

Cashbox Public Limited Company

("Cashbox" or "the Company")

Interim Results for the six months ended 31st December 2008

Cashbox (AIM:CBOX), the independent Automated Teller Machine ("ATM") installer and operator, announces its interim results for the six months ended 31 December 2008 (H1 08/09).

	H1 08/09	H2 07/08	H1 07/08
	6m ended	6m ended	6m ended
	31 Dec 08	30 Jun 08	31 Dec 07
	unaudited	unaudited	unaudited
Machines installed at period end	2,838	2,045	1,820
Turnover £ 000	2,986	2,404	2,271
Gross Profit £ 000	1,083	952	816
Gross Margin * %	36%	39%	36%
EBITDA † £ 000	(659)	(881)	(1,119)
Loss £ 000	(1,454)	(1,394)	(1,609)
Loss per share (p)	(1.0)p	(1.5)p	(1.9)p
Net debt † (£000)	8,082	5,016	5,022

† A non GAAP measure, these are defined in note 12.

* Gross margin in H2 07/08 reflects short-term benefit of the sale of upgrade kits

Highlights

- Installed machines reach 2,838, an increase of 793 in the period
- Transaction revenues increased by 19% over H2 and 24% over H1 07/08
- Gross profits increased and gross margin improvements maintained
- Losses measured by EBITDA improved again
- Two acquisitions completed
- New funding of £1.5m new equity and £1.5m convertible loan notes raised in period
- £1.8m Hanco debt replaced by a convertible loan note
- £417K MBC debt replaced by a convertible loan note

CHAIRMAN'S STATEMENT

For the six months to December 2008 your Company incurred a loss of £1.45m on turnover of £2.98m. The encouraging trend established during the prior year has continued with a reduction in losses at EBITDA level while maintaining previous gross margin improvements.

During the period under review, your Company has realised solid progress in one of its key growth strategies through the completion of two attractive acquisitions. The acquisitions of the ATM and site assets of MyATM and Cash4All have provided significant scale to the Company's operations. As the ATM estates of these businesses are fully integrated into the Cashbox platform, improved gross margin will be realised coupled with associated benefits of scale at the operating level.

Whilst growth by acquisition can greatly help in achieving your Company's objectives, organic growth continues to be aggressively pursued. In addition to pursuing additional customer relationships, your Company is creating new revenue streams through the processing of other parties' ATM estates. This initiative is resulting in a number of interesting potential revenue opportunities.

Internally, the focus must be on releasing value from the acquisitions to date. Cashbox is adhering to its migration schedules, transferring Cash4All and MyATM sites to the Cashbox platform, and this process will be concluded shortly.

As with all businesses, there needs to be an ever vigilant approach to cost control and it is appropriate to report that, after a review of operations, annual overheads have been markedly reduced, with significant reductions in senior management costs.

Your Company maintains its focus on installations with the 'Placement Model', which has resulted in over half the estate now being in that category. This focus has allowed your Company to sustain the margin increase built during last year and bodes well for future profitability.

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 excellent systems that have been developed combined with the customer service that this affords give your Company distinct competitive advantage. This is becoming clearly evident as we increase our efforts to penetrate major organisations who value this level of professionalism.

Hanco Settlement Update

Following the full and final settlement of £1.8m, on top of the £200,000 already paid, agreed in October 2007 with Hanco, we have now negotiated that this payment, originally due in September 2009, will instead be satisfied by the issue of a convertible with a five year term and with a lower interest rate than that previously pertained.

Financing

In three stages in August, September and October 2008, your Company raised, through the issue of equity, £1.5m of additional working capital and subsequently raised a further £1.5m operating capital in December 2008 through the issue of a convertible loan note.

This recent support of shareholders and others in subscribing for equity and debt in the business is a clear indication that the business model is perceived as providing solid returns. The Board greatly appreciates such tangible support.

Board Update

I am delighted to welcome a new Non-Executive Director, Andrew Fearon, who will assume his responsibilities in March 2009. A corporate lawyer with experience of running AIM businesses, Andrew will augment the Board's deal-making and negotiating capabilities. The stability of the core business and the increasing importance of successful integration are also reflected in the appointment of Matthew Thomas, Cashbox CTO, to the PLC Board as an executive director.

Outlook

Your Board is particularly mindful to target, as a key objective, the continuing current trend of reduction in losses at EBITDA level. To this end the continued growth of the core business and the speedy and successful integration of recent acquisitions are crucial. Progress in both these areas gives grounds for encouragement.

Robin Saunders
Non Executive Chairman

18th March 2009

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OPERATING AND FINANCIAL REVIEW

Performance for the current period, the six months ended 31 December 2008 (H1 08/09) is measured against both the comparable period being the first half of the prior year being the six months ended 31 December 2007 (H1 07/08) and the period immediately preceding the period under review being the six months ended 30 June 2008 (H2 07/08). 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 ATM's increased to 2,838 by 31 December 2008 compared to 2,045 at 30 June 2008 and 1,820 at 31 December 2007.

Surcharging transactions for the six months were 1.58m, up on both the six months ended June 2007 (1.28m) and December 2007 (1.25m), following the significant increase in estate size.

Turnover for the first half of the year was £2.98m, up 24% on the preceding six months, and 31% on the six months to 31 December 2007.

The prior year improvement in **gross margins** has been maintained at 36%, and is due to the higher margins on transaction fee revenues, as opposed to ATM sale revenues, and a greater proportion of placement ATMs in the estate. This has resulted in the **gross profit** for the period being £1.08m, a 14% increase in profitability over the six months to 30 June 2008 (and 33% increase for the six months ended December 2007).

Administration costs were lower than the preceding period at £2.17m, reflecting cost saving measures being taken, specifically in the areas of staffing levels and salaries. Headcount at period end was 45. Professional fees remain higher than would be liked, but are a direct consequence of the costs associated with acquisition activity.

Earnings before interest, tax, depreciation, amortisation, share based payments and exceptionals, **EBITDA**, for the period was a loss of £0.65m, a 41% improvement over the corresponding period last year.

Total **operating loss** was £1.1m for the period, a 22% improvement in profitability over the corresponding period.

Interest costs increased significantly due to increases in debt financing.

Net cash from operating activities was an outflow of £1.9m with adverse movements in working capital being primarily the purchase of placement machines. The **purchase of fixed assets** was £1.5m. The outflows were financed by £1.5m of shares and £2.5m of debt finance.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2008

	<i>Notes</i>	unaudited 6m ended 31-12-08 £ 000	unaudited 6m ended 31-12-07 £ 000	unaudited Year ended 30-6-08 £ 000
Revenue	2	2,986	2,271	4,675
Cost of sales		(1,903)	(1,455)	(2,907)
Gross Profit		1,083	816	1,768
Administration expenses	3	(2,171)	(2,217)	(4,252)
Total administration expenses		(2,171)	(2,217)	(4,252)
Operating loss		(1,088)	(1,401)	(2,484)
Finance income		15	27	46
Finance costs	4	(381)	(235)	(565)
		(366)	(208)	(519)
Loss for the period attributable to the equity holders of the parent		(1,454)	(1,609)	(3,003)
Loss per ordinary share (pence)	5			
Basic		(1.0)p	(1.9)p	(3.4)p
Diluted		(1.0)p	(1.9)p	(3.4)p
Loss for the period excluding exceptional costs attributable to the equity holders of the parent		(1,454)	(1,609)	(3,003)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008

	unaudited 6m ended 31-12-08 £ 000	unaudited 6m ended 31-12-07 £ 000	unaudited Year ended 30-6-08 £ 000
Opening shareholders' deficit	(5,348)	(3,520)	(3,520)
Loss for the financial period being total income and expenditure recognised in the period	(1,454)	(1,609)	(3,003)
Share based payments	30	73	133
Issue of shares including premium	2,035	-	459
Issue of shares including premium on conversion of convertible loan stock			583
Equity component of convertible loan	1,002	38	-
Movement in shareholders' funds	1,613	(1,498)	(1,828)
Closing shareholders' deficit	(3,735)	(5,018)	(5,348)

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

		unaudited 31-12-08 £ 000	unaudited 31-12-07 £ 000	unaudited 30-6-08 £ 000
ASSETS				
Non current assets				
Intangible assets		730	55	53
Property, plant and equipment		3,453	1,796	2,081
		4,183	1,851	2,134
Current Assets				
Inventories		453	56	165
Trade and other receivables	6	946	861	657
Cash and cash equivalents		1,122	1,160	1,112
		2,521	2,077	1,934
TOTAL ASSETS		6,704	3,928	4,068
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	7	1,688	3,922	4,159
Borrowings	8	849	620	5,254
		2,537	4,542	9,413
Non current liabilities				
Borrowings	8	7,902	4,404	3
TOTAL LIABILITIES		10,439	8,946	9,416
Capital and reserves attributable to equity holders of the parent				
Share capital	9	1,445	832	1,044
Share premium account	9	9,389	6,925	7,755
Merger reserve	9	2,180	2,180	2,180
Equity component of Convertible debt	9	1,002	38	-
Profit and loss account	9	(17,751)	(14,993)	(16,327)
		(3,735)	(5,018)	(5,348)
TOTAL EQUITY AND LIABILITIES		6,704	3,928	4,068

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 31 December 2008

		unaudited 6m ended 31-12-08 <i>£ 000</i>	Unaudited 6m ended 31-12-07 <i>£ 000</i>	unaudited Year ended 30-6-08 <i>£ 000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	10	(1,853)	(1,927)	(2,302)
Interest paid		(255)	(158)	(350)
Net cash used in operating activities		(2,108)	(2,085)	(2,652)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment		(1,539)	(857)	(1,495)
Purchase of intangible fixed assets		(51)	(52)	(60)
Purchase of subsidiary undertaking		(311)	-	-
Net cash used in investing activities		(1,901)	(909)	(1,555)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of ordinary shares for cash		1,485	-	476
Proceeds from convertible loans		1,412	584	-
Proceeds from borrowings		1,125	1,500	3,393
Capital repayments on finance leases		(1)	(1)	(2)
Net cash generated from financing activities		4,021	2,083	3,867
Net (decrease) / increase in cash		10	(911)	(340)
Cash and cash equivalents at the beginning of the period		1,112	1,452	1,452
Cash and cash equivalents at the end of the period		1,122	541	1,112

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting convention, policies and basis of preparation

These half year 2009 interim consolidated financial statements of Cashbox PLC are for the six months ended 31 December 2008. 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.

Basis of Consolidation

The consolidated financial statements comprise Cashbox Public Limited Company together with Cashbox ATM Systems Limited (“principal operating company”) together with Ensco 694 Limited (the legal entity acquired from Cash4all Limited) 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 2008 with comparative information for the six month period ended 31 December 2007 and for the year to 30 June 2008. 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.

Goodwill

The 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 values of assets, plus any direct costs of acquisition. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets exceeds the fair value of consideration paid, the excess is credited to the consolidated income statement.

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.

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.

Principal Accounting Policies (cont'd)

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.

Externally acquired intangible assets

Intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives. The amortization expense is included within the cost of administration expenses in the consolidated income statement.

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.

Principal Accounting Policies (cont'd)

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 substantively 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 2008 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.

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 31-12-08 £ 000	unaudited 6m ended 31-12-07 £ 000	unaudited Year ended 30-6-08 £ 000
ATM sales	59	41	93
Gross transaction revenue	2,832	2,199	4,486
Other	95	31	96
	2,986	2,271	4,675

3. Expenses by nature

	Unaudited 6m ended 31-12-08 £ 000	unaudited 6m ended 31-12-07 £ 000	unaudited Year ended 30-6-08 £ 000
Employee and associated staff costs	1,069	1,165	2,331
Depreciation of tangible fixed assets	368	203	491
Amortisation of intangible fixed assets	35	9	20
Occupancy costs	140	149	291
Vehicle costs	143	145	301
Professional fees	164	259	361
Other costs	252	287	457
	2,171	2,217	4,252

4. Finance costs

	unaudited 6m ended 31-12-08 £ 000	unaudited 6m ended 31-12-07 £ 000	unaudited Year ended 30-6-08 £ 000
Loan interest	306	158	364
Accrued redemption fee on loan	53	53	105
Interest on finance leases	-	1	1
Interest on Hanco settlement	7	20	64
Other	15	3	31
	381	235	565

5. 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.

6. Trade and other receivables

	unaudited 31-12-08 £ 000	unaudited 31-12-07 £ 000	unaudited 30-6-08 £ 000
Trade receivables	36	30	143
Value added tax	226	476	37
Prepayments and accrued income	491	139	295
Other receivables	122	102	92
Impairment of receivables	(11)	(6)	(11)
	111	96	81
	863	741	556
Prepayments greater than one year	83	119	101
Trade and other receivables	946	861	657

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.

7. Trade and other payables

	unaudited 31-12-08 £ 000	unaudited 31-12-07 £ 000	unaudited 30-6-08 £ 000
Trade payables	534	641	721
Taxation and social security	60	65	76
Other payables	199	1,869	1,940
Accruals	598	1,347	1,061
	1,391	3,922	3,798
Deferred income	297	-	361
	1,688	3,922	4,159

8. Borrowings

	unaudited 31-12-08 £ 000	unaudited 31-12-07 £ 000	unaudited 30-6-08 £ 000
Current			
Bank overdrafts	-	618	-
Bank loans	238	-	4,805
Convertible loan notes	-	-	-
Amounts due under finance leases	2	2	2
Other loans	609	-	447
	849	620	5254
Non Current			
Bank loans	5,645	3,854	-
Amounts due under finance leases	1	4	3
Convertible loan notes	2,256	546	-
	7,902	4,404	3
	8,751	5,024	5,257

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

9. Reconciliation of closing equity

The Group has capital and reserves as follows:

	Share capital	Share premium	Merger reserve	Equity reserve	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 July 2007	832	6,925	2,180	-	(13,457)	(3,520)
Loss for the period					(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)
Loss for the period					(1,394)	(1,394)
Issue of shares	95	364				459
Conversion of Convertible loan note	117	466		(38)		545
Share based payments (IFRS 2)					60	60
At 30 June 2008	1,044	7,755	2,180	-	(16,327)	(5,348)
Loss for the period					(1,454)	(1,454)
Issue of shares	401	1,634				2,035
Convertible loans – equity element				1,002		1,002
Share based payments (IFRS 2)					30	30
At 31 December 2008	1,445	9,389	2,180	1,002	(17,751)	3,735

10. Cash used in operations

	Unaudited 6m ended 31-12-08 £ 000	unaudited 6m ended 31-12-07 £ 000	unaudited Year ended 30-6-08 £ 000
Loss before taxation	(1,454)	(1,609)	(3,003)
Adjustments:			
Net finance costs	366	208	519
Interest received	15	27	46
Depreciation of tangible fixed assets	368	203	491
Amortisation of intangible fixed assets	35	9	20
Share based remuneration charge	26	70	126
Changes in working capital:			
Decrease / (increase) in inventories	(288)	54	(56)
(Increase) / decrease in receivables	(288)	(11)	176
(Decrease) / increase in trade & other payables	(633)	(878)	(621)
Cash used in operations	(1,853)	(1,927)	(2,302)

11. 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.

12. Fair Value Adjustments

Please note that acquisitions have been treated as asset acquisitions and we intend to revalue at fair value at year end.

13. 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	unaudited	unaudited
	6m ended	6m ended	Year ended
	31-12-08	31-12-07	30-6-08
	£ 000	£ 000	£ 000
Operating loss	(1,088)	(1,401)	(2,484)
Add back:			
Depreciation and amortisation	403	212	511
Share based payments	26	70	126
	(659)	(1,119)	(1,848)

13. Non GAAP terms (cont'd)

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	unaudited	unaudited
	31-12-08	31-12-07	30-6-08
	£ 000	£ 000	£ 000
Cash and cash equivalents	1,122	1,160	1,112
Less BOE cash balance	(467)	(1,158)	(871)
Cash excluding BOE balances	668	2	241
Current borrowings	849	779	5,254
Non current borrowings	7,901	4,245	3
	8,750	5,024	5,257
Net debt	8,082	5,022	5,016

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.