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Transacsys Limited

Directors' Report and Financial Statements

Year Ended 30 September 2009

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DIRECTORS AND OTHER INFORMATION

Board of Directors

M J Maloney
M Edwards

Solicitors

Halliwells LLP
3 Hardmans Square
Manchester
M3 3EB

Secretary and Registered Office

B M Hogan
Davidson House
Gadbrook Park
Northwich
Cheshire
CW9 7TW

Company registration number 3221130

Bankers

Bank of Scotland
155 Bishopsgate
London
EC2M 3YB

The Royal Bank of Scotland
280 Bishopgate
London
EC2M 4RB

DIRECTORS' REPORT

The directors present their report together with the financial statements for the year ended 30 September 2009

Principal activity
The company did not trade during the year There has been no income and expenditure and no charge has arisen in the position of the company Any expenses have been met by a fellow group undertaking

Results and dividends
The result for the year after taxation amounted to £nil (2008 loss of £2,957,000) The directors do not recommend the payment of a dividend (2008 £nil)

Going concern
On the basis of the information provided in note 1 the directors have reasonable expectation that the company has adequate resources to continue its activities for the foreseeable future and going concern basis has been adopted in preparing these accounts

Directors
The directors who served during the year are as follows

M Edwards	(appointed 13 August 2009)
M J Maloney	
J T Murphy	(resigned 30 January 2009)
P F Smyth	(resigned 8 April 2010)
M Turrell	(appointed 12 March 2009, resigned 10 August 2009)

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing those financial statements, the directors are required to
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board

B M Hogan BHogan
Secretary

10 May 2010

ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

The principal accounting policies of the company have remained unchanged from the previous year and are set out below The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the company's circumstances

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

PROFIT AND LOSS ACCOUNT
Year Ended 30 September 2009

	Notes	2009 £000	2008 £000
Exceptional operating expenses	2	-	(3,062)
Operating loss		-	(3,062)
Profit on disposal of investments	4	-	105
Loss on ordinary activities before taxation	2	-	(2,957)
Tax on loss on ordinary activities	3	-	-
Loss for the financial year	7	-	(2,957)

There are no recognised gains or losses other than loss for the financial year There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

Turnover and operating loss arose solely from continuing operations

BALANCE SHEET
As at 30 September 2009

	Notes	2009 £000	2008 £000
Net assets		-	-
Capital and reserves			
Called up share capital	6	2,428	2,428
Share premium account	7	27,696	27,696
Profit and loss account	7	(30,124)	(30,124)
Shareholders' funds	8	-	-

For the year ended 30 September 2009 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 Members have not required to company to obtain an audit of its accounts for the year in question in accordance with Section 477 of the Companies Act 2006

The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with Sections 386-389, and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of Sections 394-397, and which otherwise comply with the Companies Act relating to accounts, so far as applicable to the Company

The financial statements were approved by the Board on 10 May 2010

M J Maloney
Director
Transacsys Limited
Registered No 3221130

NOTES TO THE FINANCIAL STATEMENTS

1 Going concern

The financial statements have been prepared on a going concern basis

Notwithstanding that the company's ultimate parent Payzone plc will be liquidated the directors consider the going concern basis of accounting appropriate as this company will continue in operation following its acquisition on 9 April 2010 by a new group headed by Prize Holdings S A

This acquisition follows on from the announcement on 5 February 2010, that an agreement had been reached between Duke Street and the Payzone plc's banking syndicate on the terms of a debt and share capital restructuring This restructuring involved the acquisition by subsidiaries of Prize Holdings S A of the share capital of alphyra holdings Limited and Cardpoint Limited These companies and their subsidiaries will continue on a going concern basis Details of the acquisition have been set out in more detail in note 12

The validity of the going concern assumption is dependent on Prize Holdings S A and its subsidiaries ("the continuing group"), which includes this company, achieving operating profitability for the years ending 30 September 2010 and 30 September 2011 and the continued support of the group's bankers and shareholders

The directors have reviewed the forecast trading results of the group for a period of three years from the date of approval of this financial information Despite continuing difficult trading conditions, the directors believe that the group operates robust business models across its divisions, which are strongly cash generative Furthermore the directors are satisfied that management has already taken and will continue to take steps to allow the group to achieve operating profitability notwithstanding the current economic climate Additionally the new debt arrangements provide no capital repayments or covenant testing will take place until 2011 The investment by Duke Street also provided additional working capital facilities to the continuing group

In addition the continuing group has various mechanisms and opportunities to ensure that it can react to changes in the geographic territories in which it operates These include

- redeploying profit generating assets,
- leveraging IT efficiencies across the group,
- further reducing variable costs, and
- disposal of business not considered a strategic fit for the group

The directors are satisfied that in view of the continuing group's existing bank relationship, the recently signed debt and share capital restructuring and the associated positive cash flows, the group should have the necessary resources to meet its expected financial obligations Accordingly, they believe it is appropriate for these financial statements to be prepared on a going concern basis

2 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is attributable to the principal activity of the company which is carried out entirely within the United Kingdom

The loss on ordinary activities before taxation is stated after charging

	2009	2008
	£000	£000
Exceptional operating expenses		
Provision for impairment of intercompany receivables	-	3,062

Remuneration in respect of the company's auditors is borne by Cardpoint Services Limited, a fellow group undertaking

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Tax on loss on ordinary activities

There was no tax charge for the year (2008 £nil)

Factors affecting the tax charge for the year

The differences between the actual tax assessed and the expected tax charged based on the standard rate of corporation tax in the United Kingdom of 28% (2008 29%) is explained as follows

	2009 £000	2008 £000
Loss on ordinary activities before taxation	-	(2,957)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2008 29%)	-	(858)
Effect of		
Origination and reversal of timing differences	-	888
Income not subject to tax	-	(30)
Current tax charge for the year	-	-

4 Fixed asset investments

At 30 September 2009, the company had an interest in the following subsidiary undertaking

Name of subsidiary	Nature of business	Proportion held	Country of incorporation
Transacsys Trustees Limited	Dormant	100%	United Kingdom

5 Deferred taxation

The company has a potential deferred tax asset, which has not been recognised in the financial statements, as set out below This asset will be recoverable to the extent that sufficient trading profits arise in the future

	2009 £000	2008 £000
Losses carried forward	1,982	1,982
Other timing differences	858	858
	2,840	2,840

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Share capital

	2009 £000	2008 £000
Authorised		
247,600,000 Ordinary shares of 2 5p each	6,190	6,190
2,400,000 Deferred shares of 2 5p	60	60
	6,250	6,250
Allotted, called up and fully paid		
94,744,226 Ordinary shares of 2 5p each	2,368	2,368
2,400,000 Deferred convertible shares of 2 5p	60	60
	2,428	2,428

7 Reserves

	Share premium account £000	Profit and loss account £000
At 1 October 2008 and 30 September 2009	27,696	(30,124)

8 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Loss for the financial year	-	(2,957)
Opening shareholders' funds	-	2,957
Closing shareholders' funds	-	-

9 Guarantees

The company is a co-guarantor of facilities provided by The Royal Bank of Scotland plc to the group headed by its ultimate parent company, Payzone Plc As part of this arrangement, The Royal Bank of Scotland plc has a fixed and floating charge over the assets of the group, including this company

10 Cash flow statements and related party disclosures

The company is a wholly-owned subsidiary of Payzone plc and is included in the consolidated financial statements of Payzone plc, which are publicly available Consequently, the company has taken exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996)

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of Payzone plc group There are no other related party transactions requiring disclosure in the financial statements in accordance with FRS 8

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Ultimate parent company

The company's immediate parent undertaking is G2 Limited, a company incorporated in the United Kingdom

The company's ultimate parent undertaking and controlling party is Payzone plc, a company incorporated in the Republic of Ireland, which is the parent undertaking of the largest and smallest group to consolidate these financial statements Copies of Payone plc consolidated financial statements can be obtained from Payzone House, 4 Heather Road, Sandyford Industrial Estate, Dublin 18, Ireland

12 Subsequent events

On 23 December 2009, the group reached an agreement to sell its Electronic Transfer ("EFT") payment solutions and terminal business in The Netherlands The business has been sold to FIBAD B V , a provider of payment solutions The cash consideration received by the group for the business being sold is €5 7 million In addition, the transaction resulted in the release of deposits and financial guarantees totalling €1 0 million, provided as security for the business bank overdraft facilities Following this transaction, the group no longer has an operational presence in The Netherlands

On the 5 February 2010, Payzone plc ("the Company") announced that an agreement had been reached between Duke Street and the group's banking syndicate on the terms of a debt and share capital restructuring The restructuring involved the appointment of Ernst and Young as receivers to Payzone plc, the ultimate parent of the group and the disposal of the direct subsidiaries of Payzone plc to a newly formed company, Prize Holdings S A ("the Transaction") Duke Street has taken a controlling stake in the Prize Holdings S A and the amount of debt owing to the banking syndicate has been reduced from €320 million to €82 million

Trading in the Company's ordinary shares on the Alternative Investment Market of the London Stock Exchange ("AIM"), was suspended on the 5 February 2010, and will be cancelled on 10 May 2010

The receivers disposed of the entire issued share capital of the two subsidiaries of Payzone plc, Cardpoint Limited and Alphyra Holdings Limited, and novated the intercompany debt owed to Payzone plc by its subsidiaries to subsidiaries of Prize Holdings S A in return for the consideration and assumption of part of the Group's debt as described below

As part of novation of the intercompany debts, Payzone plc's subsidiaries' intercompany liabilities to Payzone plc were novated to Alphyra Holdings Limited and Cardpoint Limited

Prize Holdings S A became the ultimate owner of all the operating subsidiaries of the group None of the group's subsidiaries were placed into administration or any other insolvency process As part of the Transaction, Duke Street invested €45 million in the Prize Holdings S A Prize Holdings S A assumed approximately €109 million of bank debt and guarantees owed to the banking syndicate, of which €27 million was repaid by Prize Holdings S A out of the funds invested by Duke Street

A member of the purchasing group will issue a deferred consideration note in favour of the banking syndicate, payments under which are capped at €6 3 million and are contingent upon performance over the three years following completion The funds invested by Duke Street were used to provide working capital to the Group in addition to €11 million of headroom in the form of an RCF provided by the banking syndicate

The banking syndicate acquired a 16% interest in the Prize Holdings S A , with the balance being held by Duke Street (69%) and by certain of the current senior management of the Company (15%) Following the completion of the transaction on 9 April 2010, Payzone plc, which was a holding company, divested all of its subsidiaries and used any remaining funds to satisfy certain liabilities of the Company which had ceased to trade on 5 February 2010