THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document, which comprises a prospectus, has been drawn up in accordance with the AIM Rules and the Public Offers of Securities Regulations 1995 as amended ("POS Regulations"). A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 4(2) of the POS Regulations. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. To the best of the knowledge and belief of the Directors of Cardpoint plc (whose names appear on page 7 of this document) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept responsibility accordingly.

Application will be made to the London Stock Exchange for the Ordinary Shares, both issued and to be issued, to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Further it is emphasised that no application is being made for admission of these securities to the Official List of the United Kingdom Listing Authority. London Stock Exchange plc has not itself examined or approved the contents of this document.

The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority. Prospective investors should read the whole text of this document and should be aware that investment in Cardpoint plc is speculative and involves a degree of risk. In particular, prospective investors should consider the section entitled "Risk Factors" set out in Part II of this document. It is expected that dealings in the Ordinary Shares will commence on AIM on 10 June 2002.

Cardpoint plc

(Incorporated in England and Wales with registered no. 04098226)

Placing by
Beeson Gregory Limited

Nominated Adviser and Broker

of 5,813,953 Ordinary Shares of 5p each at 43p per share and Admission to the Alternative Investment Market

Share capital immediately following admission to trading on AIM

Authorised			*Issued and fully paid*	
Number	*Amount*		*Number*	*Amount*
200,000,000	£10,000,000	Ordinary Shares of 5p each	£926,846	18,536,914

The Placing is conditional, *inter alia*, on Admission taking place on or before 10 June 2002 (or such later date as Cardpoint plc and Beeson Gregory may agree, being not later than 21 June 2002).

The Ordinary Shares now being placed will, following allotment, rank *pari passu* in all respects with the issued ordinary share capital of the Company on Admission including the right to receive all dividends and other distributions declared on the Ordinary Shares after Admission.

The Ordinary Shares the subject of the Placing, have not been, nor will they be, registered under the US Securities Act of 1933 or under any applicable securities laws of Australia, the Republic of Ireland, South Africa, Canada or Japan. The Ordinary Shares may not be offered or sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan. This document must not be mailed or otherwise distributed or sent to or into the United States, Canada, Australia or Japan. This document does not constitute an offer for, or the solicitation of an offer to subscribe for or buy, any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Beeson Gregory, which is regulated by the Financial Services Authority, is acting as the Company's nominated adviser in connection with the proposed admission of the Ordinary Shares of the Company to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Beeson Gregory as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Beeson Gregory will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of Ordinary Shares in the Company.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and public holidays) at the offices of Beeson Gregory Limited, The Registry, Royal Mint Court, London EC3N 4LB for a period of one month from Admission.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Act"	the Companies Act 1985, as amended
"Admission"	admission of the entire ordinary share capital of the Company, issued and to be issued, to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules
"AIM"	the Alternative Investment Market of the London Stock Exchange
"AIM Rules"	the rules of the London Stock Exchange governing admission to and the operation of AIM
"APACS"	Association for Payment Clearing Services
"ATM"	automated teller machine
"Bank of Scotland"	The Governor and Company of The Bank of Scotland
"Beeson Gregory"	Beeson Gregory Limited, the Company's nominated adviser and broker, a member of the London Stock Exchange and regulated by the Financial Services Authority
the "Company" or "Cardpoint"	Cardpoint plc
"CREST"	the electronic, paperless transfer and settlement mechanism to facilitate the transfer of title to shares in uncertificated form, operated by CrestCo Limited
"Directors" or "Board"	the directors of the Company, whose names are set out on page 7
"Enlarged Issued Share Capital"	the issued ordinary share capital of the Company immediately following Admission
"Founders"	Mark Mills and Nigel Mills
the "Group" or "Cardpoint Group"	the Company and/or any of its subsidiaries
"Host"	the owner or occupier of a Site
"IADs"	independent ATM deployers
"LINK"	LINK Interchange Network Limited
"London Stock Exchange"	London Stock Exchange plc
"Ordinary Shares"	ordinary shares of 5p each in the capital of the Company
"Placing"	the proposed conditional placing of the Placing Shares by Beeson Gregory on behalf of the Company, pursuant to the Placing Agreement
"Placing Price"	the price at which each new Ordinary Share is to be issued or sold under the Placing
"Placing Agreement"	the agreement between Beeson Gregory, the Directors and the Company, details of which are set out in paragraph 14 of Part IV of this document
"Placing Shares"	the 5,813,953 new Ordinary Shares which are the subject of the Placing
"POS Regulations"	the Public Offers of Securities Regulations 1995 (as amended)

"SDRT"	stamp duty reserve tax
"Share Option Schemes"	the Cardpoint plc EMI Scheme, the Cardpoint plc Unapproved Scheme 2002 and the Unapproved Share Options
"Shareholders"	holders of the Ordinary Shares following Admission
"Site"	a location within which a Group ATM is or may be situated
"UK"	United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"Unapproved Share Options"	options granted over Ordinary Shares to certain Directors prior to Admission as described in paragraphs 5 and 10 of Part IV of this document
"US", "USA" or "United States"	United States of America, its territories and possessions, any state of the US and the District of Columbia

EXPECTED TIMETABLE FOR THE PLACING

Admission and dealings in the Ordinary Shares of the Company commence on AIM and expected date for CREST accounts to be credited	10 June 2002
Despatch of definitive share certificates (where applicable)	By 24 June 2002

KEY INFORMATION

The Business

The Cardpoint Group owns and/or operates an estate of 188 independent automated teller machines ("ATMs"), commonly known as cash machines, in the UK. These are free-standing and situated internally at motorway service areas, petrol stations, pubs, hospitals, hotels and large retail and leisure outlets.

Each cash withdrawal generates a gross fee for the Group of typically £1.50, and 19.4p is generated per transaction if a balance enquiry is made or a transaction is denied by the card issuer. Each withdrawal fee is transferred for the benefit of the Group on the next banking day, giving the Group a regular daily income with no bad debt. In April 2002, there was on average one transaction every 10 seconds across the Group's estate of ATMs, which dispensed in excess of £7.3 million.

Underpinning the next phase of development the Group is putting arrangements in place for the roll-out of over 250 additional ATMs, the sites for which have been surveyed for suitability. The Directors intend to implement this roll-out over the next 18 months.

Key Strengths

The Directors believe that the following are the Group's key strengths:

- a proven business model capable of substantial replication;
- regular daily income with no bad debt;
- established contractual arrangements with multiple site Hosts;
- an experienced management team with a clear, well defined business strategy; and
- operations within a growth market.

Operational Information

The Group has access to real time data from its estate of ATMs, which assists it to analyse and monitor transactional trends, from which the Group defines its pricing strategy and its Site location criteria.

Detailed below are the Group's operating figures since 1 October 2000:

Quarter to:	*31/12/00*	*31/3/01*	*30/6/01*	*30/9/01*	*31/12/01*	*31/3/02*
Average number of installed ATMs	127	123	133	148	169	175
Turnover (£)[(1)]	175,888	259,229	389,646	478,560	566,548	678,973
Number of transactions per ATM	2,108	2,621	3,431	3,788	3,925	4,421
Average fee per cash withdrawal	£1.05	£1.19	£1.26	£1.26	£1.31	£1.43

(1) The Group obtained VAT exemption on 1 November 2001 and switched note provision from Woolwich plc to Girobank plc during the quarter ended 31 March 2002. For the purposes of consistency, turnover in the relevant periods has been stated gross of VAT and Woolwich plc's costs in order to reflect the Group's current situation.

The Directors have continually focused on maximising the revenue from the estate of ATMs. The number of transactions has grown quarter on quarter not only as a result of the increased size of the ATM estate but also as a consequence of its increasing maturity and the re-deployment of under-performing machines to improved Sites. In conjunction with the volume growth the Group has continued to increase the value per transaction such that with relatively flat growth in deployment since 30 September 2001 quarterly turnover has grown by over 40 per cent. and the number of transactions per ATM by 16.7 per cent.

Current Trading and Prospects

The number of transactions from the existing estate of 188 ATMs has continued to increase during April 2002 and the fee per cash withdrawal averaged approximately £1.49.

The Directors intend to continue to grow the Group's ATM estate with the funds available from the Placing. Over 250 new Sites have already been identified and surveyed, and the Directors believe that these Sites are capable of generating the same average level of transactions per ATM as are being generated by the current estate of ATMs.

The Placing

The Placing, which is fully underwritten by Beeson Gregory, comprises the issue of 5,813,953 new Ordinary Shares by the Company in order to raise approximately £2,500,000, before expenses. Upon Admission and the release of the debentures referred to in paragraph 9.6 of Part IV of this document the Group will be capable, subject to certain covenants, of drawing down up to £3 million from a revolving credit facility of £5.0 million provided by Bank of Scotland. The majority of the combined funds provided by the debt and equity financing will be used to fund the capital expenditure and installation of new ATMs.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Peter Francis Smyth *(Non-Executive Chairman)* Mark Richard Mills *(Chief Executive Officer)* David Christopher Hanson *(Finance Director)* Mark Godfrey Kropacz *(Chief Operating Officer)* Nigel John Mills *(Sales and Marketing Director)* *all of whose business address is the Head Office*
Registered Office	St. James's Court Brown Street Manchester M2 2JF
Head Office	55 Hove Road Lytham St Annes Lancashire FY8 1XH
Company Secretary	HL Secretaries Limited
Nominated Adviser and Broker	Beeson Gregory Limited The Registry Royal Mint Court London EC3N 4LB
Solicitors to the Company	Halliwell Landau St. James's Court Brown Street Manchester M2 2JF
Solicitors to the Placing	Hammond Suddards Edge 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Auditors and Reporting Accountants	Grant Thornton Heron House Albert Square Manchester M60 8GT
Registrars and Receiving Agent	Northern Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
Principal Bankers	Lloyds TSB 30 Corporation Street Blackpool FY1 1EN Bank of Scotland Corporate Banking Division 38 Threadneedle Street London EC2P 2EH

PART I

INFORMATION ON THE GROUP

The Business

The Cardpoint Group owns and/or operates an estate of 188 independent automated teller machines ("ATMs"), commonly known as cash machines, in the UK. These are free-standing and situated internally at motorway service areas, petrol stations, pubs, hospitals, hotels and large retail and leisure outlets.

Each cash withdrawal generates a gross fee for the Group of typically £1.50, and 19.4p is generated per transaction if a balance enquiry is made or a transaction is denied by the card issuer. Each withdrawal fee is transferred for the benefit of the Group on the next banking day, giving the Group a regular daily income with no bad debt. In April 2002, there was on average one transaction every 10 seconds across the Group's estate of ATMs, which dispensed in excess of £7.3 million.

Underpinning the next phase of development the Group is putting arrangements in place for the roll-out of over 250 additional ATMs, the sites for which have been surveyed for suitability. The Directors intend to implement this roll-out over the next 18 months.

The Group has, to date, raised approximately £2.0 million from the Founders and other investors. The first Group ATM was installed in March 2000 and, in January 2001, the Founders broadened the management team with the addition of Peter Smyth and Mark Kropacz, with whom they had worked at More Group UK Limited. Chris Hanson, Finance Director, joined the Group in November 2001.

Key Strengths

The Directors believe that the following are the Group's key strengths:

- a proven business model capable of substantial replication;
- regular daily income with no bad debt;
- established contractual arrangements with multiple site Hosts;
- an experienced management team with a clear, well defined business strategy; and
- operations within a growth market.

The Business Model

By retaining control of the operation of its ATM estate the Group aims to retain the greatest proportion of all fees generated at its ATMs. The installation, maintenance, cash replenishment and processing functions of the ATMs are outsourced.

Site Location

The Directors believe that the identification of profitable Sites is critical to ensure the success of the business model. Prior to installing an ATM, detailed due diligence of the potential Site is undertaken, including:

- familiarisation with potential hosts' current and future business operations and customers' and visitors' profiles;
- analysis of the potential host's footfall and/or turnover;
- analysis of the proximity of existing ATMs;
- comparative analysis with similarly located Group ATMs;
- detailed Site surveys by members of the Group's staff; and
- Site security review by the Group's cash in transit provider.

The Directors target Sites where they believe potential ATM customers are unlikely to leave the Host's premises purely to withdraw cash from an alternative ATM. The Directors believe that where there are similarities between the location of an already successful Group ATM and a potential new Site, there is a high probability of the latter replicating such success.

The Group applies the location criteria with a view to ensuring that its business operates within exacting qualitative parameters, to build an estate of ATMs with high transaction volumes and increasing yields. The order of installation of ATMs at new Sites is prioritised, in order to maximise the Group's income.

Host Relationships

A key element of the Group's business is its relationships with Hosts, which fall into two categories:

Multiple Site Hosts – Relationships with Hosts with multiple Sites give the Group access to a potential pipeline of future locations. Examples of the Group's Hosts with multiple Sites include Welcome Break, Moto, Travelodge and Little Chef.

The Group has no obligation to install an ATM for a multiple Site Host in a location which does not fulfill its selection criteria. Of the 188 ATMs currently installed, approximately 70 per cent. are located with multiple site Hosts.

Individual Site Hosts – Examples include independent petrol stations, hospitals, army barracks, convenience stores, pubs and universities.

Contractual commitments exist between the Hosts and the Group, typically of between three and seven years in length. Under the Group's standard contracts, although the Host cannot remove the ATM, the Group is able to remove an ATM. The Group may then relocate it to a superior Site thereby enabling it to maximise the return on its capital investment. The Group generally secures exclusivity with the Host to install ATMs within defined areas of a Site.

Sales and Marketing

Feedback from Hosts has shown that the presence of a well positioned and sign posted ATM can increase footfall and that a proportion of the cash withdrawn from a Group ATM is spent in and around the immediate retail environment. This, coupled with the fact that a Host does not have to commit to the capital expense of buying an ATM, benefits the sales process, both with an individual owner/operator and a larger corporate.

The sales process involves direct selling, referrals, marketing in trade publications, targeting management's existing relationships with potential hosts and expansion with existing multiple site Hosts.

Key Suppliers

Set out below are the key suppliers used by the Group and the services they provide:

LINK – LINK is the organisation that services the ATM network by providing the central hub, the telecommunications infrastructure and the settlement and management information to its members. It allows the cardholders of every member financial institution or card issuer to use the ATM of another LINK member.

LINK is the only branded shared network of ATMs and self-service terminals in the UK and claims to be the biggest and busiest ATM switch in the world.

The Group is required to brand each of its ATMs with the LINK logo which increases customer awareness of the availability of a LINK compatible ATM within the Site. In January 2002, the Group became a full member of LINK having previously obtained access to LINK via Woolwich plc;

NCR – NCR Limited is a manufacturer of the Group's ATMs and provides the ongoing hardware maintenance;

Girobank – Girobank plc provides the bank notes which are dispensed from the Group's ATMs;

Securicor – Securicor Cash Services Limited transports the bank notes to and from the ATMs whilst also providing day-to-day maintenance; and

ATMOS – ATMOS, a division of LINK, processes each ATM transaction and provides a helpdesk function.

Save for LINK, the Directors are aware of alternative suppliers for each of the above functions.

Security

The Group aims to minimise security risks by its choice of ATM location, equipment and suppliers. It outsources the distribution and transport of bank notes to Securicor who then deposits them within an industry standard safe, housed within the ATM. At no time does any of the Group's personnel handle or have access to any of the cash. In addition, Securicor undertakes a Site security review before each ATM is installed.

The Market

At the end of 2001 there were over 36,000 ATMs installed in the UK[1]. This figure has grown from 22,121 ATMs in 1996[1], representing a growth of approximately 60 per cent. over a five year period. Of this, the most marked growth has been the deployment of ATMs located away from a bank or building society branch ("Remote ATM"). In 1996 there were just 4,038 Remote ATMs although by 2001 this had grown to 10,927[1], an increase of approximately 170 per cent.

The number of transactions made in the UK from ATMs has also steadily grown. In 1996 the total number of cash withdrawals from ATMs was 1.6 billion, which grew to 2.1 billion in 2001[1], an increase of 31 per cent. APACS estimated that around half of personal cash requirements in the UK were obtained via ATMs in 2001.

More recently the overall growth in the number of ATMs being deployed has predominately been as a result of IADs. During 2001 the number of ATMs deployed in the UK grew by 3,666, of which 74 per cent. were installed by IADs[1]. By contrast the net increase of 970 new sitings of ATMs owned by banks and building societies was the lowest since 1994 and the 10 per cent. increase in the number of Remote ATMs placed by banks and building societies was the lowest annual percentage increase for ten years[1]. In 2000, approximately 28 per cent. of Remote ATMs in the UK were operated by IADs. By comparison in the US, which the Directors believe to be a more mature market, approximately 50 per cent. of Remote ATMs were operated by IADs. The Directors believe that a similar trend towards the deployment of independent ATMs is likely to occur in the UK, due to the following factors:

- consolidation in the banking sector has resulted in less bank branches;
- the emergence of internet and telephone banking has created bank account customers with demands for cash without any branch infrastructure to dispense it;
- increasing cardholder awareness of the LINK brand and the ubiquity of the LINK network; and
- the growth of retail outlets away from town centres.

Furthermore, a Group ATM can achieve profitability when deployed at a location with much lower transactional volumes than might otherwise be required by "through the wall" machines favoured by banks and building societies. This is primarily due to two factors:

- the capital cost of a "through the wall" ATM is considerably more than the stand alone ATM deployed by the Group; and
- the current policy of the majority of banks and building societies not to charge a withdrawal fee and only earn an inter-bank fee of 32.7p per cash withdrawal.

The Directors believe that these factors represent a significant opportunity for IADs.

Note 1: Source: APACS ATM Survey 2002

Barriers to Entry

The Directors believe that the following represent significant deterrents to new entrants to the market:

- the requirement for initial capital to acquire an estate of ATMs and to generate revenue to cover the costs of the infrastructure necessary to run it;
- membership of LINK or affiliation to it is critical to any independent ATM operator. Requirements for membership include:
  - strict accreditation controls including conformity with LINK's technical and security standards;
  - the need to open and operate a Bank of England account;
  - the need to operate a dispute resolution service; and
  - the meeting of minimum performance standards;
- critical mass needs to be planned and achieved. It is not currently economically viable for either the ATM owner or the key suppliers to service a small estate of ATMs. In particular the initial cost of LINK membership and the on-going fees are proportionately higher per ATM for operators with a smaller number of ATMs;
- without a trading history it is difficult to establish supply agreements, in particular with a bank note supplier and a transaction processor; and
- the requirement for management with existing business relationships, expertise in Site selection and organisational experience.

Competition

The Directors believe that the competition can broadly be categorised as follows:

- high street banks and building societies and other operators of "through the wall" ATMs such as supermarkets; and
- other independent ATM operators such as Euronet Services (UK) Limited, Hanco ATM System Limited, Moneybox Corporation Limited, Securicor Cash Services Limited and TRM Corporation.

As set out in the section entitled "The Market" above, there are many Sites which may not be suitable for a "through the wall" ATM which may, however, fulfil the Group's deployment criteria.

While every ATM is a potential source of competition, the Group targets Sites situated away from other ATM deployment possibilities e.g. motorway service areas, army barracks, airports and hospitals. Unlike certain of its competitors, it provides a fully managed service without the need for the Host to purchase the ATM or replenish and manage its bank note supply.

Financial Information

The following summary of financial information relating to the Group's activities for the seven month periods ended 28 February 2000 and 30 September 2000, the year ended 30 September 2001 and the six months ended 31 March 2002 has been extracted from the Accountants' Report set out in Part III of this document. Potential investors should read the whole of this document and not rely only on the following summary information.

	Seven months ended 28/2/00 £'000	*Seven months ended 30/9/00 £'000*	*Year ended 30/9/01 £'000*	*Six months ended 31/3/02 £'000*
Turnover	1	61	943	1,140
Gross profit/(loss)	1	(21)	(244)	190
Operating loss	(9)	(220)	(1,143)	(183)
Loss on ordinary activities before tax	(9)	(225)	(1,269)	(244)

The summary shows the increase in the Group's turnover in the period since the business was started. This has been achieved by the establishment of an estate of 188 ATMs and also by the financial development of those ATMs, increasing both the number of transactions per ATM and the average revenue generated per transaction.

The time taken for an average ATM to become established and the cost of the infrastructure required to replenish and maintain an estate of ATMs has resulted in losses being incurred to date. In addition, the Group has rigidly maintained a fixed line depreciation policy of five years for the ATMs, which is more aggressive than certain of its competitors.

Operational Information

The Group has access to real time data from its estate of ATMs, which assists it to analyse and monitor transactional trends, from which the Group defines its pricing strategy and its Site location criteria.

Detailed below are the Group's operating figures since 1 October 2000:

Quarter to:	*31/12/00*	*31/3/01*	*30/6/01*	*30/9/01*	*31/12/01*	*31/3/02*
Average number of installed ATMs	127	123	133	148	169	175
Turnover (£)(1)	175,888	259,229	389,646	478,560	566,548	678,973
Number of transactions per ATM	2,108	2,621	3,431	3,788	3,925	4,421
Average fee per cash withdrawal	£1.05	£1.19	£1.26	£1.26	£1.31	£1.43

(1) The Group obtained VAT exemption on 1 November 2001 and switched note provision from Woolwich plc to Girobank plc during the quarter ended 31 March 2002. For the purposes of consistency, turnover in the relevant periods has been stated gross of VAT and Woolwich plc's costs in order to reflect the Group's current situation.

The Directors have continually focused on maximising the revenue from the estate of ATMs. The number of transactions has grown quarter on quarter not only as a result of the increased size of the ATM estate but also as a consequence of its increasing maturity and the re-deployment of under-performing machines to improved Sites. In conjunction with the volume growth, the Group has continued to increase the value per transaction such that with relatively flat growth in deployment since 30 September 2001 quarterly turnover has grown by over 40 per cent. and the number of transactions per ATM by 16.7 per cent.

Set out below is an analysis of the gross margins obtained by the Group, which equates to over 40 per cent. of the average fee per withdrawal in the three months to 31 March 2002:

Withdrawal fee analysis

Average fee per cash withdrawal	£1.43
Provision of bank notes within the ATM	£0.20
The transaction processing fee including payment to LINK	£0.17
The charge for replenishing the ATM with bank notes	£0.18
Machine maintenance	£0.13
Payment to Host and other costs	£0.17
Retained by Cardpoint	£0.58

The Directors believe that the proportion of the fee retained by the Group can continue to be increased by achieving economies of scale within the supplier base as the number of transactions and ATMs across the Group's estate increases. Furthermore the Group has continued to increase the proportion of ATMs charging a withdrawal fee of £1.50 with the result that in April 2002 the average fee per withdrawal increased to approximately £1.49.

Future Developments

The Group's ATMs are adaptable to technology upgrades or product changes. For example, should the Euro be introduced to the UK this would only require a software modification and a change to the cassettes holding the bank notes in the ATM. Furthermore, as a secure authorisation terminal, the existing ATMs could be upgraded to accommodate, for example, the provision of pay-as-you-go mobile phone top ups and the payment of bills electronically. If and when appropriate, the Directors will also consider the introduction of incremental revenue streams such as on screen and back of receipt advertising.

Current Trading and Prospects

The number of transactions from the existing estate of 188 ATMs has continued to increase during April 2002 and as stated above, the fee per cash withdrawal averaged approximately £1.49.

The Directors intend to continue to grow the Group's ATM estate with the funds available from the Placing. Over 250 new Sites have already been identified and surveyed, and the Directors believe that these Sites are capable of generating the same average level of transactions per ATM as are being generated by the current estate of ATMs.

The Directors believe that there is sufficient market demand to have an installed portfolio of approximately 1,000 Group ATMs in its chosen locations over the next three years. The Directors estimate that the capital expenditure required to achieve an estate of 1,000 ATMs is approximately £9.5 million. In order to facilitate this Bank of Scotland has provided a debt facility of up to £5.0 million. Upon Admission and the release of the debentures referred to in paragraph 9.6 of Part IV of this document, the Group will be capable, subject to certain covenants, of drawing down up to £3.0 million of this facility. The balance of £2.0 million is capable of being drawn down on a matching basis to any additional equity raised by the Group. The Directors will review the Group's progress and finance needs as the roll out takes place and the ATM estate matures.

Reasons for Flotation and Use of Proceeds

The £2.5 million (before expenses) being raised will be used to strengthen the balance sheet of the Group and enable it to draw down an initial sum of £3.0 million from the £5 million debt facility provided by Bank of Scotland. The majority of the combined funds provided by the debt and equity financing will be used to fund the capital expenditure of the acquisition and installation of new ATMs.

Directors and Senior Management

Brief biographies of the Directors are set out below. Paragraph 7 of Part IV contains further details of current and past directorships and certain other important information regarding the Directors.

Peter Smyth, aged 50 – Non-Executive Chairman

Peter joined Cardpoint as a Non-Executive Director in January 2001 and became Chairman in November 2001. Peter is currently part-time executive chairman of Cityspace Ltd, a media technology company that creates urban digital networks for the delivery of a range of e-government, transport and commercial information and transactional services. From 1997 to 2000, Peter was managing director of More Group UK Limited and a divisional director of Clear Channel International following its acquisition of the former in May 1998. During this period, Peter was responsible for the acquisition of Postal Facilities Limited from the Founders.

Mark Mills, age 31 – Chief Executive Officer

Prior to founding the Group in October 1999, Mark has successfully started, developed, acquired and subsequently sold a number of businesses with multiple site operations. The most significant of these was Postal Facilities Limited, which was sold to More Group UK Limited and developed to an estate of 1200 independent post boxes, situated in petrol stations nationwide. Mark identified the potential for independently operated ATMs in the UK while exploring business opportunities in the USA. Mark is responsible for the development of the Group and continues to manage potential and existing Hosts. In 2000, Mark was also nominated by Real Business Magazine as one of the top 50 UK entrepreneurs to watch during 2000 and was a runner up in The Institute of Directors' North West entrepreneur of the year 2001.

Mark Kropacz, age 43 – Chief Operating Officer

Mark joined the Group in January 2001 from More Group UK Limited, where he had spent 15 years in a number of senior management roles and latterly as a director of two group companies with responsibility for the management and development of external operations. Mark managed a number of roll out programmes with clients such as Sainsbury plc and the National Union of Students as well as the evaluation of potential incremental revenue streams. Mark is responsible for day to day operations, implementation of the development plan and managing relationships with suppliers and Hosts.

Nigel Mills, age 35 – Sales and Marketing Director

Nigel is the co-founder of the Group with his brother Mark and has previously been involved in developing a number of businesses with him. He was recently involved with Mark in securing contracts to install circa 1,200 advertising based post-boxes onto petrol station forecourts. At the Group he is responsible for the identification and development of suitable Sites. In particular he has overall responsibility for the assessment of the likely success of a potential ATM and the fostering of ongoing relationships with clients where the opportunity for multiple Site rollout exists.

Chris Hanson ACA, age 44 – Finance Director

Chris qualified as a Chartered Accountant in 1982 and spent 13 years with KPMG. He joined the Group in November 2001 and is now part-time Finance Director responsible for the overall financial monitoring and reporting of the Group. He has undertaken to commit as much time as is necessary to fulfil his role as Finance Director and his contract provides for him to spend at least two days a week on the Group's affairs. Chris has extensive experience as a finance director of a public company having previously held that position at Parkland Group plc and JWE Telecom plc.

The Board does not believe that the Group currently requires a full time Finance Director. However, the Board recognises that as a result of the requirements of being a public company following Admission and the anticipated expansion of the Group, the duties undertaken by the finance department will become more onerous. Therefore it is the Board's intention to appoint a full time finance director within the next twelve months to reflect the anticipated growth of the Group.

In addition, as the Group expands, the Board recognises the increasingly important role undertaken by non-executive directors and it is their intention to appoint an additional independent non-executive director within the next six months.

Senior management

The Directors are supported by the following senior management:

John Ronson FCCA, age 32 – Financial Controller

John joined the Group in January 2002 from Haworth Moore, where he had spent 12 years as a senior member of staff responsible for all aspects of accounting, audit and taxation matters. After qualifying as a member of the Association of Chartered Certified Accountants in 1995, John has been responsible for creating business plans and cashflow forecasts for new businesses and providing ongoing financial advice to a large range of businesses. John is responsible for all the day to day accounting matters of Cardpoint and for reviewing transaction performance of the Group ATMs.

Alastair Richardson, aged 38 – Senior Projects Manager

Alastair trained as a telecommunications engineer at British Aerospace (BAe Systems) until 1989 when he joined Telecom UK Limited, the goodwill and assets of which were acquired by a company under the control of Mark and Nigel Mills. Alastair remained as head of installations until 1992 and between 1992 and 1999, Alastair ran his own business and was employed by other communications companies. Alastair joined the Group in January 2000 as projects manager.

Carol Ward, aged 53 – Cash Ordering Manager

Carol worked with Mark and Nigel Mills at Postal Facilities Limited in 1999 following a 15 year career at Intel latterly as software purchasing manager. Carol joined the Group in January 2000 as cash ordering manager with responsibility for the co-ordination of bank note supply to the ATMs.

Share Option Schemes

The Directors recognise the need to attract, incentivise and retain employees and, to this end, the Company has established the Share Option Schemes. Under the Share Option Schemes, the Company can grant options over up to 10 per cent. of its issued ordinary share capital to eligible employees in addition to any options either in existence prior to Admission or granted conditional upon Admission. Options granted following Admission under the Share Option Schemes will be subject to performance criteria specified to the Board by the remuneration committee and save in exceptional circumstances, will not be granted at an exercise price which is below the average market value of an Ordinary Share on the three business days immediately prior to grant. Details of the Share Option Schemes are set out in paragraph 10 of Part IV of this document.

Corporate Governance

The Directors recognise the value of the Principles of Good Governance and the Code of Best Practice prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel published in June 1998 ("the Combined Code").

The Company intends, following Admission, to comply with the Combined Code so far as is practicable and appropriate for a public company of its size and nature. The Company also proposes to follow the recommendations on corporate governance of the Quoted Companies Alliance (QCA).

The Board has established an audit committee, a remuneration committee and a nomination committee with formally delegated duties and responsibilities. The audit and remuneration committees will be chaired by Peter Smyth with respectively, the Finance Director and the Chief Executive normally attending as invitees. In addition, Peter Smyth will chair the nomination committee with the relevant Director attending as an invitee. Any new non-executive director appointed by the Company will be asked to join these committees.

The audit committee will receive and review reports from management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Group. The audit committee will have unrestricted access to the Group's auditors.

The remuneration committee will review the scale and structure of the executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the non-executive directors will be set by the Board.

The nomination committee will be responsible for making recommendations to the Board in respect of appointments to the Board.

The Company will take all reasonable steps to ensure compliance by the Directors and applicable employees with the provisions of the AIM Rules relating to dealings in securities of Cardpoint and has adopted a share dealing code for this purpose.

Tax Reliefs Potentially Available to Investors

The Directors anticipate that the Company will be treated as a qualifying company for the purpose of Venture Capital Trust relief, although no guarantee of this can be given. Provisional clearance has been given by the Inland Revenue that the Placing Shares will comply with the provisions of schedule 28B to the Income and Corporation Taxes Act 1988 and will be a qualifying holding under that schedule.

The Directors also anticipate that the Company will be a "qualifying company" and the Placing Shares will be eligible shares for the purposes of the Enterprise Investment Scheme ("EIS"). Provisional clearance has also been given by the Inland Revenue that the Placing Shares should be eligible for income tax relief at a rate of 20 per cent. in respect of investment in the Placing Shares up to a maximum investment of £150,000 when aggregated with other qualifying EIS investments in the same year. Provided that the individual subscribers hold their shares for at least three years and that the relevant conditions are met by individual subscribers and the Company throughout that period, the ultimate disposal of the Placing Shares by the individual subscriber should be exempt from capital gains tax, on those shares which qualify for income tax relief (assuming that income tax relief has not been withdrawn). Qualifying individuals and certain trusts with gains arising from the disposal of any asset in the three years prior to, or the 12 months following the subscription for the Placing Shares may be able to defer a charge to capital gains tax on that gain until such time as the Placing Shares are disposed of if certain conditions are met.

Although the Company currently expects to satisfy the relevant conditions contained in the Venture Capital Trust and EIS legislation, neither the Company nor the Directors make any representation or warranty or give any undertaking that Venture Capital Trust or EIS relief will be available in respect of any investment in the Placing Shares pursuant to this document, nor do they give any representation or undertaking that the Company will keep its qualifying status throughout the relevant period or that, once given, such relief will not be withdrawn.

Further information regarding the UK taxation position of shareholders wishing to apply for Placing Shares is set out in paragraph 11 of Part IV of this document. If you are in any doubt as to your taxation position, you should consult your professional advisor immediately.

For shareholders who are individuals, taper relief may apply depending on the length of ownership so that the effective rate of capital gains tax on any gain on a disposal by an individual shareholder may be reduced the longer the Ordinary Shares are held. Indexation allowance no longer applies in the case of individual shareholders. For corporate shareholders an indexation allowance (not taper relief) will be available on a disposal in respect of the subscription cost of the Ordinary Shares. Indexation allowance cannot be used to create or increase a loss for tax purposes.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CrestCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Dividend Policy

The Directors anticipate that, following the Placing, earnings will be retained for development of the Group's business and will not be distributed for the foreseeable future. The declaration and payment by the Company of any future dividends and the amount of any such dividends will depend upon the Group's results of operations, financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed by the Directors to be relevant at the time.

Lock-in Arrangements

The Directors, who following Admission will, in aggregate, have an interest in approximately 34.2 per cent. of the Enlarged Issued Share Capital have given undertakings in the Placing Agreement not to sell, charge or grant any interests over any Ordinary Shares held by them (subject to certain exemptions) during a one year period commencing on Admission and to consult Beeson Gregory prior to any disposal and to make any disposal through Beeson Gregory for a period of one year thereafter. The Directors are the only persons who at Admission will qualilfy as "related parties" or "applicable persons" for the purposes of the AIM Rules. The lock-in arrangements for the Directors described in this paragraph comply with rule 7 of the AIM Rules.

In addition to the Directors, two original shareholders, who will, in aggregate, have a beneficial interest in approximately 11.5 per cent. of the Enlarged Issued Share Capital have given similar undertakings over the same period.

The majority of the remaining shareholders prior to Admission have undertaken not to dispose of any Ordinary Shares for a period of six months following Admission and to consult Beeson Gregory prior to any disposal and to make any disposal through Beeson Gregory for six months thereafter.

The Placing

On Admission the Company will have 18,536,914 Ordinary Shares in issue and a market capitalisation of approximately £8.0 million. 5,813,953 new Ordinary Shares are being placed on behalf of the Company, which represents 31.4 per cent. of the Enlarged Issued Share Capital. The Placing is fully underwritten by Beeson Gregory. The proceeds receivable by the Company, net of expenses, are estimated to be approximately £2.1 million.

PART II

RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. If any of the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Company's shares could decline and you could lose all or part of your investment. This document contains forward-looking statements that involve risks and uncertainties. The Group's results could actually differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Group, which are described below and elsewhere in the document.

The Group may face competition from competitors with much greater capital

The Group's business is based on established technologies and therefore can be replicated by a competitor that has not yet entered the market or is presently resistant to expansion. The Group may face significant competition, both actual and potential, including that from competitors, such as large retail banks, which have greater capital resources and technological resources in the provision of services than that of the Group, which are able to provide products which are more effective, economically viable or advanced than that provided by the Group or which undertake an aggressive pricing policy. Despite contractual arrangements with specific Hosts there is no assurance that the Group will be able to compete successfully in such a market place.

Supply chain dependence

The Group's business is based on a number of strategic relationships with other businesses that provide it with its ability to situate, deploy and maintain its ATMs. A breakdown in one or more of these may affect the Group's ability to provide the services set out in the section headed "The Business Model" in Part I of this document. In particular, the Group is dependent on LINK for both its ability to receive interchange fees and to process transactions, and therefore is sensitive to any increase in charges levied by LINK. In addition, the Group's revenue relies upon the operation of the LINK network. A failure of the network would have a materially adverse effect on the Group's ability to generate revenue.

Legislative and regulatory change

The Group's business plan and future success relies on its ability to charge a fee on any monies withdrawn or enquiry answered at its ATMs. There is no assurance that future legislative or regulatory change will not introduce prohibition on surcharging. In the event of such an introduction the Group would no longer be able to operate under the circumstances detailed in Part I of this document.

To date, the Group's ATMs have not been liable to business rates. Should current legislation change it could have a material adverse effect on the Group's current and future trading.

The Company may need additional access to capital in the future

The Group's capital requirements depend on numerous factors, including the rate of market acceptance of the Group's product and its ability to expand its customer base. If its capital requirements vary materially from its current plans, the Company may require further financing in addition to the amounts raised in the Placing and the debt facility, both detailed in Part I of this document. Any additional equity financing may be dilutive to shareholders, and further debt financing, if available, may involve restrictions on financing and operating activities. In addition, there can be no assurance that the Company will be able to raise additional funds when needed or that such funds will be available on terms favourable to the Company. If the Company is unable to obtain additional financing as needed, the Group may be required to reduce the scope of its operations or anticipated expansion or to cease trading.

Market saturation

The Group's expansion plans may be materially affected by increased deployment of ATMs by other companies. If the market becomes saturated with similar products, especially in the Group's target areas, then the effectiveness of the rollout will be extremely diminished.

Technological change and the development of E Purses

The integration of E Purses, which are cards that store money electronically, into society would negate the reasons for cash withdrawal. In the event of such integration the use of the Group's ATMs in their current format could be severely reduced. Any such occurrence would have a materially adverse effect on the Group's future financial results and its ability to operate its business.

Risk of potential future acquisitions

In the future, as part of its growth strategy, the Group may acquire other companies or businesses. Acquisitions by the Group may require the use of significant amounts of cash, dilutive issues of equity securities and the incurrence of debt, each of which could materially and adversely affect the Group's business, results of operations, financial condition or the market price of Ordinary Shares. In addition, acquisitions involve numerous risks, including difficulties in the assimilation of the operations of any acquired business or company and the diversion of management's attention from other business concerns. While there are currently no commitments or agreements with respect to any acquisition, if such an acquisition does occur, there can be no assurance that the Group's business, results of operations or financial condition would not be materially and adversely affected thereby.

Adverse effect of future sales of Ordinary Shares

Sales, or the possibility of sales, of substantial numbers of Ordinary Shares in the public market following the Placing could have an adverse effect on the market price of the Ordinary Shares.

In addition, Ordinary Shares are reserved for issue pursuant to the Share Option Schemes. If some or all of these unissued Ordinary Shares are issued, it could have an adverse effect on the market price of the Ordinary Shares.

Trading Market for the Ordinary Shares

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Company's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for Ordinary Shares and there is no guarantee that an active market will develop or be sustained after Admission. It may be more difficult for an investor to realise their investment in the Company than in a company whose shares are quoted on the Official List of the UK Listing Authority.

Continuing losses

The Group's business has incurred net losses since its incorporation. These losses have arisen mainly from the costs incurred through capital expenditure, general administration and marketing of the Group's product. There can be no assurance that the Group will achieve significant revenues or profitable operations.

Dependence on key personnel

The Group's success depends to a significant extent upon a limited number of key employees, including the Founders. The loss of one or more key employees could have a material adverse effect on the Group. Cardpoint intends, prior to Admission, to enter into and be the beneficiary of insurance policies in respect of Mark Mills, Nigel Mills and Mark Kropacz in the amount of £1,000,000 each. No assurances can be given, however, that the loss of a Founder or of any other executive officer of the Company would not have a material adverse effect on the business, financial condition or results of operations of the Group. The Group has endeavoured to ensure that the key employees, including the Founders, are incentivised but the retention of such staff cannot be guaranteed.

Relationship with Hosts and Sites

The Group's business depends on continued access to Sites and co-operation of Hosts. If a Host is not amenable to the placing of ATMs on its Site, the Group may be required to expend resources in enforcing its contractual rights.

PART III

Accountants' Report on Cardpoint

The Directors
Cardpoint plc
55 Hove Road
Lytham St. Annes
FY8 1XH

and

The Directors
Beeson Gregory Limited, as Nominated Adviser
The Registry
Royal Mint Court
London
EC3N 4LB

31 May 2002

CARDPOINT PLC ("THE COMPANY") AND ITS SUBSIDIARY UNDERTAKINGS (TOGETHER "THE GROUP")

1. Introduction

1.1 We report on the financial information set out in paragraphs 2 to 6. This financial information has been prepared for inclusion in the prospectus of the Company ("Prospectus") dated 31 May 2002.

Basis of preparation

1.2 The financial information set out in paragraphs 2 to 6 below is based on the audited consolidated financial statements of the Group for the periods ended 30 September 2000 and 30 September 2001, the audited financial statements of the Company's subsidiaries for the periods ended 31 July 1999 and 28 February 2000, and the audited consolidated non-statutory financial statements of the Group for the period ended 31 March 2002, after making such adjustments as we considered necessary.

1.3 The Company was incorporated on 27 October 2000. On 22 March 2001, following a share for share exchange, Cash Card Holdings Limited became a wholly owned subsidiary of the Company. Cash Card Holdings Limited is the holding company for Cash Card Services Limited and Cash Card Machines Limited.

1.4 The financial information as presented comprises the consolidated financial statements of the Company and of its subsidiary undertakings using principles of merger accounting which have been applied as if the Group had been in existence throughout each of the accounting periods.

1.5 The Group did not trade in the period up to 31 July 1999 and therefore neither a Group profit and loss account nor a Group cashflow statement for the period to 31 July 1999 has been presented.

Responsibility

1.6 The financial statements of the Company and of its subsidiaries are respectively the responsibility of the directors of the Company and the directors of the subsidiary undertakings who approved their issue.

1.7 The directors of the Company are responsible for the contents of the Prospectus dated 31 May 2002 relating to the proposed flotation on the Alternative Investment Market in which this report is included.

1.8 It is our responsibility to compile the financial information set out in our report from the audited financial statements and from the audited non-statutory financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

1.9 We conducted our work in accordance with the Statements of Investment Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence underlying the financial information comprises that obtained by us relating to the audits of the financial statements of the Group's companies for the periods ended 30 September 2000, 30 September 2001 and 31 March 2002, and by previous auditors in respect of earlier periods. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.10 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.11 In our opinion the financial information gives, for the purposes of the Prospectus dated 31 May 2002, a true and fair view of the consolidated results and cash flows of the Group for the four periods ended 28 February 2000, 30 September 2000, 30 September 2001 and 31 March 2002, and of the state of affairs of the Group as at 31 July 1999, 28 February 2000, 30 September 2000, 30 September 2001 and 31 March 2002.

Consent

1.12 We consent to the inclusion in the Prospectus dated 31 May 2002 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. Accounting policies

Basis of preparation

2.1 The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

2.2 The principal accounting policies of the Group have remained unchanged throughout the periods and are set out below.

Basis of consolidation

2.3 The Group financial information consolidates the financial statements of the Company and of its subsidiary undertakings using principles of merger accounting which have been applied as if the Group had been in existence throughout each of the accounting periods up to and including the period ended 31 March 2002. Profits or losses on intra-group transactions are eliminated in full.

Turnover

2.4 Turnover is the total amount receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

2.5 Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Office equipment and machines, including ATMs	20 per cent.

Leased assets

2.6 Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

2.7 All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

3. Profit and loss accounts

	Notes	*Seven months ended* *28 February* *2000* *£'000*	*Seven months ended* *30 September* *2000* *£'000*	*Year ended* *30 September* *2001* *£'000*	*Six months ended* *31 March* *2002* *£'000*
Turnover	6.1	1	61	943	1,140
Cost of sales		—	(82)	(1,187)	(950)
Gross profit/(loss)		1	(21)	(244)	190
Other operating charges		(10)	(199)	(899)	(373)
Operating loss		(9)	(220)	(1,143)	(183)
Net interest payable and similar charges	6.2	—	(5)	(126)	(61)
Loss on ordinary activities before taxation	6.1	(9)	(225)	(1,269)	(244)
Taxation	6.4	—	—	—	—
Retained loss	6.12	(9)	(225)	(1,269)	(244)

The results for each period are in respect of continuing operations only. There were no recognised gains or losses other than the results for each period.

4. Balance Sheets

	Notes	As at 31 July 1999 £'000	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	31 March 2002 £'000
Fixed assets						
Tangible assets	6.5	—	26	647	1,265	1,422
Current assets						
Stock	6.6	—	—	—	6	11
Debtors	6.7	—	—	76	123	290
Cash at bank and in hand		—	—	160	356	120
		—	—	236	485	421
Creditors: amounts falling due within one year	6.8	—	(34)	(270)	(1,108)	(1,354)
Net current liabilities		—	(34)	(34)	(623)	(933)
Total assets less current liabilities		—	(8)	613	642	489
Creditors: amounts falling due after more than one year	6.9	—	—	(371)	(513)	(352)
Net (liabilities)/assets		—	(8)	242	129	137
Capital and reserves						
Called up share capital	6.11	537	537	537	590	632
Share premium account	6.12	—	—	—	688	898
Merger reserve	6.12	(537)	(536)	(61)	354	354
Profit and loss account	6.12	—	(9)	(234)	(1,503)	(1,747)
Equity shareholders' (deficit)/funds	6.12	—	(8)	242	129	137

5. Cash flow statements

	Notes	Seven months ended 28 February 2000 £'000	30 September 2000 £'000	Year ended 30 September 2001 £'000	Six months ended 31 March 2002 £'000
Net cash inflow/(outflow) from operating activities	6.13	26	(167)	(54)	(21)
Returns on investments and servicing of finance					
Hire purchase interest paid		—	(5)	(129)	(61)
Bank interest received		—	—	3	—
Net cash outflow from returns on investments and servicing of finance		—	(5)	(126)	(61)
Taxation					
UK corporation tax paid		—	—	—	—
Capital expenditure					
Purchase of tangible fixed assets		(27)	(64)	(528)	(193)
Net cash outflow from capital expenditure		(27)	(64)	(528)	(193)
Financing					
Issue of shares		1	461	1,126	167
Capital element of finance lease payments		—	(65)	(222)	(128)
Net cash inflow from financing		1	396	904	39
Increase/(decrease) in cash	6.14	—	160	196	(236)

6. Notes to the financial information

6.1 Turnover and loss on ordinary activities before taxation

Turnover is derived from continuing activities conducted within the United Kingdom.

The loss on ordinary activities before taxation is stated after:

	Seven months ended		*Year ended*	*Six months ended*
	28 February 2000	*30 September 2000*	*30 September 2001*	*31 March 2002*
	£'000	*£'000*	*£'000*	*£'000*
Depreciation:				
– owned	1	8	39	68
– held under finance leases and hire purchase contracts	—	17	218	104
Auditors' remuneration:				
– audit services	—	6	8	12
– non-audit services	—	—	73	—

6.2 Net interest payable and similar charges

	Seven months ended		*Year ended*	*Six months ended*
	28 February 2000	*30 September 2000*	*30 September 2001*	*31 March 2002*
	£'000	*£'000*	*£'000*	*£'000*
Hire purchase interest	—	(6)	(129)	(61)
Bank interest receivable	—	1	3	—
	—	(5)	(126)	(61)

6.3 Directors and employees

	Seven months ended		*Year ended*	*Six months ended*
	28 February 2000	*30 September 2000*	*30 September 2001*	*31 March 2002*
	£'000	*£'000*	*£'000*	*£'000*
Staff costs, including directors, were as follows:				
Wages and salaries	4	50	502	225
Social security costs	—	4	42	24
	4	54	544	249
Directors' emoluments	—	31	183	110
	Number	*Number*	*Number*	*Number*
The average number of employees during the period was:	1	3	10	10

6.4 Tax on loss on ordinary activities

There was no tax charge in any period due to the losses incurred. The accumulated surplus tax losses of approximately £2 million are available to carry forward and offset against future trading profits.

6.5 Tangible fixed assets

	Plant and equipment £'000
Cost	
At 31 July 1999	—
Additions	27
At 28 February 2000	27
Additions	646
At 30 September 2000	673
Additions	875
At 30 September 2001	1,548
Additions	329
At 31 March 2002	1,877
Depreciation	
At 31 July 1999	—
Charge for the period	1
At 28 February 2000	1
Charge for the period	25
At 30 September 2000	26
Charge for the period	257
At 30 September 2001	283
Charge for the period	172
At 31 March 2002	455
Net book value	
At 28 February 2000	26
At 30 September 2000	647
At 30 September 2001	1,265
At 31 March 2002	1,422

The net book value of plant and equipment as at 31 March 2002 includes amounts of £726,000 (30 September 2001: £694,000, 30 September 2000: £565,000, 28 February 2000: £Nil) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on those assets during the period ended 31 March 2002 was £104,000 (30 September 2001: £218,000, 30 September 2000: £17,000, 28 February 2000: £Nil).

6.6 **Stock**

Stock comprises equipment for installation with ATMs.

6.7 Debtors

	As at			
	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	31 March 2002 £'000
Unpaid share capital	—	15	45	129
Trade debtors	—	4	—	40
Amounts owed by related party	—	—	—	25
Other debtors	—	22	1	25
Prepayments and accrued income	—	35	42	67
Other taxes and social security	—	—	26	—
Directors' loan accounts	—	—	9	4
	—	76	123	290

6.8 **Creditors: amounts falling due within one year**

	As at			
	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	31 March 2002 £'000
Obligations under finance leases and hire purchase contracts	—	146	129	298
Trade creditors	—	52	624	677
Other taxation and social security	1	6	29	34
Accruals and deferred income	2	66	322	345
Other creditors	—	—	4	—
Directors' loan account	31	—	—	—
	34	270	1,108	1,354

6.9. **Creditors: amounts falling due after more than one year**

	As at			
	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	31 March 2002 £'000
Obligations under finance leases and hire purchase contracts	—	371	513	352
Obligations under finance leases and hire purchase contracts are repayable as follows:				
– within one year	—	146	129	298
– after one and within 2 years	—	146	297	252
– after two and within 5 years	—	225	216	100
	—	517	642	650

Obligations under finance leases and hire purchase contracts are secured on the relevant assets.

6.10 Deferred taxation

Deferred tax assets computed at the end of each period at a corporation tax rate of 30 per cent. are summarised below but have not been recognised.

	As at 28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	31 March 2002 £'000
Accelerated capital allowances	—	14	47	48
Short term timing differences	—	—	—	(21)
Trading losses	—	(74)	(469)	(543)
	—	(60)	(422)	(516)

6.11 Share capital

	As at 30 September 2001	31 March 2002
Authorised		
Number of ordinary shares	20,000,000	20,000,000
Nominal value per ordinary share	5 pence	5 pence
Nominal value – total (£'000)	1,000	1,000
Allotted, called up and fully paid		
Number of ordinary shares	11,810,294	12,639,961
Nominal value per ordinary share	5 pence	5 pence
Nominal value – total (£'000)	590	632

The reported share capital reflects the reconstruction of the Group which has been accounted for under merger accounting principles. The principal effect of this method is to show the Group's results and balance sheets as if the effect of the reconstruction had applied throughout the period both prior to the reconstruction taking effect and subsequently.

Under the reconstruction Cash Card Holdings Limited, the original holding company of the Group, became a wholly owned subsidiary of Cardpoint plc on 22 March 2001. The principal movements in the Group's issued share capital, including those issued to effect the reconstruction, are summarised below.

On 16 March 2000, the authorised and issued share capital of 1,000 ordinary £1 shares for Cash Card Holdings Limited was sub-divided into 100,000 shares of one pence each and the authorised share capital was increased to 5 million shares of one pence each.

During the period ended 30 September 2000, Cash Card Holdings Limited issued 153,560 ordinary shares of one pence each for a consideration of shares of £482,699 less costs of issues of £7,308, and on 27 October 2000 issued a further 15,031 ordinary shares of one pence each for a total cash consideration of £415,156, bringing the total number of shares issued to 268,591 ordinary one pence shares.

The Company was incorporated on 27 October 2000 with an authorised share capital of £50,000 comprising 50,000 ordinary shares of £1 each. On 22 March 2001, the Company passed an ordinary resolution to sub-divide the existing share capital into 1,000,000 ordinary shares of five pence each, and to increase the authorised share capital from £50,000 to £1,000,000 by the creation of a further 19,000,000 ordinary shares of five pence each.

At incorporation the Company issued 2 ordinary shares of £1 each at par, which were subsequently sub-divided into 40 ordinary shares of five pence each and on 22 March 2001, 10,743,600 ordinary shares of five pence each in the Company were issued in exchange for the whole of the issued share capital of Cash Card Holdings Limited.

On 19 September 2001, the Company issued a further 666,653 ordinary shares of five pence each for a total consideration of £499,996 and on 30 September 2001 issued a further 400,001 ordinary shares of five pence each for a consideration of £300,001. Total costs associated with the issues amounted to £58,848.

On 14 February 2002, the Company issued 66,667 ordinary shares of five pence each for a total consideration of £50,000.

On 31 March 2002 363,000 ordinary shares of five pence each were then issued by the Company for a total consideration of £181,500. A further 400,000 ordinary shares of five pence each were issued for a total consideration of £20,000.

On 25 April 2002 the Company issued 83,000 ordinary shares of five pence each for a total consideration of £41,500.

At 31 March 2002 there were outstanding contributions due amounting to £114,500 in respect of shares issued by the Company and £14,502 in respect of shares issued by Cash Card Holdings Limited. Since 31 March 2002 all outstanding contributions due in respect of shares issued by the Company and shares issued by Cash Card Holdings Limited have been repaid.

6.12 Reconciliation of movements in equity shareholders' funds/(deficit) and reserves

	Share capital £'000	*Share premium account £'000*	*Merger reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 31 July 1999	537	—	(537)	—	—
Share issue	—	—	1	—	1
Retained loss for the period	—	—	—	(9)	(9)
At 28 February 2000	537	—	(536)	(9)	(8)
Share issue	—	—	475	—	475
Retained loss for the period	—	—	—	(225)	(225)
At 30 September 2000	537	—	(61)	(234)	242
Share issue	53	688	415	—	1,156
Retained loss for the period	—	—	—	(1,269)	(1,269)
At 30 September 2001	590	688	354	(1,503)	129
Share issue	42	210	—	—	252
Retained loss for the period	—	—	—	(244)	(244)
At 31 March 2002	632	898	354	(1,747)	137

6.13 Net cash inflow/(outflow) from operating activities

	Seven months ended 28 February 2000 £'000	*Seven months ended 30 September 2000 £'000*	*Year ended 30 September 2001 £'000*	*Six months ended 31 March 2002 £'000*
Operating loss	(9)	(220)	(1,143)	(183)
Depreciation	1	25	257	172
Increase in stock	—	—	(6)	(5)
Increase in debtors	—	(61)	(17)	(82)
Increase in creditors	34	89	855	77
Net cash inflow/(outflow)	26	(167)	(54)	(21)

6.14 **Reconciliation of net cash flow to movement in net debt**

	Seven months ended 28 February 2000 £'000	*Seven months ended 30 September 2000 £'000*	*Year ended 30 September 2001 £'000*	*Six months ended 31 March 2002 £'000*
Increase/(decrease) in cash	—	160	196	(236)
Cash inflow from financing	—	65	222	128
Change in net debt resulting from cash flow	—	225	418	(108)
Inception of hire purchase agreements	—	(582)	(347)	(136)
Movement in net debt	—	(357)	71	(244)
Opening net debt	—	—	(357)	(286)
Closing net debt	—	(357)	(286)	(530)

6.15 **Analysis of net debt**

	Cash £'000	*Overdraft £'000*	*Hire purchase agreements £'000*	*Total net debt £'000*
At 28 February 2000	—	—	—	—
Cashflow	160	—	65	225
Non-cash movements	—	—	(582)	(582)
At 30 September 2000	160	—	(517)	(357)
Cashflow	196	—	222	418
Non-cash movements	—	—	(347)	(347)
At 30 September 2001	356	—	(642)	(286)
Cashflow	(236)	—	128	(108)
Non-cash movements	—	—	(136)	(136)
At 31 March 2002	120	—	(650)	(530)

6.16 **Capital commitments**

	As at 28 February 2000 £'000	*30 September 2000 £'000*	*30 September 2001 £'000*	*31 March 2002 £'000*
Contracted for but not provided	—	325	—	—

6.17 Related party transactions

Amounts due in respect of loans to directors

	As at 31 July 1999 £	28 February 2000 £	30 September 2000 £	30 September 2001 £	31 March 2002 £
Amount outstanding					
M R Mills	—	—	—	4,500	—
N J Mills	—	—	—	4,500	3,559
	—	—	—	9,000	3,559
Maximum liability during the period					
M R Mills	—	—	—	4,500	4,500
N J Mills	—	—	—	4,500	4,500
	—	—	—	9,000	9,000

The outstanding loan of £3,559 to N J Mills was repaid on 1 May 2002.

Amounts due in respect of loans to Direct Cash Loans Limited

M R Mills and N J Mills are both directors of Direct Cash Loans Limited. The amount of £25,000, which was also the maximum advance during the period, was advanced during the six months ended 31 March 2002 and remained unpaid at 31 March 2002. This amount was repaid on 1 May 2002.

Other matters

During the six months ended 31 March 2002 rent of £7,200 (2001: £11,100, 2000: £4,550) was paid to St Annes Glass, a business owned by the father of M R and N J Mills. At 31 March 2002 there was a balance owed to St Annes Glass of £Nil (2001: £Nil, 2000: £3,900).

6.18 Contingent liabilities

There were no contingent liabilities at 31 March 2002 or previous period ends.

Yours faithfully

GRANT THORNTON

PART IV

Additional Information

1. The Company

1.1 The Company was incorporated and registered in England and Wales on 27 October 2000 under the Companies Act 1985 as a public company limited by shares with the name Hallco 528 plc and with registration number 04098226. On 13 November 2000, the Company changed its name to Cardpoint plc. On 29 March 2001 the Company obtained a trading certificate pursuant to section 117 of the Act.

1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

1.3 The Company's registered office is at St James's Court, Brown Street, Manchester, M2 2JF and its head office and principal place of business is at 55 Hove Road, Lytham St Annes, Lancashire FY8 1XH.

2. Subsidiaries

2.1 The Company has a wholly owned subsidiary, which in turn has two wholly owned subsidiaries, all of which are registered in England and Wales with registered address at St James's Court, Brown Street, Manchester, M2 2JF, details of which are as follows:

Company	*Date of Incorporation*	*Activity*	*Issued Share Capital*
Cash Card Holdings Limited (Registration No. 3605427)	28 July 1998	Holding Company	268,591 ordinary shares of 1p each
Cash Card Machines Limited (Registration No. 3879474)	18 November 1999	Dormant	2 ordinary shares of £1 each
Cash Card Services Limited (Registration No. 3823774)	11 August 1999	Provision of cash processing and distribution services	2 ordinary shares of £1 each

3. Share Capital

3.1 On incorporation, the authorised share capital of the Company was £50,000 divided into 50,000 shares of £1 each, two of which were issued credited as fully paid to the subscribers to the Company memorandum of association.

3.2 On 22 March 2001 each ordinary share of £1 each was sub-divided into 20 ordinary shares of 5p each.

3.3 On 22 March 2001 pursuant to a share exchange agreement made between (1) Mark Mills and others and (2) the Company, the Company acquired the entire issued share capital of Cash Card Holdings Limited in consideration for the allotment of 10,743,600 Ordinary Shares.

3.4 On 8 May 2002 by or pursuant to resolutions of the Company passed on that date:

3.4.1 the authorised share capital of the Company was increased from £1,000,000 to £10,000,000 by the creation of an additional 180,000,000 Ordinary Shares;

3.4.2 the Directors were generally and unconditionally authorised pursuant to section 80 of the Act to exercise all and any powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount equal to £956,666.65. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and

3.4.3 the Directors were given power pursuant to section 95 of the Act (with such power expiring at the same time as the authority referred to in paragraph 3.4.2 above (the "Section 80 Authority")) to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the Section 80 Authority as if section 89(1) of the Act did not apply to any such allotment save that the power was limited to:

(a) the allotment of equity securities up to an aggregate nominal amount of £500,000 in connection with the Placing;

(b) the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Ordinary Shares held by them; and

(c) the allotment (otherwise than pursuant to paragraph 3.4.3(b) above) for cash of equity securities up to an aggregate nominal amount of the lesser of £122,000 or 10 per cent. of the issued share capital of the Company.

3.5 The Company's authorised and issued share capital, at the date of this document is and immediately following the Placing will be as follows:

	At the date of this document		*Following the Placing*	
	Amount	*Number of Ordinary Shares*	*Amount*	*Number of Ordinary Shares*
Authorised	£10,000,000	200,000,000	£10,000,000	200,000,000
Issued and fully paid	£636,148	12,722,961	£926,846	18,536,914

3.6 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.4.3 above.

4. Memorandum and Articles of Association

Memorandum of Association

4.1 The objects of the Company are set out in full in clause 3 of its Memorandum of Association and include the carrying on of business as a general commercial company.

Articles of Association

4.2 The Articles of Association of the Company (the "Articles") which were adopted pursuant to a written resolution of the Company passed on 8 May 2002 contain provisions, *inter alia*, to the following effect:

4.2.1 *Voting Rights*

Subject to any rights or restrictions attached to the shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under Section 212 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

4.2.2 *Variation of Rights*

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the "Statutes"), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either (i) in such a manner (if any) as may be provided by the rights attaching to such class or (ii) in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the issued shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of the relevant class. At any such separate meeting the holders present in person or by proxy of one third of the issued shares of the class in question shall be a quorum. Unless otherwise provided by the rights attaching to any shares, these rights shall be deemed to be varied by the creation or issue of further shares ranking in any respect in priority thereto.

4.2.3 *Alteration of Capital*

The Company may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may, subject to the Statutes, by special resolution reduce its share capital, any capital redemption reserve and any share premium account. Subject to and in accordance with the provisions of the Statutes, the Company may purchase its own shares (including redeemable shares).

4.2.4 *Transfer of Shares*

The Ordinary Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation. Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form acceptable to the Directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Register of Members.

The Directors may refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

Where in respect of any shares any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under Section 212 of the Act, then the Company may prohibit transfers of such shares otherwise than following a sale shown to the satisfaction of the Directors to be of the full legal and beneficial ownership of such shares at arm's length. The registration of transfers may be suspended by the Directors for any period not exceeding 30 days in a year.

4.2.5 *Dividends and other distributions*

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but not exceeding the amount recommended by the Directors. The Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company. Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company. A liquidator may, with the sanction of an extraordinary resolution, divide the assets among the members in *specie*. The Directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under Section 212 of the Companies Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

4.2.6 *Borrowing Powers*

Subject to the provisions of the Act and as provided in the Articles, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The Directors shall restrict the borrowings of the Company and the borrowings of any other companies within the Group so as to secure that the aggregate amount for the time being outstanding (after adjustments provided for in the Articles) at any one time owing by the Group in respect of monies borrowed, determined in accordance with the Articles, shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of £6,000,000 or four times the aggregate of the nominal amount paid up on the Company's issued share capital and the total amount standing to the credit of the capital and revenue reserve of the Group as shown in the latest audited balance sheet of the Group but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

4.2.7 *Constitution of Board of Directors*

The minimum number of Directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be more than eight. No shareholder qualification is required of any Director.

4.2.8 *Retirement of Directors by rotation*

The Articles do not contain any provision to exclude the operations of section 293(2) of the Act and, accordingly, special notice will be required of any resolution appointing or approving the appointment of a Director who has attained the age of 70.

At every annual general meeting of the Company one third of the Directors or the number nearest to but not exceeding one third shall retire by rotation and be eligible for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will (unless they otherwise agree) be determined by lot.

4.2.9 *Remuneration of Directors*

The fees to be paid to the Directors shall be determined by the Remuneration Committee of the Company from time to time.

Each Director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors of the Company or otherwise in the discharge of his duties as a Director. Any Director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the Directors determine.

4.2.10 *Permitted interests of Directors*

Subject to the provisions of the Statutes, a Director is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any Director who is so interested is not liable to account to the Company for any profit realised by the contract, by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director and may act in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the Directors may determine. A Director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

4.2.11 *Restrictions on voting by Directors*

Save as provided below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has an interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an Placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which Placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;

(d) any proposal concerning any other company in which he does not to his knowledge hold directly or indirectly an interest in shares representing one per cent or more of any class of the equity share capital or voting rights;

(e) any arrangement for the benefit of employees of the Company and its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

(f) any contract for the purchase or maintenance of insurance against any liability of any Directors.

5. **Directors' and Other Interests**

5.1 The interests of the Directors in the issued share capital of the Company as at 30 May 2002 (being the latest practicable business day prior to the date of this document), such interests being those which are required to be notified by each Director to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Director within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director were as follows:

	Prior to Admission		*Following Admission*	
Director	*Number of Ordinary Shares*	*% of issued Ordinary Share Capital*	*Number of Ordinary Shares*	*% of issued Ordinary Share Capital*
Peter Smyth	26,666[1]	0.2	26,666[1]	0.1
Mark Mills	3,082,240[2]	24.2	3,082,240[2]	16.6
Chris Hanson	400,000[3]	3.1	400,000[3]	2.2
Mark Kropacz	26,666	0.2	26,666	0.1
Nigel Mills	2,799,920	22.0	2,799,920	15.1

(1) includes 26,666 Ordinary Shares held by Stamford Trust, of which Peter Smyth is the sole beneficiary.

(2) includes 280,320 Ordinary Shares held by Contract Accounting Limited of which Mark Mills is the majority shareholder.

(3) includes 150,000 Ordinary Shares held on trust for Chris Hanson's children.

5.2 In addition, the following Directors have been granted, or in the case of certain options under the Cardpoint plc EMI scheme will be granted upon the satisfaction of the eligibility criteria, options over the following number of Ordinary Shares. Further details of the Share Option Schemes are set out in paragraph 10 of this Part IV.

	The Cardpoint plc EMI Scheme	*Unapproved Options*	*The Cardpoint Unapproved Share Option Scheme 2002*
	Number of Ordinary Shares		
Peter Smyth		100,000[3]	
Mark Mills	133,333[1] 150,000[2]	250,000[3]	133,333[4] 250,000[5]
Mark Kropacz	104,477[1] 145,523[2]	500,000[3]	104,477[4]
Nigel Mills	119,402[1]	250,000[3]	119,402[4]

(1) all of the above options lapse on Admission.

(2) the above options will be granted upon the satisfaction of the eligibility criteria upon Admission and will be exercisable at the Placing Price at any time from three to ten years following the date of grant.

(3) the above options are exercisable at 5p at any time from 25 February 2005 until 25 February 2012.

(4) the above options replicate those previously granted under the EMI Scheme which lapse on Admission and are exercisable at 5p at any time from 26 October 2004 to 26 October 2011.

(5) the above options which are exercisable at the Placing Price have been granted subject to the satisfaction of performance criteria specified by the remuneration committee to the Board. The options vest solely on the satisfaction of such criteria and are exercisable at any time between three and ten years from grant.

In addition to the above, 140,000 options have been granted to employees under the Cardpoint plc EMI Scheme conditional upon Admission, which are exercisable between three and ten years from grant at the Placing Price.

6. Substantial Shareholders

Following the Placing, the following persons will be interested in 3 per cent. or more of the issued Ordinary Share capital of the Company:

Name	*Number of Ordinary Shares*	*% of issued Ordinary Share Capital*
David Edward Jones	1,174,905	6.3
John Barker	951,253	5.1

Save as disclosed in this paragraph 6, and in so far as the Company has the information, the Directors are not aware of any person or persons who either alone or, if connected jointly following the completion of the Placing will (directly or indirectly) exercise or could exercise control over the Company.

7. Additional Information on the Directors

7.1 Other than directorships of Group companies, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current*	*Past*
Peter Smyth	Cityspace Limited	Allied Outdoor Advertising Limited Arley Properties Limited Barrett, Petrie, Sutcliffe Limited Barrett Petrie Sutcliffe London Limited

Director	*Current*	*Past*
Peter Smyth *continued*		Clear Channel Radio Sales Limited Independent Radio Sales Limited Katz Radio Sales Limited Katz Television Sales Ltd Katz UK Limited Louis Barnett & Son Limited More Group UK Limited Multimark Limited Postal Facilities Limited Postermobile Limited Teamrelay Limited Town & City Posters Advertising Limited Town & City Posters Service Limited Trace Motion Limited
Mark Mills	Availability Limited Availability.co.uk Limited Contract Accounting Limited Direct Cash Loans Limited Ebonhall Limited Insurance and Legal Services Limited Internet Legal and Insurance Services Limited Leisurecentresonline.com Limited	Environmental Public Relations Limited Mark R. Mills and Company Limited Postal Facilities Limited Premier Autogas Limited Telecom Publications Limited
Mark Kropacz	Multiplex Outdoor Advertising Limited Rockwater Management Limited	Allied Outdoor Advertising Limited More O'Ferrall Adshel Limited Rockwater Outdoor Limited
Nigel Mills	Availability Limited Availability.co.uk Limited Direct Cash Loans Limited Ebonhall Limited Insurance and Legal Services Limited Internet Legal and Insurance Services Limited Leisurecentresonline.com Limited	Environmental Public Relations Limited Mark R. Mills and Company Limited Postal Facilities Limited Telecom Publications Limited
Chris Hanson	None	Ascot & Dean Limited Aspen & Court Limited Autofil Worldwide Limited Beaumont, Carr & Co. Limited B Foulds Limited Cashlux Limited Clissold Holdings Limited Convergent Communications plc (formerly JWE Telecom plc) Dymatecs Limited Gledhill (of Huddersfield) Limited Glen Hunt Woollens Limited J. & C. Croysdale Limited

Director	*Current*	*Past*
Chris Hanson *(continued)*		J. H. Clissold & Son Limited Knoll Spinning Company Limited Lavendons Limited McIntyre of Sorn Limited Midland Phones (Holdings) Limited Oddy Ladieswear Limited Paul Speak & Sons (Queensbury) Limited Parkland Design Limited Parkland Europe Limited Parkland Exports Limited Parkland Fabrics Limited Parkland Group plc Parkland International Limited Parkland Manufacturing Company Limited Parkland Menswear Limited Parkland Properties Limited Parkland Yarns Limited Robert Laidlaw & Sons Limited Scottish Crofter-Weavers Limited Tasco Limited Taylor & Holdsworth Limited The Parkland Employee Benefit Trust Company Limited The Parkland Textiles Group Limited Tom Hanson Limited Unitex Europe Limited Wm.Oddy & Company Limited Yorkshire Yarn Dyeing Co. Limited

7.2 Save as disclosed in this document, none of the Directors has:

7.2.1 any unspent convictions in relation to indictable offences;

7.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

7.2.4 been a partner in any partnership with has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

7.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

7.3 Mark Mills and Nigel Mills were directors of Telecom Publications Limited when the company was placed into creditors voluntary liquidation in April 1993. The shortfall to creditors was less than £10,000.

7.4 Mark Mills and Nigel Mills were directors of Prestige Communication Corporation Limited when it was placed into members voluntary liquidation in December 1992. Thereafter, this became a creditors voluntary liquidation. The shortfall involved was less than £27,000.

7.5 Chris Hanson was a director of John Brunton plc when it was placed into administrative receivership in July 1993. Chris Hanson was initially seconded from KPMG to John Brunton plc and later became a director, with a view to assisting with a turn around of the business. When it became apparent that this was not possible, John Brunton plc was placed into administrative receivership owing approximately £935,000.

7.6 Mark Mills and Nigel Mills have personally guaranteed the obligations of the Group pursuant to certain leasing agreements with Grovefield Finance Limited ("Grovefield") and Norfolk and Suffolk Finance Limited ("Norfolk and Suffolk"), companies who currently lease ATMs to the Group. Mark Mills has personally guaranteed the primary sum of £229,350 to Norfolk and Suffolk and Mark Mills and Nigel Mills have jointly guaranteed the primary sum of £261,223.43 to Grovefield. It is intended that the personal guarantees will be removed on Admission.

7.7 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately proceeding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

7.8 The Directors, by virtue of their lock-in arrangements, would be considered to be acting in concert under the rules of the City Code on Takeovers and Mergers for the period ending 12 months from Admission.

8. Directors' Service Contracts and Remuneration

8.1 On 1 May 2001 Mark Mills entered into a service agreement with the Company which has been revised with effect from Admission and the satisfaction of certain other criteria. The revised service agreement is for an initial fixed term of 12 months and thereafter terminable on not less than 6 months' written notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic annual salary payable to Mark Mills is £120,000 per annum to be reviewed annually (without any obligation to increase the same) together with other benefits including a performance related bonus of up to 100 per cent. of Mark Mills' salary and private health insurance. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.

8.2 On 1 May 2001 Mark Kropacz entered into a service agreement with the Company which has been revised with effect from Admission and the satisfaction of certain other criteria. The revised service agreement is for an initial fixed term of 6 months and thereafter terminable on not less than 6 months' written notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic annual salary payable to Mark Kropacz is £70,000 per annum to be reviewed annually (without any obligation to increase the same) together with other benefits including a performance related bonus of up to 100 per cent. of Mark Kropacz's salary and private health insurance. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.

8.3 On 1 May 2001 Nigel Mills entered into a service agreement with the Company which has been revised with effect from Admission and the satisfaction of certain other criteria. The revised service agreement is for an initial fixed term of 6 months and thereafter terminable on not less than 6 months' written notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia,* in the event of a breach by the Director. The basic annual salary payable to Nigel Mills is £90,000 per annum to be reviewed annually (without any obligation to increase the same) together with other benefits including a performance related bonus of up to 100 per cent. of Nigel Mills's salary and private health insurance. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.

8.4 On 30 May 2002 Peter Smyth entered into a letter of appointment with the Company. The appointment will continue until terminated on not less than 6 months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The fee payable to Peter Smyth is £24,000 per annum to be reviewed annually (without any obligation to increase the same).

8.5 On 30 May 2002 Chris Hanson entered into a consultancy agreement with the Company in respect of his services as Finance Director of the Company. The agreement is for a fixed term of 3 months and thereafter terminable on not less than 3 months written notice given by either party to the other at any time. The basic fees payable under the terms of the agreement are £400 per day for a minimum of, on average, two days per week.

8.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments.

8.7 Save as disclosed in this paragraph 8 there are no existing or proposed service or consultancy agreements between any Director and the Group.

8.8 In the year ended 30 September 2001 the total aggregate remuneration paid and benefits-in-kind granted to the Directors was £183,000. The amounts payable to the Directors by the Group under the arrangements in force at the date of this document in respect of the year ending 30 September 2002 are estimated to be £370,000 (excluding any discretionary payments which may be made under these arrangements).

9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this document and are, or may be, material:

9.1 the Placing Agreement, details of which are set out in paragraph 14 of this Part IV;

9.2 a nominated adviser and broker agreement dated 30 May 2002 made between (1) the Company, (2) the Directors excluding Peter Smyth, (3) Peter Smyth and (4) Beeson Gregory pursuant to which the Company has appointed Beeson Gregory to act as nominated adviser and broker to the Company for the purposes of the AIM rules. The Company has agreed to pay Beeson Gregory an annual fee of £35,000 plus VAT for its services as nominated adviser and broker. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 30 days notice by either party thereafter;

9.3 an agreement dated 22 March 2002 between (1) the Company and (2) the shareholders of Cash Card Holdings Limited (the "Sellers") whereby the Company agreed to acquire 100 per cent. of the issued share capital of Cash Card Holdings Limited in consideration of the allotment to the Sellers of, in aggregate, 10,743,600 Ordinary Shares;

9.4 an agreement dated 11 May 2001 between (1) Cash Card Services Limited and (2) Direct Cash Limited pursuant to which Cash Card Services Limited acquired the business and assets of Direct Cash Limited including 24 ATMs, 5 of which are currently installed. In addition, the Company assumed responsibility for certain customer and supply contracts. The total consideration paid was £60,000 in cash.

9.5 a revolving facility agreement (the "Facility Agreement") dated 9 May 2002 made between (1) the Company, (2) the subsidiaries of the Group and (3) Bank of Scotland whereby Bank of Scotland is to make available to the Company up to £5,000,000 to be repaid no later than 1 August 2005. The amount of the facility which may be utilised is equal to the amount of new equity raised by the Company subsequent to 10 April 2002, subject to a minimum of £2.0 million, plus £500,000. Bank of Scotland can, on review, extend the repayment date or confirm the repayment date. The first review is to take place in 1 August 2003. Interest is paid at the aggregate of LIBOR, the Mandatory Costs Rate and 2.25 per cent. per annum but the interest rate payable may reduce upon the Company reaching certain financial targets set by Bank of Scotland and the Company not being in default of the other provisions of the Facility Agreement. The facility is a revolving credit facility and sums drawn down and repaid may be redrawn provided the Company is not in breach of the other provisions of the Facility Agreement. The Facility Agreement contains financial covenants, general covenants other obligations and undertakings and if the Company fails to comply with these then Bank of Scotland may withdraw its facilities and /or terminate its obligation to fund and require repayment of the sums due to Bank of Scotland. The facilities will only be made available on satisfaction of the conditions precedent to such Facility Agreement. The conditions include, *inter alia*, the Company being in receipt of the monies to be raised under the Placing and the granting of security by way of debentures securing all of the assets of each of the Company and the named Subsidiaries in favour of Bank of Scotland; and

9.6 Grovefield has fixed and floating charges over the property and assets of the subsidiaries of the Group. Grovefield has entered into a conditional deed of release in respect of these charges. The release of the charges is conditional upon, *inter alia,* Admission and the payment of a fee of £5,000.

10. Summary of Principal Features of the Share Option Schemes

10.1 The number of ordinary shares placed under option on any date after Admission under this Scheme or any other employee's Scheme (as defined in section 743 of the Act) adopted by the Company or any agreement pursuant to which an eligible employee is granted an option to subscribe for ordinary shares in the Company (the "Schemes") shall not when added to the aggregate of the number of ordinary shares issued or placed under option under any of the Schemes in the period of 10 years ending immediately prior to the relevant Date of Grant exceed 10 per cent. of the ordinary share capital of the Company in issue immediately prior to that date.

10.2 *The Cardpoint plc EMI Option Scheme*

Options (the "EMI Options") have been granted, subject to Inland Revenue approval where necessary, over Ordinary Shares to certain Directors and employees of the Group under the provisions of the Enterprise Management Incentives ("EMI") legislation contained in Schedule 14 of Finance Act 2000 ("Schedule 14") the details of which are set out at paragraph 5 of this Part IV. The EMI Options take the form of an individual contract (the "EMI Option Agreement") between the Company and each of the Directors or employees. Under the terms of certain existing EMI Option Agreements granted to the Directors any unexercised EMI Options will lapse on Admission. The Company intends to grant further EMI Options to Directors and employees of the Group in the future.

10.2.1 *Tax Treatment*

The EMI Options are to be granted over the ordinary shares (the "Option Shares") of the Company. Provided the EMI Option is not capable of being exercised more than 10 years after the date of grant there will be no income tax or NIC liability on the occasion of the grant of the option.

If the option exercise price is set at below the market value of the Option Shares as at the date of grant the employees will be liable to income tax at the date of exercise on the discount, i.e. the difference between the option exercise price and the market value of the Option Shares as at the date of the option grant or, if lower, the market value of the Option Shares as at the date of exercise. In addition as the Option Shares will be readily convertible assets as a result of having a ready market, NIC will be due on this amount and both the income tax and any employee NIC due will have to be accounted for under the PAYE system.

Under the terms of the EMI Option Agreement the Company is entitled to be indemnified by the employees for all employer's NIC liability arising on exercise. The employees would be entitled to a tax deduction on the amount so indemnified.

On the sale of the Option Shares the employee will be liable to capital gains tax on chargeable gains after any taper relief on the difference between the market value of the Option Shares at the date of disposal and the price paid for the acquisition of those shares subject to a credit for any income tax liability which may have already arisen on the exercise of the option. For taper relief purposes the period of ownership of the Option Shares starts from the date of grant of the EMI Option.

10.2.2 *Employee Eligibility*

Any employee of the Company or the Group who works either at least 25 hours per week or commits 75 per cent. of his working time to the business of the Company or the business of the Group and who does not already beneficially own either directly or indirectly through his associates more than 30 per cent. of the Ordinary Share capital of the Company may be granted an EMI Option.

10.2.3 *Individual Limit on Participation*

An individual employee's participation under the EMI Scheme is limited so that the aggregate market value of the shares placed under the EMI Option, and of shares granted under any share option scheme approved by the Inland Revenue under Schedule 9 of the Income and Corporation Taxes Act 1988 (except those granted under a savings-related share option scheme) valued at the date of the grant of the EMI Option which is held by that employee, cannot exceed £100,000.

10.2.4 *Company Limit*

The maximum value of unexercised qualifying options (valued as at the date of grant) that may exist under an EMI scheme is restricted to £3 million.

10.2.5 *Performance Targets*

Performance targets will be incorporated into EMI Option Agreements granted to Directors following Admission.

10.2.6 *Exercise*

The EMI Options to be granted will become exercisable on or after the third anniversary of the date of grant provided the director or employee holding the EMI Option is still in continuous employment with the Company or the Group at that date. Any unexercised EMI Options will lapse on the cessation of employment except in the circumstances specifically prescribed under the Option Agreement. Early exercise may also be permitted in a Company takeover. In the event of a Company reorganisation the employees may be offered replacement options in the appropriate company involved in the reorganisation provided the relevant conditions set out in Schedule 14 are met.

10.2.7 *Non transferability of options*

The EMI Options are non-transferable, except on death to the personal representatives of the employee. An EMI Option shall lapse immediately if it is purportedly transferred mortgaged, charged or assigned.

10.2.8 *Variation of share capital*

For these purposes "variation" of share capital includes any capitalisation, rights issue, sub-division, consolidation or reduction or any other variation in the Ordinary Share Capital of the Company occurring after the date of grant. Upon a Variation of the Ordinary Share Capital of the Company, the Directors may adjust either the number of Ordinary Shares an employee is entitled to acquire under the EMI Option Agreement or adjust the exercise price in a manner they consider fair and reasonable, provided this is confirmed in writing from the Company's auditors and provided any such Variation is approved in advance by the Inland Revenue.

10.2.9 *Alterations*

Subject to procuring advance approval from the Inland Revenue the Directors may alter the provisions of the EMI Option Agreement provided any such variation is in writing and is signed by or on behalf of each party and it does not breach the provisions of Schedule 14.

10.2.10 *Disqualifying Events*

Schedule 14 sets out specific events which are to be treated as disqualifying events. The consequence of a disqualifying event occurring prior to the exercise of the EMI Options will be the loss of the qualifying status and the tax benefits under the EMI legislation unless the options are exercised within 40 days of the date of the occurrence of the disqualifying event. Under the terms of the proposed EMI Option Agreements where certain disqualifying events occur the Board may permit exercise within the 40 day timescale or such longer period as they shall determine. Failure to exercise the option within the stipulated period would cause the option to lapse on the expiry of such period.

10.3 *Unapproved Share Options*

Options have been granted over Ordinary Shares to certain directors of the Company. The details of these options (the "Unapproved Options") are set out in paragraph 5 of this Part IV. The Unapproved Options have not been granted pursuant to any statutory provisions and therefore do not enjoy the tax reliefs available under certain statutory schemes. These options are embodied in individual contracts between the Company and the Director in question. The Unapproved Options were granted for nil consideration and with no performance targets attached to them.

10.3.1 *Tax Treatment*

Income tax will be due on exercise on the difference between the market value of the option shares and the price paid for them. As the option shares will be readily convertible assets, NIC will also be due and both the income tax and any employee NIC will have to be accounted for under the PAYE system. Under the terms of the Unapproved Options agreement the option grantee agrees to indemnify the Company for all employer's NIC liability on the exercise of the Unapproved Option.

Capital gains tax subject to taper relief will be due on disposal of the option shares on the growth in value between the date of exercise and the date of disposal. For taper relief purposes the period of ownership of the option shares starts from the date of exercise of the Unapproved Options.

10.3.2 *Exercise and Lapse*

The Unapproved Options may be exercised at any time on or after the third anniversary of the date of grant in tranches of not less than such number of ordinary shares as is equal to 25 per cent. of the Unapproved Option shares.

The Unapproved Options will lapse on the expiry of the tenth anniversary of the date of grant or on the cessation of full time employment. Early exercise is permitted in special circumstances such as a Company takeover.

10.3.3 *Non transferability of options*

The Unapproved Options are non-transferable and are personal to the option holder. The Unapproved Options shall lapse immediately if they are purportedly transferred, assigned or disposed of except on death. The Unapproved Options may only be transferred on death to the option holder's personal representatives who are entitled to exercise the Unapproved Options during the period of six months from the date of death.

10.3.4 *Variations of share capital*

For these purposes "Variation" means any alteration of the share capital of the Company which consists of or includes the creation or removal of a right or the imposition, variation or removal of a restriction attaching to any shares in the Company; any conversion of shares in the share capital of the Company and any other alteration to the share capital of the Company including a capitalisation issue or rights issue or a sub-division, consolidation or reduction in the capital of the Company.

Upon a Variation, the board of directors may vary either the number of shares the option holder is entitled to acquire on exercise of the Unapproved Options or adjust the exercise price provided written confirmation is received from the Company's auditors that the course of action be in their opinion fair and reasonable.

10.3.5 *Alterations*

Any alteration to the terms of the individual option agreement will only be effective if agreed by both parties in writing.

10.3.6 It is not intended that any further Unapproved Options will be granted to Directors or employees of the Company.

10.4 *The Cardpoint plc Unapproved Share Option Scheme 2002*

The Company has adopted an unapproved share option scheme – The Cardpoint plc Unapproved Share Option Scheme 2002. Options have been granted to certain Directors. The details of these options (the "Unapproved Share Options") are set out in paragraph 5 of this Part IV. The Unapproved Share Options have not been granted pursuant to any statutory provisions and therefore do not enjoy the tax reliefs available under certain statutory schemes. The Unapproved Share Options were granted for nil consideration and, save for a limited number, with no performance targets attached to them. Unapproved Share Options granted to Directors following Admission will be subject to performance criteria set by the remuneration committee.

10.4.1 *Tax Treatment*

Income tax will be due on exercise on the difference between the market value of the option shares and the price paid for them. As the option shares will be readily convertible assets, NIC will also be due and both the income tax and any employee NIC will have to be accounted for under the PAYE system. Under the terms of the Unapproved Share Options agreement the option grantee agrees to indemnify the Company for all employer's NIC liability on the exercise of the Unapproved Share Option.

Capital gains tax subject to taper relief will be due on disposal of the option shares on the growth in value between the date of exercise and the date of disposal. For taper relief purposes the period of ownership of the option shares starts from the date of exercise of the Unapproved Share Options.

10.4.2 *Exercise and Lapse*

Subject to the satisfaction of any applicable condition of exercise, the Unapproved Options may be exercised at any time on or after the third anniversary of the date of grant in tranches of not less than such number of ordinary shares as is equal to 25 per cent. of the Unapproved Option shares. Unapproved Share Options may be excercised before the third anniversary of the date of grant if the remuneration committee considers it appropriate, acting in the best interests of the Company and the option holder, that the option should be so exercisable.

The Unapproved Share Options will lapse on the expiry of the tenth anniversary of the date of grant or on the cessation of full time employment. Early exercise is permitted in special circumstances such as a Company takeover.

10.4.3 *Non transferability of options*

The Unapproved Options are non-transferable and are personal to the option holder. The Unapproved Options shall lapse immediately if they are purportedly transferred, assigned or disposed of except on death. The Unapproved Options may only be transferred on death to the option holder's personal representatives who are entitled to exercise the Unapproved Options during the period of six months from the date of death.

10.4.4 *Variations of share capital*

For these purposes "Variation" means any alteration of the share capital of the Company which consists of or includes the creation or removal of a right or the imposition, variation or removal of a restriction attaching to any shares in the Company; any conversion of shares in the share capital of the Company and any other alteration to the share capital of the Company including a capitalisation issue or rights issue or a sub-division, consolidation or reduction in the capital of the Company.

Upon a Variation, the board of directors may vary either the number of shares the option holder is entitled to acquire on exercise of the Unapproved Options or adjust the exercise price provided written confirmation is received from the Company's auditors that the course of action be in their opinion fair and reasonable.

10.4.5 *Alterations*

Any alteration to the terms of the individual option agreement will only be effective if agreed by both parties in writing.

11. Taxation

The following is a summary of certain UK tax consequences of the ownership of the Ordinary Shares for Shareholders who are resident in the UK, as well as Shareholders who are not resident in the UK, and may not apply to certain classes of persons (including, in particular, dealers in securities and financial institutions). This summary is based on current UK tax law and Inland Revenue practice and is for general information only and does not discuss any tax legislation which may be pending, unless explicitly mentioned. It assumes that the persons referred to in this section are beneficially entitled to the Ordinary Shares as an investment. **It does not purport to be a complete analysis of all the potential tax effects relevant to a decision to invest in the Ordinary Shares and prospective investors are urged to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Ordinary Shares based upon their particular circumstances.**

11.1 *Taxation of dividends for UK resident Shareholders*

Under current UK tax legislation no UK tax will be withheld from any dividend paid by the Company.

An individual shareholder who is resident in the UK (for the purposes of UK tax law) is currently generally entitled to a tax credit in respect of a dividend received. Since April 1999 the tax credit for an individual Shareholder has been 10 per cent. of the aggregate of the dividend plus the related tax credit. Tax credits are no longer repayable by the Inland Revenue to individual Shareholders who are not liable to income tax in respect of their dividend income. Individual Shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their dividend income. That means that the tax credit continues to satisfy their income tax liability in respect of dividends. Individuals who pay tax at the higher rate should pay income tax on the dividend plus the tax credit at a rate equal to what is to be known as the Schedule F upper rate (currently 32.5 per cent.). Individuals who pay income tax at the Schedule F upper rate will be able to set off the tax credit against the liability to income tax.

The trustees of certain trusts may also have further tax to pay on dividends.

UK resident corporate Shareholders, subject to certain very limited exceptions, are not liable to UK corporation tax in respect of dividends received from the Company.

Pension funds and most UK corporate Shareholders are not, however, entitled to claim a refund of tax credits from the Inland Revenue.

11.2 *Taxation of dividends for non-UK resident Shareholders*

Subject to special provisions which apply to Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands, nationals of a State of the European Economic Area and certain others, the right of a Shareholder not resident in the UK for tax purposes to the benefit of a tax credit in respect of a dividend received and to claim payment of any part of the tax credit in respect of a dividend received will depend, in general, on the existence and terms of any double tax convention or agreement between the UK and the country in which the Shareholder is resident. Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if they are so entitled, the procedure for doing so.

11.3 *Taxation of capital gains for UK resident Shareholders*

A disposal of all or part of the Ordinary Shares by a person who is resident or ordinarily resident in the UK for tax purposes may give rise to a liability to taxation on chargeable gains ("CGT") depending on individual circumstances. Individuals, personal representatives and trustees may be entitled to taper relief which may operate to reduce the chargeable gains subject to CGT. Companies are not entitled to taper relief, but are entitled to indexation relief which may reduce the taxable chargeable gains. Taper relief cannot be used to create or increase a loss. There are provisions contained in the Finance Bill 2002 which operate to remove from the scope of taxation on chargeable gains for UK companies certain gains (or losses) arising on disposals of shares where such shares constitute part of a substantial holding (defined as at least 10 per cent. of the ordinary share capital) in a company subject to a number of conditions.

11.4 *UK stamp duty and stamp duty reserve tax*

Except in relation to depository receipt arrangements and clearance systems, where special rules apply:

(i) no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue and allotment of Ordinary Shares by the Company;

(ii) the conveyance or transfer on sale of Ordinary Shares following the allotment of shares and issue of the definitive share certificate will normally be subject to stamp duty at a rate of 0.5 per cent. of the amount of value of the consideration paid for the conveyance or transfer rounded up to the nearest £5. Where an agreement to purchase Ordinary Shares is not, before the seventh day of the month following the month in which the agreement was entered into (extended to 60 days from the date of agreement by a concession from the Inland Revenue), completed by a duly stamped transfer in favour of the purchaser, a charge to SDRT will arise at a rate of 0.5 per cent. of the amount of value of the consideration. The system of rounding up to the nearest £5 does not apply to SDRT. Any SDRT paid can be reclaimed if a duly stamped instrument is entered into within six years of the agreement and the appropriate stamp duty paid (although if this does not take place within the 60 day period referred to above, a liability to interest and penalties may arise);

(iii) where the sale transaction takes place in CREST, generally SDRT will be automatically deducted and no stamp duty will arise;

(iv) UK stamp duty and stamp duty reserve tax apply to UK resident and to non-UK resident Shareholders in the manner set out above.

12. Working Capital

The Directors are of the opinion having made due and careful enquiry that, taking into account the net proceeds of the Placing and the existing facilities available to the Group, the Group has sufficient working capital for its present requirements, that is at least 12 months from the date of Admission.

13. Litigation

There are no legal or arbitration proceedings in which any Group company is involved or of which any Group company is aware are pending or threatened by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position.

14. Arrangements relating to the Placing

14.1 Pursuant to the Placing Agreement, Beeson Gregory has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price and to the extent that such subscribers are not obtained for any of the Placing Shares, Beeson Gregory shall subscribe for such Placing Shares at the Placing Price. Under the Placing Agreement:

14.1.1 the Company has agreed to pay Beeson Gregory a corporate advisory fee of £75,000 plus an amount equal to 5 per cent. of the proceeds of the Placing (plus any applicable VAT);

14.1.2 the Company has agreed to issue a warrant to Beeson Gregory to subscribe at the Placing Price, at any time during the period of three years immediately following Admission, for such number of Ordinary Shares as shall have an aggregate subscription price of £50,000 at the Placing Price;

14.1.3 the Company has agreed to pay all other costs and expenses of the Placing and related arrangements together with Value Added Tax on all such costs and expenses;

14.1.4 the Company and the Directors have given certain warranties and indemnities to Beeson Gregory as to the accuracy of information in this document and as to other matters in relation to the Company and its business;

14.1.5 the Directors have undertaken, subject to certain limited exceptions, that, save with the consent of Beeson Gregory, they will not transfer, sell or otherwise dispose of any of their respective interests in the Ordinary Shares held immediately following completion of the Placing until the period ending one year following Admission and for the period of one year thereafter that they will not dispose of any Ordinary Shares otherwise than through Beeson Gregory and after consultation with Beeson Gregory.

14.2 The Placing Agreement may be terminated by Beeson Gregory before completion of the Placing in certain circumstances, including for material breach of the warranties referred to above.

15. **General**

15.1 Other than as described in this document, there has been no significant change in the trading or financial position of the Company since 31 March 2002.

15.2 It is estimated that the total expenses payable by the Company in connection with the Placing will amount to approximately £400,000 (excluding VAT and disbursements).

15.3 Statutory accounts for the period ended 30 September 2001 in respect of the Company have been delivered to the Registrar of Companies. These accounts have been prepared in accordance with the law and the Directors accept responsibility for them.

15.4 Grant Thornton have given and not withdrawn their written consent to the inclusion in this document of their letter and report set out in Part III and the references thereto and to their name in the form and context in which they appear.

15.5 With reference to and for the purposes of paragraph 45 (1) (b) (iii) of Part VII of Schedule 1 to the POS Regulations, Grant Thornton accept responsibility in relation to this document for the report set out in Part III of this document.

15.6 Beeson Gregory has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

15.7 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.

15.8 There have been no interruptions in the business of the Group which may have or have had in the 12 months preceding publication of this document a significant effect on the financial position of the Group.

15.9 The Placing Price represents a premium of 38p over the nominal value of 5p per Ordinary Share. The premium arising on the Placing amounts to £2,209,302 in aggregate.

15.10 The Ordinary Shares are in registered form. No temporary documents of title will be issued.

15.11 It is the Directors' opinion that there is not a minimum amount to be raised for the purposes set out in paragraph 21(a) of Schedule 1 to the POS Regulations.

15.12 Save as disclosed in this document there have been no payments by the Group to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

15.13 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

15.14.1 received, directly or indirectly from the Group within the 12 months preceding the date of this document; or

15.13.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group on or after Admission any of the following:

- fees totalling £10,000 or more;
- securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- any other benefit with the value of £10,000 or more at the date of Admission.

16. Availability of Prospectus

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Beeson Gregory, The Registry, Royal Mint Court, London EC3N 4LB.

Dated 31 May 2002