sharp against any liability of the Company or the Company's Subsidiary arising from or in connection with this litigation to pay any sum for damages awarded in respect thereof by a court of competent jurisdiction (including all sums payable to the legal advisers of Hanco) or for any agreed settlement in respect thereof.

Notes to the Consolidated Financial Statements

For the six months ended 31 December 2006

11. Non-GAAP terms

EBITDA is earnings before interest, tax, depreciation, amortisation, exceptional items and minority interests and equals operating income 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 UK GAAP and may not be comparable with similar measures used by others.

	unaudited 6m ended 31-12-06 £'000	unaudited 6m ended 31-12-05 £'000	as restated Year ended 30-6-06 £'000
Operating loss	(1,558)	(783)	(3,396)
Add back:			
Exceptional items	–	–	1,179
Share based payments charge	117	–	71
Depreciation	130	48	98
EBITDA	(1,311)	(735)	(2,048)



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