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Cardpoint plc
Annual report and accounts 2005

Cardpoint's cash machines are located across the UK, Germany and the Netherlands and are used over 200,000 times each day.

Cardpoint has a partnership in Germany with GE Money Bank and in the Netherlands with SNS Bank.

In the UK we operate cash machines for the Bradford and Bingley and Norwich and Peterborough Building Societies.

Cash machines

5,585

We have 4,785 cash machines installed across the UK, 608 in Germany and 192 in the Netherlands.

£3bn

Our cash machines dispense over £3 billion per year.

7m

Our cash machines handle in excess of 7 million transactions per month offering cash withdrawals, balance enquiries, mobile telephone pre-payment and PIN changes (to certain cardholders)

Highlights

- turnover up 66% to £61.1m (2004: £36.8m);
- profit before tax, goodwill amortisation and charges for share based payments, excluding Moneybox, up 93% to £3.6m (2004: £1.9m);
- EBITDA up 98% to £8.9m (2004: £4.5m);
- completion of the integration and conversion to the Cardpoint charging model of 288 charging Cash Machines from the HBOS estate, exceeding our target of 275 with the purchase price of the estate significantly below the price anticipated at the time of acquisition and now envisaged to be £52m;
- strategically important acquisition of Moneybox completed which will bring benefits of significant increase in scale and significant expansion in exciting growth markets of Germany and the Netherlands; and
- strengthening of the board of directors with the appointment of Michael Hepher as Non-executive Chairman

Three year review

Three year summary profit and loss account

	2005 £000	2004 £000	2003 £000
Turnover	**61,052**	36,812	12,166
EBITDA	**8,946**	4,523	1,296
Depreciation	**(4,052)**	(2,331)	(1,126)
Goodwill amortisation	**(14,578)**	(4,834)	(658)
Charge for share based payments	**(405)**	(99)	–
Net interest	**(1,370)**	(315)	(120)
Loss on ordinary activities before taxation	**(11,459)**	(3,056)	(608)
Profit before tax, goodwill and share based payments	**3,524**	1,877	50
Three year summary balance sheet			
Intangible fixed assets	**124,411**	49,881	10,688
Tangible fixed assets	**32,011**	16,817	5,035
Current assets	**24,150**	6,720	9,114
Current liabilities	**(41,516)**	(26,026)	(16,834)
Long term liabilities	**(61,563)**	(11,000)	(1,061)
Net assets	**77,493**	36,392	6,942

Financial calendar

Annual General Meeting	28 February 2006
Interim announcement	May 2006
Preliminary announcement	November 2006

Chief Executive Officer's report

"The acquisition of Moneybox was challenging, strategically important and we expect to be satisfied with its earnings once it has been fully integrated when it will deliver shareholder value"

Mark Mills
Chief Executive Officer

I am delighted to announce the significant progress your company has made in the year ended 30 September 2005 following the strategically important acquisition of our closest competitor, Moneybox plc. The integration and migration of the HBOS cash machines has been substantially completed with almost 290 converted to the Cardpoint charging business model.

Highlights for the year include:

- Profit before tax, goodwill amortisation and charges for share based payments (excluding Moneybox) increased by 93% to £3.6 million;
- EBITDA increased by 98% to £8.9 million representing strong cash flow;
- Acquisition of Moneybox plc for £90.5 million after agreeing new bank facilities of £80 million;
- Integration and migration of HBOS estate substantially completed;
- Strengthening of the board of directors with the appointment of Michael Hepher as non-executive Chairman;
- Significant expansion in Germany and the Netherlands with over 570 and 170 machines operational respectively; and
- Operation of cash machines for Bradford and Bingley Building Society and Norwich and Peterborough Building Society.

Turnover for the year ended 30 September 2005 was £61.1 million (2004: £36.8 million), representing a 66% increase over 2004. EBITDA increased by 98% to £8.9 million (2004: £4.5 million) and profit before tax, goodwill amortisation and charges for share based payments, excluding Moneybox, increased by 93% to £3.6 million (2004: £1.9 million).

The acquisition of the remote cash machine estate from HBOS plc, comprising 816 high transacting machines, was completed in June 2004. This complex acquisition represented a step change for your company, making it the market leader of the UK Independent ATM Deployer ("IAD") sector. We have now migrated almost 290 of the cash machines to the charging model, having exceeded our target of 275 machines. Once the non-charging machines are operating profitably, there is a further opportunity to convert a small number of these machines to the charging model with the benefit of further improved profitability.

The purchase price for the HBOS estate will now be significantly below the price anticipated at the time of the acquisition and we now envisage a total cost of £52 million and in turn, this will generate savings in future interest costs against the forecasts at the time.

Cardpoint has continued to follow its stated medium term strategy of supplementing organic growth by value enhancing acquisitions. On 8 August 2005 we completed the acquisition of our closest competitor, Moneybox plc. This was a strategically important acquisition as it allowed us to increase our scale and reduce costs within the maturing UK market providing improved prospects for the enlarged group. In the process of our integration of Moneybox and having applied our conservative accounting and budgeting assumptions, we have had to process a significant level of accounting and fair value adjustments which have reduced the net assets of Moneybox by £5.9 million. Furthermore, having applied our prudent forecasting and budgeting assumptions, it is now evident that the budgets prepared by the previous management were optimistic and there are some poor performing sites which will need to be removed and redeployed. We therefore expect to reduce the total number of Moneybox cash machines by approximately 1,000 in the short term, some of which will be redeployed to more profitable sites.

Although these matters are disappointing they are of a short term nature and the strategic rationale for acquiring Moneybox remains compelling. The major issues which affect profitability relate to delays in the implementation of new sites, notably at BT kiosks and delays in initiatives which had already started to realise significant cost savings. Whist these initiatives are significantly advanced, the delay will have a detrimental effect on profitability in the short term. However, these actions will contribute to increased profits in the future.

At the time of the Moneybox acquisition, we anticipated that we could reduce the headcount owing to duplication of roles, by approximately 50 people. This was necessary to achieve a proportion of the cost savings required from the acquisition. We have however reduced the workforce, including Moneybox's board of directors, by about 70 to approximately 230 within the enlarged group with an annualised saving in the region of £2.4 million.

The HBOS and Moneybox acquisitions of the last two years have significantly increased the size of the company and we have therefore been looking to strengthen the board of directors. I am particularly pleased to welcome Michael Hepher who joined our board as non-executive Chairman on 28 September 2005. I would like to express my thanks to Peter Smyth who has been Chairman for almost 5 years and I am pleased to report that he will remain on the board as senior non-executive director.

Your company's long term strategy is to generate transactions from a range of devices, processing them through one fixed cost overhead, generating positive cash flow. The Moneybox acquisition has been positive as it increases our scale in the UK and also enhances our future prospects, specifically in Germany and the Netherlands. Both these markets present exciting growth areas with diverse retailer offerings.

Across these three countries, Cardpoint's cash machines are situated in convenient locations such as petrol stations, convenience stores, railway stations and leisure outlets and dispense more than £300 million each month. Your board of directors believes this fact supports the view that our customers are happy to pay a modest charge to enable them to withdraw cash from convenient locations. The amount of signage required to forewarn our customers of the charge that will be applied has been further increased during the year. This was the key requirement of the Treasury Select Committee which sat to discuss charging at cash machines in the broadest sense, and is totally consistent with our customer service philosophy.

Cardpoint's organic business has again performed satisfactorily and in line with expectations and continues to be underpinned by strong, long-term contracts. Through Moneybox, we have acquired new retailers and increased the services we provide to some existing retailers. We now operate cash machines for most of the UK's petrol station operators, large convenience retailers and leisure industry operators.

During the year, we intend to refresh our branding across the estate to drive transactions per cash machine higher and to strongly publicise various service enhancements.

Your company now operates cash machines on behalf of the Bradford and Bingley Building Society and Norwich and Peterborough Building Society. The arrangements are long term and profitable to all concerned and Cardpoint is offering these models to further institutions which may be able to benefit from our scale and low cost platform.

Cardpoint GmbH, our German business unit, has also made encouraging progress with 100 cash machines now live through our arrangement with Hanseatic Bank. Germany is an immature cash machine market and subject to an appropriate level of withdrawals, once the machines mature, presents your company with the opportunity to develop a successful and profitable business to complement our operations in the UK. In addition to the organically grown Cardpoint estate, Moneybox operates circa. 470 cash machines in collaboration with GE Money Bank GmbH.

Chief Executive Officer's report continued

Our 4,785 cash machines throughout the UK are in convenient locations, including petrol stations, convenience stores, railway stations and leisure outlets. They dispense more than £3 billion per annum.

Our cash machines handle more than 7 million transactions each month.

We offer a range of services from our cash machines, including cash withdrawals, balance enquiries, mobile telephone pre-payment and PIN changes.

Chief Executive officer's report continued

The UK electronic mobile telephone pre-pay airtime business has performed steadily and whilst your company still sells circa. £7 million of airtime per month on average from electronic terminals located in convenience stores and off licences, we have not yet been able to scale this business satisfactorily. G2iS is progressing satisfactorily and to allow it to operate efficiently, your board has separated it from the cash machine business. G2iS provides cashless and access control systems to large companies and local education authorities.

Your company is generating quality earnings and whilst the Moneybox contribution will be somewhat delayed, the combined group is stronger and better placed than ever to take advantage of new and emerging markets and consolidation in the industry whilst operating from a low cost base. Cardpoint's board is determined to build a strong and enduring business with above average shareholder returns and the entire management team is committed to increasing value through long term implementation of a challenging business plan.

Our thanks as always go to our dedicated staff, customers, suppliers, advisors, shareholders and our bankers, Bank of Scotland, for their continuing enthusiastic support.

Mark Mills
Chief Executive Officer
29 November 2005

We have 608 cash machines in Germany and 192 in the Netherlands and the acquisition of Moneybox will bring benefits of a significant increase in scale in these exciting growth markets.

Finance Director's review

"The company has grown significantly during the year with a 66% increase in turnover and EBITDA increased by 98% to £8.9 million. The balance sheet was strengthened by the £52.6 million share issue and the acquisition of Moneybox strengthens the company's strategic position for future growth"

Robin Gregson
Finance Director

Group results
Turnover for the year of £61.1 million represents a 66% increase compared to the 2004 figure of £36.8 million and demonstrates the continuing growth of the group. The acquisition of Moneybox plc was completed towards the end of the financial year on 8 August 2005 and Moneybox contributed £7.8 million towards group turnover. The balance of the increase in turnover of £16.5 million relates mainly to incremental turnover from the HBOS acquisition made during 2004.

Operating profit before depreciation, goodwill amortisation and adjustments for share based payments (EBITDA) was £8.9 million compared to £4.5 million in 2004, of which Moneybox contributed £1.1 million. Profit before tax, goodwill amortisation and the adjustment for share based payments and excluding Moneybox was £3.6 million compared to £1.9 million in 2004 and this demonstrates the significant progress made by the group during the year. These measures of performance are considered before goodwill amortisation, which is written off over only five years. Whilst this policy is prudent, the varying amounts of amortisation have the effect of distorting a comparison of pre-tax profit in assessing the financial performance of the company. From the date of acquisition, Moneybox contributed an operating profit of £0.2 million which reduced to a loss of £0.1 million after interest.

After goodwill amortisation of £14.6 million (2004 : £4.8 million) the result for the year was a loss before tax of £11.5 million compared to a loss of £3.1 million in 2004, the increase being a result of the higher goodwill charge. £9.3 million of the goodwill charge relates to HBOS and £2.9 million relates to Moneybox for the period following the acquisition.

Interest charges and taxation
Interest charges increased from £0.3 million to £1.4 million with the majority of the increase being due to interest on the additional borrowings which financed an element of the acquisition of the HBOS estate. The Moneybox acquisition was also partially funded by additional borrowings and £0.3 million of additional interest relates to this as well as interest on the existing borrowings of Moneybox. Interest cover, at the EBITDA level excluding goodwill amortisation, continues to be at a satisfactory level at 6.5.

Group borrowings are at variable interest rates and there are currently no interest rate hedging arrangements in place. No tax charge arises for the year and there are in excess of £30 million of tax losses carried forward which has the benefit that no significant amounts of UK corporation tax are likely to be paid in the foreseeable future.

Earnings per share and dividends
Underlying earnings per share before goodwill amortisation have increased from 4.4p last year to 4.74p, an increase of 8%. We believe this measure of earnings per share is a fairer reflection of the group's performance compared to a consideration of basic earnings per share, which is affected by goodwill amortisation and shows a loss per share of 17.18p compared to a loss of 7.56p last year. This increase in the loss per share is entirely due to higher levels of goodwill amortisation this year. As in previous years the company does not propose to pay a dividend although the directors will keep this situation under review as the underlying profitability of the group continues to improve.

Cash flow and capital expenditure

The group's cash flow continued to be positive with net operating cash flow of £6.1 million, a significant increase compared to £3.0 million the previous year. Capital expenditure was £4.5 million compared to £3.3 million the previous year. The majority of capital expenditure was on ATM installations in the UK and this includes equipment upgrades required for 'chip and PIN' and improved security requirements required by the LINK network. Further investment in our network of ATM installations in Cardpoint Germany absorbed £0.3 million of capital expenditure.

Cash outflow in respect of acquisitions during the year of £86 million relates to the acquisition of Moneybox. The total cost of the acquisition was £90.5 million of which £4.5 million was accrued at the year end for payment during the early part of the next financial year. The acquisition was financed by the issue of £52.6 million of new share capital, net of expenses and by a medium term loan and new bank facilities from Bank of Scotland, of which £66 million had been drawn down by the end of the year. The accounts include £7.1 million of additional payments in relation to the 2004 acquisition of the HBOS estate and a final payment of £0.5 million in relation to earlier acquisitions. Whilst no payment of contingent consideration was payable to HBOS under the terms of the purchase agreement, additional payments which had been accrued at the time of the acquisition were required to migrate the machines to the Cardpoint operating platform. The HBOS acquisition has now cost £46.5 million with additional payments of £5.5 million to give a total cost of £52 million. This is a significant reduction compared to the maximum consideration of over £75 million envisaged at the time of the acquisition.

Net cash inflow was £5.9 million compared to an outflow of £1.3 million in 2004 and excluding acquisitions there was an increase in cash for the year of £0.8 million.

Shareholders' funds and financing

Shareholders' funds have increased by £40.7 million to £77.1 million which reflects the strengthening of the balance sheet following the share issue in August 2005. Group bank borrowings have increased by £53.2 million to £66.7 million which is due to the new bank facilities arranged to finance the Moneybox acquisition. The acquisition of Moneybox has increased the values of all balance sheet categories and details are shown in the notes to the accounts.

Net debt is £58 million after including cash of £8.7 million of which £1.2 million, whilst being generated by the group, is held in a trust account pending payment to the mobile phone networks.

The group's banking facilities with Bank of Scotland were finalised in July 2005 to finance the Moneybox acquisition and provide working capital facilities to the enlarged group. The facilities consist of a medium term loan of up to £75 million which is repayable over six years, a £4 million revolving credit facility and an overdraft facility of £1 million. At 30 September 2005 total facilities were £80 million of which £66.1 million was being utilised. These facilities together with the group's strong operational cash flow indicate that the group has sufficient facilities available to fund its operations and allow for future expansion.

At 30 September 2005 gearing was 75% compared to 28% at the end of the previous year, the increase being due to the additional borrowings which financed the Moneybox acquisition. However even after financing a major acquisition, the group's underlying profitability and strong cash flow should reduce the level of borrowing in the future and help ensure that the level of borrowing remains under control and is at a reasonable level in relation to net assets.

International Financial Reporting Standards

International Financial Reporting Standards ('IFRS') are now mandatory for UK listed companies and the London Stock Exchange intends to mandate IFRS for AIM companies for periods beginning on or after 1 January 2007. The first accounting period where IFRS would apply to Cardpoint would therefore be the year ending 30 September 2008 and the directors are considering whether IFRS should be adopted at this time or for an earlier accounting period.

The group is currently assessing the changes that will be required under IFRS in order to plan the transition from UK Accounting Standards. This includes a detailed comparison of the group's existing accounting policies with IFRS and an evaluation of the impact on the financial statements in terms of presentation and reported performance.

Robin Gregson
Finance Director
29 November 2005

Board of directors

Michael Hepher

Mark Mills

Robin Gregson

Chris Hanson

Peter Smyth

John Westwood

Michael Leslie Hepher, age 61
Non-executive Chairman
Michael joined Cardpoint as non-executive Chairman in September 2005. He has considerable quoted company board experience and is a non-executive director of Kingfisher plc and Catlin Group Limited. He was previously Chairman and Chief Executive of Charterhouse, the investment bank, prior to which he was Group Managing Director of BT plc.

Mark Richard Mills, age 35
Chief Executive Officer
Prior to founding Cardpoint in October 1999, Mark had 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 1,200 independent post boxes, situated in petrol stations nationwide. Mark is responsible for the strategic development of the group and continues to manage potential and existing hosts.

Robin Anthony Gregson, age 45
Finance Director
Robin qualified as a chartered accountant in 1984 and spent 14 years with Deloitte & Touche where he was responsible for major corporate clients. In 1996 he joined CD Bramall Plc, the motor retail group where he became Group Finance Director. During his eight years with the group it experienced significant growth to become the UK's second largest motor retail group prior to being sold to Pendragon Plc in February 2004. Robin joined Cardpoint in September 2004 and is responsible for the group's financial management, controls and reporting systems.

David Christopher Hanson, age 47
Chief Operating Officer
Chris qualified as a Chartered Accountant in 1982 and spent 13 years with KPMG. He joined as full time Finance Director in January 2003 and became Chief Operating Officer in September 2004. He is responsible for overseeing the group's operations.

Peter Francis Smyth, age 53
Senior Non-executive Director
Peter joined Cardpoint as a non-executive director in January 2001 and was Chairman from later in 2001 until September 2005. He is currently part time executive chairman of Roundstone TV Limited, non-executive Chairman of Screen Technology Group plc and non-executive Chairman of Cityspace Limited. 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. He is also Chairman of the audit, remuneration and nominations committees.

John Westwood, age 57
Non-executive Director
John joined Cardpoint in August 2002 and is a member of the audit committee, the remuneration committee and the nominations committee. As a senior faculty member of the Manchester Business School, John lectures internationally and acts as a consultant and adviser to a wide range of companies. He is also non-executive Chairman of The Big Word, an international language management company.

Directors' report

The directors present their annual report on the affairs of the group and the company, together with the audited financial statements, for the year ended 30 September 2005.

Principal activities

The group owns and operates an estate of independent automated teller machines ("ATMs") and prepaid mobile telephone airtime electronic top-up terminals in the UK and Europe. It also develops, sells, distributes and supports computer controlled electronic purse payment and permissioning systems.

Results and dividend

The results for the year are set out in the profit and loss account on page 20.

The directors do not recommend the payment of a dividend and the loss after tax of £11,426,000 (2004: £3,056,000) has been transferred to reserves.

Directors and their interests

The directors at the year-end, together with their beneficial and family interests in the shares of the company, are set out below. All directors served throughout the year unless otherwise indicated.

	As at 30 September 2005 Number of ordinary shares	As at 30 September 2004 or date of appointment Number of ordinary shares
Michael Hepher (appointed 28 September 2005)	**30,000**	10,000
Mark Mills	**[2]1,811,170**	[2]2,851,530
Robin Gregson	**–**	–
Chris Hanson	**[3]42,000**	[3]292,000
Peter Smyth	**[1]56,666**	[1]56,666
John Westwood	**–**	–

[1] includes 56,666 (2004: 56,666) ordinary shares held by the Stamford Trust, of which Peter Smyth is the sole beneficiary.

[2] includes nil (2004: 315,360) ordinary shares held by Contract Accounting Limited of which Mark Mills was previously the majority shareholder and in which he no longer has an interest.

[3] includes 20,000 (2004: 78,000) ordinary shares held on trust for Chris Hanson's children.

There have been no changes to the directors' shareholdings since 30 September 2005.

At the forthcoming Annual General Meeting, in accordance with the company's articles of association, Chris Hanson will retire by rotation and then seek re-election. Michael Hepher, having been appointed since the previous Annual General Meeting, will also retire and will seek election as a director.

The company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Substantial shareholders

In addition to some of those directors listed above, as at 22 November 2005 the company had been notified of the following interests in 3%, or more, of the company's issued share capital, pursuant to section 211 of the Companies Act 1985:

	Number of ordinary shares	% of issued ordinary share capital
Gartmore Investment Management plc	**11,636,574**	11.07%
Artemis Investment Management Limited	**5,599,813**	5.33%
Lloyds TSB Group Plc	**5,340,401**	5.08%
Goldman Sachs Group Inc	**5,216,448**	4.96%

Share options and employee share ownership
Employee involvement in the overall performance of the group has been encouraged by employee share option schemes.

EMI options have been granted 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 the Finance Act 2000. The EMI options take the form of a contract between the company and the individual.

Unapproved share options have been granted over ordinary shares to certain directors and employees of the group. These options are embodied in individual contracts between the company and the individual or have been granted under The Cardpoint plc Unapproved Share Option Scheme 2002.

The company has also adopted The Cardpoint plc Company Share Option Plan and Unapproved Share Option Scheme. Options under this scheme have been granted to certain directors and employees.

The company intends to grant further options to directors and employees of the group in the future. These options will be subject to performance conditions set by the remuneration committee.

Charitable and political donations
The company made charitable contributions of £1,550 during the year (2004: £910). No political contributions were made.

Employee involvement and disabled employees
The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group, through regular staff briefings by the Chief Executive Officer.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort would be made to retrain them in order that their employment with the group could continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

Payment to suppliers
The group's policy is to comply with the terms of payment agreed with suppliers when terms of business are established. At 30 September 2005 the group's trade creditors represented 26 days of purchases (2004: 19 days). The parent company has no trade creditors.

Relations with shareholders
The group values the views of its shareholders and recognises their interest in the group's strategy and performance, board membership and quality of management. It therefore holds regular meetings with its institutional shareholders to discuss objectives.

The AGM will be used to communicate with private investors and they are encouraged to participate. The Chairman of the audit, nomination and remuneration committees will be available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and audited financial statements. The company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

The group also has a website (www.cardpointplc.com) which will include links to financial information and press releases. A welcome letter is issued to all new shareholders registering in their own name. Every effort is made to speak or write to any shareholder making an enquiry.

Corporate governance
The board of directors fully supports the underlying principles of corporate governance contained in the Combined Code, notwithstanding that it is not required to comply with such recommendations. It has sought to comply with the provisions of the Code, in so far as is practicable and appropriate for a public company of its size and nature, and recognises its overall responsibility for the company's systems of internal control and for monitoring their effectiveness.

The main features of the company's corporate governance procedures, which does not constitute full compliance with the Combined Code, are as follows:

- The board has an independent non-executive Chairman and two independent non-executive directors all of whom take an active role in board matters;

- The company has an audit committee, a nominations committee and a remuneration committee, each of which consists of Peter Smyth and John Westwood, and meets regularly with executive directors in attendance by invitation. The audit committee has unrestricted access to the group's auditors and ensures that auditor independence has not been compromised;

- All business activity is organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the board"; and

- Regular monitoring of key performance indicators and financial results together with comparison of these against expectations.

Internal control
The board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the group's assets, and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material loss and misstatement.

The control framework within the group is as follows:

- A strong culture of internal control across all areas of operation.

- An organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements.

- Defined expenditure authorisation limits.

Major commercial, technological and financial risks are formally assessed during the annual business planning process, which takes place in the last quarter of the financial year. There is a formal schedule of matters requiring authorisation by the board including, for example, major capital expenditure and new business initiatives.

There is a comprehensive system of financial reporting. The annual budget, which is derived from the business plan, is reviewed in detail and approved by the board. The Finance Director presents a report to the board each month detailing the results of each principal business unit, variances against budget and the performance data.

The principal system for evaluating and managing risk is the regular meeting of the board members with operating management. The purpose of the meetings is to monitor and control operations. Performance is reviewed, risks identified, financial and other implications assessed and corrective actions agreed as necessary. Each month board members present the output of these meetings to the board for review.

Financial instruments
The group's objectives, policies and strategies for the role of derivatives and other financial instruments in creating and changing the risks of the group in its activities are set out below:

- *Treasury policies and financial risk* – procedures have been established to manage surplus funds and interest rate risk. Treasury policies are subject to board approval and are implemented on a day to day basis;

- *Management of funds* – Surplus funds are intended to finance the development and growth of the group and the effective management of any surplus is based upon policies determined by the board. Surplus funds are invested through the use of short-term deposits. It is not the group's policy to invest in financial derivatives, other than to effect a hedge against an existing exposure;

- *Interest rate, liquidity and foreign currency risks* – the board keeps under review the existing policies for the management of these risks which are as follows:

  (i) Interest rate risk – following the establishment of new banking facilities with Bank of Scotland, the group has agreed to enter into an interest rate hedging agreement to limit exposure to potential future increases in UK interest rates;

  (ii) Liquidity risk – surplus funds are invested on a short-term basis and therefore such funds are available at less than 24 hours' notice; and

  (iii) Currency risk – although no significant foreign currency transactions have taken place during the year, the directors have approved a currency exchange rate hedging policy to manage and control the currency exchange risks which arise from the group's operations in Germany and the Netherlands.

Going concern
After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities for the financial statements
Company law in the United Kingdom requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates which are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom, and includes information required by AIM Rules. The maintenance and integrity of the company's website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Auditors
Grant Thornton UK LLP have indicated their willingness to continue as auditors and offer themselves for reappointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board

C J Hanson.

Chris Hanson
Chief Operating Officer
29 November 2005

Directors' remuneration report

The remuneration committee comprises two of the non-executive directors of the company. It considers all aspects of the executive directors' remuneration and administers the group's share option schemes.

The remuneration of non-executive directors is set by the executive directors.

Policy on executive directors' remuneration
Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the group's position as a growing business and to reward them for enhancing shareholder value and return. The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the committee.

There are three main elements of their remuneration package:

- Basic annual salary;
- Annual bonus payment; and
- Share option incentives.

Each executive director's basic salary is reviewed annually by the committee. In deciding upon appropriate levels of remuneration the committee has regard to rates of pay for similar jobs in comparable companies as well as internal factors such as performance. External consultants are used to provide information for benchmarking salary levels. *Executive directors' salaries were last reviewed in April 2005.*

The committee establishes the objectives which must be met for bonuses to be paid. The committee believes that the award of any bonus should be related to target performances associated with shareholders' interests.

Details of directors' remuneration
The emoluments of the directors for the year are set out below. This information forms part of the audited financial statements.

	Current annual salary and fees £	Salary £	Benefits £	Performance related bonus £	Fees £	Total excluding pension £	Pension £	Total 2005 £	Total 2004 £
Executive									
Mark Mills	314,400	244,400	1,310	(*)225,000	–	470,710	14,290	485,000	382,603
Robin Gregson	152,000	152,000	955	(*)105,000	–	257,955	14,000	271,955	3,748
Chris Hanson	142,000	130,333	455	45,500	–	176,288	9,770	186,058	221,750
Non-executive									
Michael Hepher (appointed 28 September 2005)	50,000	–	–	–	411	411	–	411	–
Peter Smyth	24,000	–	–	–	24,000	24,000	–	24,000	24,000
John Westwood	15,000	–	–	–	15,000	15,000	–	15,000	15,000
	697,400	526,733	2,720	375,500	39,411	944,364	38,060	982,424	647,101

(*) See note on bonus arrangements below.

Bonus arrangements
All the executive directors have a contractual entitlement to receive a bonus of up to 100% of basic salary which is subject to performance conditions. For the year ended 30 September 2005, the remuneration committee awarded bonuses of 75% of basic salary to Mark Mills and Robin Gregson, who have since agreed to defer 50% of the bonus awarded. The amounts deferred are £112,500 for Mark Mills and £52,500 for Robin Gregson and will be payable at a date to be determined by the remuneration committee. Chris Hanson was awarded a bonus of 35% of basic salary.

Service contracts
All the executive directors have agreements with the company, which are terminable by either party giving the other between 6 and 12 months' written notice.

Directors' remuneration report continued

Pension arrangements

Each of the full time executive directors is eligible to be a member of the group's defined contribution stakeholder pension scheme. The company contributes 10% of each executive director's basic salary to this arrangement or their own personal pension plan and the cost is charged to the profit and loss account as incurred.

Share options

The board believes that share ownership strengthens the link between personal interests and those of shareholders and encourages long-term improvement in the group's performance. All options to be granted in the future will be subject to performance conditions on exercise. The performance conditions will be based upon total shareholder returns relative to a basket of twenty comparable companies or such other criteria as the remuneration committee deems to be appropriate.

The committee is responsible for supervising the company's share option arrangements.

Details of the share options granted to directors are set out below:

	1 October 2004	Granted	30 September 2005	Exercise price	Exercise period
The Cardpoint plc EMI scheme					
Mark Mills	150,000	–	150,000	43p	Jun 2005 - Jun 2012
Mark Mills	(*)18,066	–	(*)18,066	59.5p	Jul 2006 - Jul 2013
Chris Hanson	(*)100,000	–	(*)100,000	37.5p	Dec 2005 - Dec 2012
Chris Hanson	(*)68,066	–	(*)68,066	59.5p	Jul 2006 - Jul 2013
Unapproved options					
Peter Smyth	100,000	–	100,000	5p	Feb 2005 - Feb 2012
Mark Mills	250,000	–	250,000	5p	Feb 2005 - Feb 2012
The Cardpoint Unapproved Share Option Scheme 2002					
Mark Mills	133,333	–	133,333	5p	Oct 2004 - Oct 2011
Mark Mills	(*)250,000	–	(*)250,000	43p	Feb 2005 - Feb 2012
Mark Mills	(*)81,934	–	(*)81,934	59.5p	Jul 2006 - Jul 2013
Mark Mills	(*)100,000	–	(*)100,000	93.5p	Dec 2006 - Dec 2013
Chris Hanson	(*)31,934	–	(*)31,934	*59.5p*	*Jul 2006 - Jul 2013*
Chris Hanson	(*)100,000	–	(*)100,000	93.5p	Dec 2006 - Dec 2013
John Westwood	(*)50,000	–	(*)50,000	37.5p	Dec 2005 - Dec 2012
Michael Hepher	–	200,000	200,000	119p	Sep 2008 - Sep 2015
The Cardpoint plc Company Share Option Plan and Unapproved Share Option Scheme					
Mark Mills	–	(*)175,000	(*)175,000	5p	Dec 2007 - Dec 2014
Robin Gregson	–	250,000	250,000	5p	Dec 2007 - Dec 2014
Robin Gregson	–	(*)125,000	(*)125,000	5p	Dec 2007 - Dec 2014
Chris Hanson	–	(*)150,000	(*)150,000	5p	Dec 2007 - Dec 2014

(*) These options have been granted subject to the satisfaction of performance criteria relating to the achievement of budgeted levels of profitability as specified by the remuneration committee or the performance conditions referred to above.

In addition to the options detailed above, Mark Mills has been granted a right to subscribe for up to 1,000,000 ordinary *shares at the price of 5p per share in the circumstances where the ordinary shares are trading at a price in excess of* £2.50 per share for a specified period. Robin Gregson also has an outstanding entitlement to be granted options over 250,000 shares at an exercise price of 5p per share.

The mid-market price of the group's ordinary shares on 30 September 2005 was 108p. The highest and lowest mid-market prices during the year were 145.75p and 93p respectively.

Peter Smyth
Chairman of the Remuneration committee
29 November 2005

Independent auditors' report

We have audited the financial statements of Cardpoint plc for the year ended 30 September 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. This other information comprises the three year review, the Chief Executive Officer's report, the Finance Director's review, the directors' report and the directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 September 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
Chartered accountants
Registered auditors
Manchester
29 November 2005

Consolidated profit and loss account

for the year ended 30 September 2005

	Note	2005 £000	2004 £000
Turnover	2		
Continuing operations		**53,250**	36,812
Acquisitions		**7,802**	–
		61,052	36,812
Cost of sales	3	**(47,916)**	(29,025)
Gross profit		**13,136**	7,787
Administrative expenses	3	**(23,225)**	(10,528)
Operating loss			
Continuing operations		**(7,445)**	(2,741)
Acquisitions		**(2,644)**	–
		(10,089)	(2,741)
Net interest	5	**(1,370)**	(315)
Loss on ordinary activities before taxation	2	**(11,459)**	(3,056)
Tax on loss on ordinary activities	6	**–**	–
Loss on ordinary activities after taxation		**(11,459)**	(3,056)
Equity minority interests	23	**33**	–
Loss for the financial year transferred to reserves	21	**(11,426)**	(3,056)
(Loss)/earnings per ordinary share			
Basic and fully diluted	8	**(17.18)p**	*(7.56)p*
Adjusted (before goodwill amortisation)	8	**4.74 p**	4.40 p
Diluted adjusted (before goodwill amortisation)	8	**4.52 p**	4.09 p

The accompanying notes are an integral part of this consolidated profit and loss account.

Statement of total recognised gains and losses

for the year ended 30 September 2005

	Note	2005 £000	2004 £000
Loss for the financial year		**(11,426)**	(3,056)
Currency differences on foreign currency net investments	21	**217**	–
Total recognised gains and losses for the year		**(11,209)**	(3,056)

Consolidated balance sheet

at 30 September 2005

	Note	2005 £000	2004 £000
Fixed assets			
Intangible assets	11	**124,411**	49,881
Tangible assets	12	**32,011**	16,817
		156,422	66,698
Current assets			
Stocks	13	**4,060**	4
Debtors	14	**11,369**	3,452
Cash at bank and in hand	15	**8,721**	3,264
		24,150	6,720
Creditors: amounts falling due within one year	16	**(41,516)**	(26,026)
Net current liabilities		**(17,366)**	(19,306)
Total assets less current liabilities		**139,056**	47,392
Creditors: amounts falling due after more than one year	17	**(61,563)**	(11,000)
Net assets		**77,493**	36,392
Capital and reserves			
Called up share capital	20	**5,256**	3,039
Share premium account	21	**88,154**	38,825
Merger reserve	21	**354**	354
Profit and loss account	21	**(16,630)**	(5,826)
Equity shareholders' funds	22	**77,134**	36,392
Equity minority interests	23	**359**	–
		77,493	36,392

The accompanying notes are an integral part of this balance sheet.

The financial statements were approved by the board of directors on 29 November 2005 and were signed on its behalf by:

Mark Mills
Chief Executive Officer

Robin Gregson
Finance Director

Company balance sheet

at 30 September 2005

	Note	2005 £000	2004 £000
Fixed assets			
Investments	9	**98,584**	8,070
Current assets			
Debtors	14	**251**	41,311
Cash at bank and in hand		**9,490**	4
		9,741	41,315
Creditors: amounts falling due within one year	16	**(7,395)**	(1)
Net current assets		**2,346**	41,314
Total assets less current liabilities		**100,930**	49,384
Capital and reserves			
Called up share capital	20	**5,256**	3,039
Share premium account	21	**95,674**	46,345
Profit and loss account	21	**–**	–
Equity shareholders' funds	22	**100,930**	49,384

The accompanying notes are an integral part of this balance sheet.

The financial statements were approved by the board of directors on 29 November 2005 and were signed on its behalf by:

Mark Mills
Chief Executive Officer

Robin Gregson
Finance Director

Consolidated cash flow statement

for the year ended 30 September 2005

	Note	2005 £000	2004 £000
Net cash inflow from operating activities	*24*	***6,089***	*3,006*
Return on investments and servicing of finance			
Interest received		**181**	111
Finance lease interest paid		**(2)**	(17)
Other interest payable		**(1,533)**	(409)
Net cash outflow from returns on investments and servicing of finance		**(1,354)**	(315)
Taxation paid		**-**	(31)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(4,458)**	(3,267)
Proceeds from disposal of tangible fixed assets		**595**	148
Net cash outflow from capital expenditure and financial investment		**(3,863)**	(3,119)
Acquisitions and disposals			
Purchase of acquired businesses	10	**(85,958)**	(41,696)
Payment of deferred and contingent consideration		**(7,595)**	(829)
Net cash acquired with subsidiaries		**5,489**	–
Net cash outflow from acquisitions and disposals		**(88,064)**	(42,525)
Net cash outflow before financing		**(87,192)**	(42,984)
Financing			
Issue of share capital (net of issue costs)		**52,584**	32,407
Receipts from borrowings	25	**66,065**	13,000
Repayment of borrowings	25	**(25,555)**	(3,500)
Capital element of finance lease rentals	25	**(31)**	(184)
Net cash inflow from financing		**93,063**	41,723
Increase/(decrease) in cash in the year	25	**5,871**	(1,261)

The accompanying notes are an integral part of this cash flow statement.

Notes to the consolidated financial statements

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

b) Basis of consolidation

The group financial statements consolidate the accounts of the company and its subsidiary undertakings drawn up to 30 September 2005. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

On the acquisition of a business, fair values are attributed to the group's share of the separable assets. Where the fair value of consideration given and associated costs exceed the fair values attributable to these assets the difference is treated as goodwill and capitalised in the balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition and up to the date of disposal.

c) Turnover

Turnover, which excludes VAT and sales between group companies, represents the amounts derived from the provision of goods and services falling within the group's ordinary activities. Turnover in the period is recognised on the same day as a transaction occurs.

d) Research and development

Product research and development expenditure is written off in the period in which it is incurred.

e) Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

f) Tangible fixed assets and depreciation

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

Office equipment and machines, including ATMs and top-up terminals – 14.3% to 33.3% per cent. per annum

g) Investments

Investments are included at cost less amounts written off.

1 Accounting policies continued

h) Goodwill

Purchased goodwill is capitalised and is amortised in equal instalments over its useful economic life up to a maximum of 20 years. The purchased goodwill in the balance sheet at 30 September 2005 is being amortised over a period of five years.

The profit or loss on the disposal of a business includes the attributable amount of any goodwill relating to that business not previously charged through the profit and loss account.

Capitalised goodwill in respect of subsidiaries is included within intangible fixed assets. In accordance with FRS 10, the value of goodwill will be subject to review at the end of the first financial year following acquisition and may be subject to review at the end of the accounting period in which events or changes of circumstance indicate that the carrying value may not be recoverable.

i) Cash

Cash, for the purposes of the consolidated cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

j) Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for any obsolete, slow moving or defective items where appropriate.

k) Debt

Debt is initially stated at the amount of the net proceeds after the deduction of arrangement fees. Debt arrangement fees are released to the profit and loss account over the term of the debt facility. The carrying amount is increased by the finance cost in respect of the financial period and reduced by the payments made in the period.

l) Leased assets

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

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.

m) Pensions

The group operates a defined contribution stakeholder pension scheme for the benefit of employees. Company contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

n) Financial instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising in the financial statements is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

o) Employee share schemes

In accordance with UITF 17 "Employee Share Schemes", any difference between the exercise price of share options granted and the market value of the underlying ordinary shares at the date of grant is charged to the profit and loss account over the period to which the relevant performance criteria relate.

p) Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Notes to the consolidated financial statements continued

2 Turnover and loss on ordinary activities before taxation

The group's turnover and loss on ordinary activities before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is as follows:

	2005 Continuing operations £000	2005 Acquisitions £000	2005 Total £000	2004 Continuing operations £000
United Kingdom	**52,967**	**6,262**	**59,229**	36,812
Europe	***283***	***1,540***	***1,823***	–
	53,250	**7,802**	**61,052**	36,812

The loss on ordinary activities before taxation is stated after charging/(crediting):

	2005 £000	2004 £000
Auditors' remuneration:		
– audit fees	**82**	35
– non-audit fees	**14**	23
Depreciation of tangible fixed assets:		
– owned assets	**3,865**	2,117
– assets held under finance leases and hire purchase contracts	**187**	214
Amortisation of goodwill	**14,578**	4,834
Research and development expenditure	**46**	–
Operating lease rentals:		
– land and buildings	**159**	95
– plant and machinery	**1,513**	1,432
Loss/(profit) on disposal of fixed assets	**21**	(2)
Charges in respect of equity settled share based payments	**405**	99

The non-audit fees paid to the auditors relate to tax compliance.

In addition to the above, fees of £146,875 were paid to Grant Thornton UK LLP, the company's auditors, during the year ended *30 September 2005 in respect of their work on the acquisition (note 10). These fees have been capitalised within* goodwill. Further fees of £146,875 were paid to Grant Thornton UK LLP in respect of their work on the placing and open offer in August 2005 and have been debited to the share premium account. These fees are inclusive of expenses and, where relevant, VAT.

3 Cost of sales and administrative expenses

	2005 Continuing operations £000	2005 Acquisitions £000	2005 Total £000	2004 Continuing operations £000
Cost of sales	**42,545**	**5,371**	**47,916**	29,025
Amortisation of goodwill	**11,707**	**2,871**	**14,578**	4,834
Other administrative expenses	**6,443**	**2,204**	**8,647**	5,694
Total administrative expenses	**18,150**	**5,075**	**23,225**	10,528

4 Employees

Staff costs during the year were as follows:

	2005 £000	2004 £000
Wages and salaries	**4,493**	2,971
Social security costs	**466**	333
Pension costs	**124**	65
	5,083	3,369

The average number of employees of the group during the year, including directors, was as follows:

	2005 Number	2004 Number
Administration and management	**122**	65

Remuneration in respect of directors is covered in the report on remuneration on pages 17 to 18.

5 Net interest

	2005 £000	2004 £000
Interest on bank loans and overdrafts	**1,549**	409
Hire purchase and finance lease interest	**2**	17
Bank interest receivable	***(181)***	*(111)*
	1,370	315

6 Tax on loss on ordinary activities

a) *Charge in the year*

There is no corporation tax charge for the year (2004: £nil) due to the losses incurred. Trading losses in excess of £30 million are available to carry forward and offset against future trading profits. This figure includes over £20 million of tax losses acquired with Moneybox plc and its subsidiary undertakings.

b) Factors affecting the tax charge in the year

The difference between the actual tax charge for the year and the expected tax charge based on the standard rate of corporation tax in the United Kingdom of 30% (2004: 30%) is explained below:

	2005 £000	2004 £000
Loss on ordinary activities before tax	**(11,459)**	(3,056)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	**(3,438)**	(916)
Effects of:		
Expenses not deductible for tax purposes	**1,426**	447
Depreciation in excess of capital allowances	**1,422**	(12)
Short term timing differences	**5**	(165)
Trading losses	**585**	646
Current tax charge for the year	**–**	–

A potential deferred tax asset of £13,519,000 (2004: £3,833,000) (see note 19) has not been recognised in the financial statements. This asset will be recoverable to the extent that suitable profits arise in the future.

7 Loss for the financial year

Cardpoint plc has taken advantage of section 230(4) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company has not traded during the year.

8 (Loss)/earnings per ordinary share

Basic loss per ordinary share and adjusted earnings per ordinary share (before amortisation of goodwill) are calculated below. Adjusted earnings per share is shown by reference to earnings before goodwill amortisation, since the directors consider that this gives a more meaningful measure of the underlying performance of the group.

	2005 (Loss)/ profit £000	2005 Weighted average ordinary shares in issue '000	2005 (Loss)/ earnings per ordinary share Pence	2004 (Loss)/ profit £000	2004 Weighted average ordinary shares in issue '000	2004 (Loss)/ earnings per ordinary share Pence
Basic loss per share	**(11,426)**	**66,520**	**(17.18)**	(3,056)	40,437	(7.56)
Amortisation of goodwill	**14,578**	**–**	**–**	4,834	–	–
Adjusted earnings per share	**3,152**	**66,520**	**4.74**	1,778	40,437	4.40

The share options are anti-dilutive in respect of the basic earnings per share calculation. A diluted adjusted earnings per share has been calculated as follows:

	2005 Profit £000	2005 Weighted average ordinary shares in issue '000	2005 Earnings per ordinary share Pence	2004 Profit £000	2004 Weighted average ordinary shares in issue '000	2004 Earnings per ordinary share Pence
Adjusted earnings per share	**3,152**	**66,520**	**4.74**	1,778	40,437	4.40
Dilutive effect of share options	**–**	**3,193**	**–**	–	3,006	–
Diluted adjusted earnings per share	**3,152**	**69,713**	**4.52**	1,778	43,443	4.09

9 Fixed asset investments

Company	Shares in group undertakings £000
Cost and net book amount	
At 1 October 2004	8,070
Additions (see note 10)	90,514
At 30 September 2005	**98,584**

At 30 September 2005 the group held investments in the allotted share capital of a number of subsidiary undertakings. To avoid a statement of excessive length, non-trading subsidiary undertakings have not been disclosed. A complete list of subsidiaries is filed with the Annual Return at Companies House. All the subsidiary undertakings in the table below are registered in England and Wales with the exception of Cardpoint GmbH and Moneybox Deutschland GmbH which are registered in Germany and Moneybox Netherlands BV which is registered in the Netherlands.

9 **Fixed asset investments** continued

Subsidiary undertaking	Principal activity	Percentage of ordinary share capital held Group	Company	Country of incorporation
Cardpoint Group plc	Intermediate holding company	100%	100%	United Kingdom
Cardpoint Services Limited	Ownership and operation of an independent estate of ATMs	100%	–	United Kingdom
Cardpoint Merchant Services Limited	Ownership and operation of an estate of mobile phone top-up terminals	100%	–	United Kingdom
Cardpoint Remote Limited	Ownership and operation of an independent estate of ATMs	100%	–	United Kingdom
Cardpoint GmbH	Ownership and operation of an independent estate of ATMs	100%	–	Germany
Moneybox Limited	Intermediate holding company	100%	100%	United Kingdom
Moneybox Holdings Limited	Intermediate holding company	100%	–	United Kingdom
Moneybox Corporation Limited	Ownership and operation of an independent estate of ATMs	100%	–	United Kingdom
Moneybox Netherlands BV	Ownership and operation of an independent estate of ATMs	51%	–	Netherlands
Moneybox Deutschland GmbH	Ownership and operation of an independent estate of ATMs	100%	–	Germany
G2 Limited	Intermediate holding company	100%	–	United Kingdom
Transacsys plc	Intermediate holding company	94%	–	United Kingdom
Girovend Holdings Limited	Intermediate holding company	100%	–	United Kingdom
G2 Integrated Solutions Limited	Development, sale, distribution and support of computer controlled electronic purse payment and permissioning systems	100%	–	United Kingdom
Gironet International Limited	Development, sale, distribution and support of computer controlled electronic purse payment and permissioning systems	100%	–	United Kingdom

Notes to the consolidated financial statements continued

10 Acquisitions
On 8 August 2005 the group acquired the entire issued share capital of Moneybox plc for a total cash consideration of £90,514,000 including £2,094,000 of costs.

The acquisition has been accounted for using the acquisition method of accounting and goodwill arising has been capitalised and will be amortised over a period of five years. The book values of identifiable assets and liabilities and their provisional fair value to the group are shown in the table below:

	Book value £000	Adjustment £000	**Provisional fair value £000**
Intangible assets	80	(80)	**-**
Tangible fixed assets	22,277	(1,962)	**20,315**
Stocks	4,258	(551)	**3,707**
Debtors	9,111	(3,207)	**5,904**
Cash at bank and in hand	5,489	–	**5,489**
Loans and overdrafts	(13,065)	(95)	**(13,160)**
Creditors	(17,420)	(50)	**(17,470)**
	10,730	(5,945)	**4,785**
Minority interests (see note 23)	(392)	–	**(392)**
	10,338	(5,945)	**4,393**
Purchased goodwill capitalised (see note 11)			**86,121**
			90,514
Satisfied by:			
Cash consideration			**88,420**
Acquisition costs			**2,094**
			90,514

The fair value and accounting adjustments processed in these financial statements are significant in relation to the net assets of the Moneybox group and it is important to appreciate that the date of the acquisition was relatively close to the financial year end. Whilst the directors have taken all possible actions and made all necessary enquiries to establish that the adjustments are fair and reasonable, there is an inherent level of uncertainty in making the judgments necessary to assess these values at the time of preparing the financial statements. Accordingly the fair value adjustments made at 30 September 2005 are provisional and if necessary will be amended in the next financial statements with a corresponding adjustment to goodwill.

The provisional fair value adjustments made in respect of the acquisition can be summarised as follows:

	£000
Write-off of intangible assets in accordance with group accounting policy	80
Write-down of certain installation costs of ATMs in accordance with group accounting policy	1,962
Write down of stocks to estimated realisable value	551
Write-down of debtors to estimated realisable value	711
Write-off of deferred tax asset in accordance with group accounting policy	1,150
Write-off of prepayments in relation to loss making customer contracts	1,346
Write-off of debt arrangement fees	95
Provision for unrecorded liabilities	50
	5,945

10 Acquisitions continued

The acquired business made the following contributions to, and utilisations of, group cash flow:

	2005 £000
Net cash outflow from operating activities	**(441)**
Net cash outflow from servicing finance	**(86)**
Net cash outflow from capital expenditure	**(1,009)**
Net cash outflow from financing	**(12,555)**
Decrease in cash	***(14,091)***

Analysis of net outflow of cash in respect of the acquisition was as follows:

	2005 £000
Cash consideration	**88,420**
Acquisition costs	**2,094**
Less: amounts unpaid at 30 September 2005	**(4,556)**
Net cash outflow in respect of acquisitions	**85,958**

The summary profit and loss account of Moneybox plc, excluding fair value adjustments, for the period from 1 January 2005, the beginning of its financial year, to 8 August 2005, the date of acquisition was as follows:

	2005 £000
Turnover	**25,846**
Cost of sales	**(18,908)**
	6,938
Administrative expenses (including goodwill)	**(10,240)**
Net interest payable	**(308)**
Loss on ordinary activities before taxation	**(3,610)**
Tax on profit on ordinary activities	**-**
Loss on ordinary activities after taxation	**(3,610)**

The loss after taxation for the year ended 31 December 2004 was £3,082,000.

Prior year acquisition

During the year ended 30 September 2004, the group acquired an estate of 816 cash machines from HBoS plc for an estimated total consideration of £50.65 million including estimated deferred and contingent consideration of £8.95 million and costs of £1.70 million. Provisional estimates of the fair values of the assets and liabilities acquired and goodwill arising on the transaction were included in the financial statements for the year ended 30 September 2004. The key determinant of the deferred and contingent consideration was the number of customer contracts assigned between 22 June 2004 and 31 December 2004. During the year ended 30 September 2005 in the light of the actual number of contracts assigned during the relevant period, the directors have amended their provisional estimates of the contingent consideration and migration costs payable, the fair value of fixed assets acquired and the goodwill arising on the acquisition as follows:

	£000
Tangible fixed assets	(4,496)
Creditors	(2,598)
Deferred and contingent consideration	4,107
(Increase) in purchased goodwill capitalised (see note 11)	**(2,987)**

Notes to the consolidated financial statements continued

11 Intangible fixed assets

Group

	Purchased goodwill £000
Cost	
At 1 October 2004	55,373
Arising on acquisitions (see note 10)	86,121
Other adjustments (see note 10)	2,987
At 30 September 2005	**144,481**
Amortisation	
At 1 October 2004	5,492
Charge for the year	14,578
At 30 September 2005	**20,070**
Net book amount	
At 30 September 2005	**124,411**
Net book amount	
At 30 September 2004	49,881

12 Tangible fixed assets

Group

	Office equipment and machines including ATMs £000
Cost	
At 1 October 2004	23,080
Additions	4,050
Transfer to current assets	(468)
Acquired on acquisition of business (see note 10)	*20,315*
Fair value adjustment (see note 10)	(4,496)
Disposals	(1,161)
At 30 September 2005	**41,320**
Depreciation	
At 1 October 2004	6,263
Charge for the year	4,052
Transfer to current assets	(461)
Disposals	(545)
At 30 September 2005	**9,309**
Net book amount	
At 30 September 2005	**32,011**
Net book amount	
At 30 September 2004	*16,817*

The net book amount of plant and equipment includes an amount of £nil (2004: £187,000) in respect of assets held under finance lease and hire purchase contracts. Depreciation charged on these assets during the year was £187,000 (2004: £214,000).

ATMs are now depreciated over seven years instead of five, as in the opinion of the directors this is a fairer reflection of their useful economic lives and is the same period of depreciation over which Moneybox ATMs are depreciated. The impact on the depreciation charge in the current financial year is £624,000.

13 Stocks

	Group 2005 £000	Group 2004 £000
Raw materials and consumables	**1,532**	4
Work in progress	**42**	–
Finished goods	**2,486**	–
	4,060	4

14 Debtors

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Trade debtors	**3,956**	1,437	**–**	–
Amounts owed by group undertakings	**–**	–	***199***	*41,307*
Prepayments and accrued income	**5,172**	962	**–**	–
Corporation tax recoverable	**4**	4	**4**	4
Other debtors	**2,237**	1,049	**48**	–
	11,369	3,452	**251**	41,311

15 Cash at bank and in hand

Group

Included within cash at bank and in hand is an amount of £1,183,112 (2004: £2,082,645) held in a trust account. The *monies held in this account, which is administered by the group's payment collection agent, are designated for payment to* suppliers.

16 Creditors: amounts falling due within one year

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Trade creditors	**10,411**	5,854	**–**	–
Amounts owed to group undertakings	**–**	–	**1,753**	–
Bank overdrafts (see note 18)	**56**	470	**–**	–
Bank loans (see note 18)	**4,903**	2,000	**–**	–
Other loans (see note 18)	**220**	–	**–**	–
Corporation tax	**3**	3	**–**	–
Social security and other taxes	**1,115**	165	**–**	–
Obligations under finance leases	**–**	31	**–**	–
Accruals and deferred income	**11,037**	7,298	**–**	–
Other creditors	**13,771**	755	**5,642**	1
Deferred and contingent consideration	**–**	9,450	**–**	–
	41,516	26,026	**7,395**	1

Notes to the consolidated financial statements continued

17 Creditors: amounts falling due after more than one year

	Group 2005 £000	Group 2004 £000
Bank loans (see note 18)	**61,178**	11,000
Other loans (see note 18)	**385**	–
	61,563	11,000

Borrowings are repayable as follows:

	Group 2005 £000	Group 2004 £000
Within one year		
– Bank overdraft	**56**	470
– Bank loans	**4,903**	2,000
– Other loans	**220**	–
– Finance leases	**–**	31
	5,179	2,501
After one and within two years		
– Bank loans	**7,403**	3,600
– Other loans	**220**	–
	7,623	3,600
After two and within five years		
– Bank loans	**29,209**	4,400
– Other loans	**165**	–
	29,374	4,400
After more than five years		
– Bank loans	**24,566**	3,000
	66,742	13,501

18 Financial instruments

An explanation of the group's objectives, policies and strategies for the role of derivatives and other financial instruments in creating and managing the risks of the group in its activities can be found on page 15 in the directors' report. Disclosure dealt with in this note excludes short term debtors and creditors where permitted by FRS 13.

Interest rate risk profile of financial assets

The interest rate risk profile of the group's financial assets was as follows:

	2005 Sterling £000	2005 Euro £000	2005 Total £000	2004 Sterling £000
Floating rate financial assets	**7,571**	**147**	**7,718**	3,260
Financial assets earning no interest	**211**	**792**	**1,003**	4
	7,782	**939**	**8,721**	3,264

18 Financial instruments continued

Interest rate risk profile of financial liabilities

The interest rate risk profile of the group's financial liabilities was as follows:

	2005 Sterling £000	2005 Euro £000	2005 Total £000	2004 Sterling £000
Fixed rate financial liabilities	–	–	–	31
Floating rate financial liabilities	**65,169**	**968**	**66,137**	13,470
Financial liabilities on which no interest is paid	**605**	–	**605**	–
	65,774	**968**	**66,742**	13,501

Fair values of financial assets and liabilities

The fair value based upon the market value or discounted cash flows of the financial instruments detailed above was not materially different from the book values as at 30 September 2005.

Borrowing facilities

The group has entered into new banking facilities under which Bank of Scotland plc will make available up to £75,000,000 under a six year secured senior term loan, up to £4,000,000 under a revolving facility agreement and up to £1,000,000 under an overdraft facility. At 30 September 2005, £62,680,000 had been drawn down under the term loan of which £5,000,000 is due to be paid within one year and the balance in instalments up to 26 August 2011, £3,968,000 had been drawn down under the revolving facility which is due to be repaid by 26 August 2011 and £49,000 had been borrowed under the overdraft facility which is repayable on demand. The term loan and revolving facility agreements contain financial covenants and other obligations where, if the group fails to comply therewith, Bank of Scotland plc may withdraw its facilities and/or terminate its obligation to fund and require repayment of sums due to it.

Interest is payable at the aggregate of LIBOR (or EURIBOR for amounts borrowed in Euros), the mandatory costs rate and 2.25% per annum on both the term loan and revolving facility and at the aggregate of the Bank of Scotland plc base rate and 2.25% per annum on the overdraft facility. All the facilities are secured by a debenture giving Bank of Scotland plc security over certain assets of the group.

In addition the group has an interest free term loan, repayable in equal monthly instalments up to June 2008. It is secured by a chattel mortgage over specific ATM assets to which it relates. As at 30 September 2005, £605,000 was outstanding under this loan.

19 Deferred taxation

The potential deferred tax asset (at a tax rate of 30%), which has not been recognised in the financial statements, is set out below. This asset will be recoverable to the extent that suitable profits arise in the future.

	Group 2005 £000	Group 2004 £000
Accelerated capital allowances	**3,199**	2,048
Trading losses	**10,224**	1,785
Other timing differences	**96**	–
	13,519	3,833

The above figures include a potential deferred tax asset of approximately £9,000,000 acquired with Moneybox plc and its subsidiary undertakings.

20 Called up share capital

	2005 £000	2004 £000
Authorised		
240,000,000 (2004: 200,000,000) ordinary shares of 5 pence each	**12,000**	10,000
Allotted, issued and paid		
105,115,504 (2004: 60,772,125) ordinary shares of 5 pence each	**5,256**	3,039

On 15 August 2005, the company issued, for cash, 43,307,100 ordinary shares at 127 pence per share in relation to the acquisition of Moneybox plc. The difference between the proceeds of £55,000,017 and the nominal value of £2,165,355 has been credited to the share premium account.

On various dates during the year the company issued ordinary shares, for cash, to satisfy the exercise of share options by members of staff. The total number of such shares issued was 1,036,279. The total proceeds were £249,399 and the difference between those proceeds and the nominal value of £51,814 has been credited to the share premium account.

A number of share options have been granted to directors and these are detailed in the report of the remuneration committee on directors' remuneration. In addition, options over 885,111 ordinary shares have been granted to employees under the Cardpoint plc EMI Scheme. These options are exercisable between June 2005 and May 2014 at exercise prices of between 5 pence and 93.5 pence. Unapproved options over a further 1,859,291 ordinary shares have been granted to certain employees and these options are exercisable between October 2004 and December 2014 at exercise prices of between 5 pence and 125 pence.

In total, as at 30 September 2005, there were options outstanding over 5,077,735 ordinary shares (2004: 4,852,735).

21 Share premium account and reserves

Group	Share premium account £000	Merger reserve £000	Profit and loss account £000
At 1 October 2004	38,825	354	(5,826)
Retained loss for the financial year	–	–	(11,426)
Credit for equity settled share based payments	–	–	405
Foreign currency gains	–	–	217
Issue of shares	53,032	–	–
Share issue expenses	(3,703)	–	–
At 30 September 2005	**88,154**	**354**	**(16,630)**
Company			
At 1 October 2004	46,345	–	–
Issue of shares	53,032	–	–
Share issue expenses	(3,703)	–	–
At 30 September 2005	**95,674**	**–**	**–**

22 Reconciliation of movements in equity shareholders' funds

Group

	2005 £000	2004 £000
Retained loss for the financial year	**(11,426)**	(3,056)
Credit for equity settled share based payments	**405**	99
Foreign currency gains	**217**	–
New share capital subscribed (net of expenses)	**51,546**	*32,407*
	40,742	29,450
Opening equity shareholders' funds	**36,392**	6,942
Closing equity shareholders' funds	**77,134**	36,392

Company

	2005 £000	2004 £000
New share capital subscribed (net of expenses)	**51,546**	*32,407*
Opening equity shareholders' funds	**49,384**	16,977
Closing equity shareholders' funds	**100,930**	49,384

23 Equity minority interests

Group

	£000
At 1 October 2004	–
Minority interests in acquired subsidiaries (see note 10)	*392*
Minority share of loss for the financial period	(33)
At 30 September 2005	**359**

The above minority interests relate to a 49% holding in Moneybox Netherlands BV and a 6% holding in Transacsys plc.

24 Reconciliation of operating loss to net cash inflow from operating activities

	2005 £000	2004 £000
Operating loss	**(10,089)**	(2,741)
Depreciation	**4,052**	2,331
Loss/(profit) on disposal of fixed assets	**21**	(2)
Amortisation of goodwill	**14,578**	4,834
Equity settled share based payments	**405**	99
Foreign currency gains	**217**	–
Increase in stocks	**(342)**	–
(Increase)/decrease in debtors	**(1,965)**	722
Decrease in creditors	**(788)**	(2,237)
Net cash inflow from operating activities	**6,089**	3,006

Notes to the consolidated financial statements continued

25 Reconciliation of net cash flow to movement in net debt

	2005 £000	2004 £000
Increase/(decrease) in cash in the year	**5,871**	(1,261)
Cash outflow from finance leases	**31**	184
Receipts from borrowings	**(66,065)**	(13,000)
Repayment of borrowings	**25,555**	3,500
Movement in net debt arising from cash flows	**(34,608)**	(10,577)
Loans acquired with subsidiary undertaking	**(13,160)**	–
Other non-cash movements	**(16)**	–
Movement in net debt	**(47,784)**	(10,577)
Opening net (debt)/funds	**(10,237)**	340
Closing net debt	**(58,021)**	(10,237)

26 Analysis of changes in net debt

	At 1 October 2004 £000	Cash flow £000	Acquisition £000	Other non-cash movements £000	**At 30 September 2005 £000**
Cash at bank and in hand	3,264	5,457	–	–	**8,721**
Bank overdrafts	(470)	414	–	–	**(56)**
	2,794	5,871	–	–	**8,665**
Bank loans	(13,000)	(40,565)	(12,500)	(16)	**(66,081)**
Other loans	–	55	(660)	–	**(605)**
Obligations under finance leases	(31)	31	–	–	**–**
	(10,237)	(34,608)	(13,160)	(16)	**(58,021)**

27 Operating lease commitments

Operating lease payments amounting to £2,087,000 (2004: 2,567,000) are due within one year. The leases to which these amounts relate expire as follows:

	2005		2004	
	Land and buildings	**Other**	Land and buildings	Other
Within one year	**17**	**883**	–	–
Between one and five years	**392**	**795**	106	2,461
	409	**1,678**	106	2,461

28 Capital commitments

The group and company had no capital commitments at 30 September 2005 (2004: £nil).

29 Contingent liabilities

The group had no material contingent liabilities at 30 September 2005 (2004: £nil).

There is an unlimited bank cross guarantee arrangement between the members of the group headed by Cardpoint plc. The maximum potential liability to the company at 30 September 2005 was £66,697,000.

30 Related party transactions

During the year, open market rent of £18,000 (2004: £17,700) was paid to John Mills, the father of M R Mills, and £90,000 (2004: £106,000) to Airport Properties Limited, a company in which M R Mills has an interest, in respect of certain properties occupied by the group. At 30 September 2005, £60,000 (2004: £71,000) was prepaid in relation to this rent.

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Manchester M60 8GT

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at the offices of Halliwells LLP, St James's Court, Brown Street, Manchester M2 2JF on 28 February 2006 at 10.00 am, for the following purposes:

Ordinary Business

1. To receive and consider the report of the directors and the audited financial statements for the year to 30 September 2005 and the auditors' report thereon.

2. To reappoint the retiring auditors, Grant Thornton UK LLP, and to authorise the directors to determine the auditors' remuneration.

3. To re-elect Chris Hanson as a director who retires in accordance with the Company's articles of association.

4. To ratify the appointment of Michael Hepher as a director of the Company.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolution 6 as a special resolution:

5. **THAT** for the purposes of and pursuant to section 80 of the Companies Act 1985 (the "Act") the directors be and they are hereby authorised and empowered, to exercise all the powers of the Company to allot relevant securities (as detailed in section 80(2) of the Act) up to an aggregate nominal amount of £2,000,000 (in substitution to any subsisting authorities under the Act) to such persons at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make any offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired.

6. **THAT**, for the purposes of and pursuant to section 95(1) of the Act, the directors of the Company be and they are hereby authorised and empowered to allot equity securities (within the meaning of section 94 of the Act) pursuant to the general authority and power conferred by the resolution numbered 5 above as if section 89(1) of the Act did not apply to any such allotment (in substitution to any other subsisting authorities under the Act) provided that this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that this authority and power shall be limited to:

   (a) the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer or allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of ordinary shares held by them; and

   (b) the allotment (otherwise than pursuant to paragraph (a) above) for cash of equity securities up to an aggregate nominal amount of the greater of £265,000 or 5% of the current issued share capital of the Company.

Registered Office:
Transaction House
Skyways Commercial Campus
Amy Johnson Way
Blackpool
Lancashire
FY4 3RS

Dated 27 January 2006

By order of the Board

DC Hanson
Company Secretary

NOTES:

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the annual general meeting is at 10.00 am on 26 February 2006. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.

2. To be effective, the form of proxy (together with any power of attorney or other written authority under which it is signed or notarially certified copy of such power or written authority) must be lodged at the offices of the Company's registrars, Capita Registrars, Proxy Department, P.O.Box 25, Beckenham, Kent BR3 4BR not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.

3. Every member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company. Appointment of proxies does not preclude members from attending and voting at the meeting in person should they wish to do so.

4. The register of directors' interests in the share capital of the Company maintained under section 325 of the Companies Act 1985 will be available for inspection during normal business hours on any week day at the registered office of the Company from the date of this notice until the annual general meeting and on the day of the annual general meeting at the place of the meeting from 15 minutes prior to its commencement until its conclusion.

Cardpoint plc

Proxy for use at Annual General Meeting

Please insert full name — I/ We ....
(Please use block letters)

and address — of ....

being member(s) of Cardpoint plc (the "company"), hereby appoint the Chairman of the Annual General Meeting (the "AGM")

or (see note 1) ....

as my/our proxy to vote for me/us and on my/our behalf at the AGM of the company to be held at 10.00 am on 28 February 2006 at the offices of Halliwells LLP, St James's Court, Brown Street, Manchester M2 2JF and at any adjournment thereof.

I/we request such proxy to vote on the following resolutions as mentioned below (see note 2).

ORDINARY BUSINESS		For	Against
Resolution 1	To receive and consider the financial statements for the period ended 30 September 2005 and the reports of the directors and auditors thereon.		
Resolution 2	To confirm the appointment of Grant Thornton UK LLP as auditors of the company and authorise the directors to determine their remuneration.		
Resolution 3	To re-elect Chris Hanson as a director of the company.		
Resolution 4	To ratify the appointment of Michael Hepher as a director of the company.		
SPECIAL BUSINESS **Ordinary Resolution**			
Resolution 5	To authorise the directors to allot relevant securities (for the purposes of and pursuant to section 80 (1) of the Companies Act 1985 (the "**Act**") up to an aggregate nominal amount of £2,000,000.		
Special Resolution **Resolution 6**	To authorise the directors of the company to allot equity securities for otherwise than on a pre-emptive basis on the circumstances as set out in the notice of the AGM.		

Signature .... (see note 3) Dated this ....day of 2006

Joint holders (if any) (see note 5)

Name .... Name ....

Name .... Name ....

Notes:

1. If you wish to appoint some other person as your proxy please insert his/her name and address, initial and strike out the words "the Chairman of the Annual General Meeting (the "AGM")". A proxy need not be a member of the company. Appointing a proxy will not preclude you from personally attending and voting at the meeting (in substitution for your proxy vote) if you subsequently decide to do so. If no name is entered, the return of this form, duly signed, will authorise the Chairman of the meeting to act as your proxy.
2. Please indicate with an X in the appropriate box how you wish your vote to be cast. Unless otherwise instructed the proxy will exercise his/her discretion as whether, and if so how he/she will vote unless instructed otherwise, the proxy may also vote or abstain from voting as he or she thinks fit on any other business which may properly come before the meeting (including amendments to resolutions).
3. This form of proxy must, in the case of an individual, be signed by the appointer or his/her attorney or, in the case of a corporation, be given under its common seal or signed on its behalf by an attorney or a duly authorised officer or, if it is subject to the Companies Act 1985 (as amended), in accordance with section 36A thereof.
4. To be valid this form of proxy and any power of attorney or other authority under which it is executed (or a duly notarised copy thereof) must be lodged with the registrars of the company, Capita Registrars, Proxy Department, P.O. Box 25, Beckenham, Kent, BR3 4BR not less than 48 hours before the time appointed for the meeting, or adjourned meeting at which it is to be used.
5. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the statutory register of members in respect of the share.
6. Any alteration in this form of proxy must be initialled by the person in whose hand it is signed or executed.
7. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of the company at 10.00 am on 26 February 2006 shall be entitled to attend and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

Second Fold

BUSINESS REPLY SERVICE
Licence No. MB 122

1

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Third Fold

First Fold

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