

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, or the contents of this document, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent adviser duly authorised under the Financial Services and Markets Act 2000 who specialises on the acquisition of shares or other securities.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Cardpoint plc (other than ex the entitlement to participate in the Open Offer), please forward this document together with the accompanying Application Form and Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into the United States of America, Canada, Australia, Japan or the Republic of Ireland or any other territory outside the United Kingdom unless the Open Offer can lawfully be made to such person or in such territory. If you have sold only part of your holding of Existing Ordinary Shares in Cardpoint plc you should refer to the instructions set out in the section headed "Instructions for transfer and splitting" in the Application Form.

A copy of this document, which comprises a prospectus prepared in accordance with the Public Offers of Securities Regulations 1995 (as amended) and the AIM Rules has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of those Regulations.

The Directors, whose names appear on page 3 of this document, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). Application will be made for the Existing Ordinary Shares to be readmitted, and the Open Offer Shares to be admitted, to trading on AIM. AIM is a market designed primarily for emerging or smaller companies, to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and if appropriate consultation with an independent financial adviser. In particular, prospective investors should consider the section entitled "Risk Factors" set out in Part III of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Open Offer Shares to the Official List. Further, London Stock Exchange plc has not itself examined or approved the contents of this document. The Open Offer Shares will not be dealt on any other recognised investment exchange and no other such applications will be made.

Cardpoint plc

(Incorporated and registered in England and Wales under the Companies Act 1985 - No. 04098226)

**Acquisition of Securicor Cash Machine Limited
Placing and Open Offer of 11,334,867 Open Offer Shares
at 53p per share
Admission of the Enlarged Share Capital to trading
on the Alternative Investment Market
Announcement of unaudited interim results
for the six months ended 31 March 2003**

The latest time and date for valid acceptance and payment in full under the Open Offer is 3.00 p.m. on 19 June 2003. The procedure for application and payment is set out in the letter from Evolution Beeson Gregory Limited in Part II of this document and on the accompanying Application Form.

A notice convening an Extraordinary General Meeting of Cardpoint plc to be held at the offices of Evolution Beeson Gregory Limited, The Registry, Royal Mint Court, London EC3N 4LB at 11.00 a.m. on 20 June 2003 is set out at the end of this document. The accompanying Form of Proxy for use at the Extraordinary General Meeting should be completed and returned by post or (during normal business hours) by hand to Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA, as soon as possible and to be valid must arrive not less than 48 hours before the time fixed for the Extraordinary General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

Evolution Beeson Gregory Limited which is regulated by the Financial Services Authority is acting as the Company's nominated adviser in connection with the Placing and Open Offer. Its responsibilities as Cardpoint plc's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to Cardpoint plc or to any director of Cardpoint plc or to any other person in respect of his discussions to acquire shares in Cardpoint plc in reliance on any part of this document. No representation or warranty, express or implied, is made by Evolution Beeson Gregory Limited as to any of the contents in connection with the proposed Placing and Open Offer. Evolution Beeson Gregory Limited is acting for Cardpoint plc and no one else and will not be responsible to anyone other than Cardpoint plc for providing advice in relation to the proposed Placing and Open Offer. Evolution Beeson Gregory Limited will not be offering advice and will not be responsible for providing the protections afforded to customers of Evolution Beeson Gregory Limited to recipients of the document in respect of the Placing and Open Offer or any acquisition of shares or securities in Cardpoint plc.



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TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	close of business on 27 May 2003
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 17 June 2003
Latest time and date for receipt of Forms of Proxy for the EGM	11.00 a.m. on 18 June 2003
Latest time and date for receipt of Application Forms and payment in full under the Open Offer	3.00 p.m. on 19 June 2003
Extraordinary General Meeting	11.00 a.m. on 20 June 2003
Readmission of the Existing Ordinary Shares and Admission and dealings commence in the Open Offer Shares	8.00 a.m. on 23 June 2003
CREST stock accounts credited	23 June 2003
Definitive share certificates despatched by	30 June 2003

DIRECTORS, SECRETARY AND ADVISERS

Directors	Peter Francis Smyth (<i>Non-Executive Chairman</i>) Mark Richard Mills (<i>Chief Executive Officer</i>) David Christopher Hanson (<i>Finance Director</i>) Mark Godfrey Kropacz (<i>Chief Operating Officer</i>) Nigel John Mills (<i>Sales and Marketing Director</i>) Dr John Brian Westwood (<i>Non-Executive Director</i>) <i>all of whose business address is the Head Office</i>
Registered Office	St. James's Court Brown Street Manchester M2 2JF
Head Office	55 Hove Road Lytham St. Annes Lancashire FY8 1XH
Company Secretary	HL Secretaries Limited
Nominated Adviser and Broker	Evolution Beeson Gregory Limited The Registry Royal Mint Court London EC3N 4LB
Solicitors to the Company	Halliwell Landau St. James's Court Brown Street Manchester M2 2JF
Solicitors to the Placing and Open Offer	Osborne Clarke Hillgate House 26 Old Bailey London EC4M 7HW
Auditors and Reporting Accountants	Grant Thornton Heron House Albert Square Manchester M60 8GT
Registrars and Receiving Agent	Northern Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
Principal Bankers	Bank of Scotland PO Box No 39900, Level 7 Bishopsgate Exchange 155 Bishopsgate London EC2M 3YB Lloyds TSB 30 Corporation Street Blackpool FY1 1EN

DEFINITIONS

“Acquisition”	the proposed acquisition by Cardpoint Services Limited, a wholly owned subsidiary of Cardpoint, of the entire issued share capital of Securicor Cash Machine Limited
“Acquisition Agreement”	the conditional agreement dated 28 June 2003 and made between Cardpoint Services Limited and Securicor Cash Services Limited relating to the Acquisition, further details of which are set out in paragraph 8 of Part VIII of this document
“Act”	the Companies Act 1985, as amended
“Acceptance Date”	19 June 2003, being the final date for acceptance and payment in full under the Open Offer
“Admission”	the readmission of the Existing Ordinary Shares and the admission of the Open Offer Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange governing admission to, and the operation of, AIM
“Application Form”	the personalised application form for use by Qualifying Shareholders in connection with the Open Offer which accompanies this document
“Articles”	the articles of association of the Company which were adopted on 8 May 2003, as amended from time to time
“ATM”	automated teller machine
“Bank of Scotland”	The Governor and Company of The Bank of Scotland
“certificated” or “in certificated form”	an Ordinary Share which is not in uncertificated form
“the Company” or “Cardpoint”	Cardpoint plc
“Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“CREST Member Account ID”	the identification code or membership number used in CREST to identify a particular member account in CREST

“CREST Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Directors” or “the Board”	the directors of the Company from time to time (and any duly authorised committee thereof)
“Enlarged Group”	the Company and its subsidiaries and subsidiary undertakings at Completion
“Enlarged Share Capital”	the issued ordinary share capital of the Company upon Admission
“Evolution Beeson Gregory”	Evolution Beeson Gregory Limited, the Company’s nominated adviser and broker, a member of the London Stock Exchange and authorised and regulated by the Financial Services Authority
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 11.00 a.m. on 20 June 2003, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000
“Group”	the Company and its current subsidiaries and subsidiary undertakings
“Host”	the owner or occupier of a Site
“IADs”	independent ATM deployers
“Issue Price”	53p per Open Offer Share
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UK Listing Authority
“Open Offer”	the invitation by Evolution Beeson Gregory, as agent for the Company, to Qualifying Shareholders to subscribe for the Open Offer Shares on the terms and subject to the conditions set out in the letter from Evolution Beeson Gregory in Part II of this document and in the Application Form
“Open Offer Shares”	the 11,334,867 new Ordinary Shares to be issued pursuant to the Open Offer
“Ordinary Shares”	the ordinary shares of 5p each in the capital of the Company
“Outsourcing Arrangements”	the outsourcing agreements to be made between Cardpoint Services Limited and Securicor Cash Centres Limited, in the form agreed pursuant to the Acquisition Agreement, to be entered into at Completion and further details of which are set out in paragraph 8 of Part VIII of this document

“Placing”	the conditional placing by Evolution Beeson Gregory of the Open Offer Shares at the Issue Price in accordance with the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 29 May 2003 between Cardpoint and Evolution Beeson Gregory, further details of which are set out in paragraph 13 of Part VIII of this document
“POS Regulations”	the Public Offers of Securities Regulations 1995 (as amended)
“Proposals”	the Acquisition, the Placing and the Open Offer
“Qualifying Shareholders”	holders of the Ordinary Shares on the register of members of the Company on the Record Date other than certain overseas Shareholders to whom the Open Offer is not being extended, as described in Part II of this document
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Ordinary Shares are in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Ordinary Shares are in certificated form
“Receiving Agents” or “Northern Registrars”	Northern Registrars Limited of Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA
“Record Date”	the close of business on 27 May 2003
“Resolutions”	the resolutions set out in the notice of Extraordinary General Meeting at the end of this document
“Securicor” or “SCM”	Securicor Cash Machine Limited, a wholly owned subsidiary of Securicor plc
“Securicor Cash Centres Limited” or “SCC”	Securicor Cash Centres Limited, a wholly owned subsidiary of Securicor plc
“Securicor Group”	Securicor plc and its subsidiaries and subsidiary undertakings
“Shareholder”	a holder of Ordinary Shares from time to time
“Share Option Schemes”	the Cardpoint plc EMI Scheme, the Cardpoint plc Unapproved Share Option Scheme 2002 and the Unapproved Share Options
“Site”	a location within or at which an Enlarged Group ATM is or may be situated
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “USA”	the United States of America, each State thereof (including the District of Columbia), its territories possessions and all areas subject to its jurisdiction

PART I

LETTER FROM THE CHIEF EXECUTIVE OFFICER OF CARDPOINT PLC

Cardpoint plc

(Incorporated and registered in England and Wales under the Act No. 04098226)

Directors

Peter Francis Smyth (*Non-Executive Chairman*)
Mark Richard Mills (*Chief Executive Officer*)
David Christopher Hanson (*Finance Director*)
Mark Godfrey Kropacz (*Chief Operating Officer*)
Nigel John Mills (*Sales and Marketing Director*)
Dr John Brian Westwood (*Non-Executive Director*)

Registered office:

St. James's Court
Brown Street
Manchester M2 2JF

29 May 2003

Dear Shareholder

Acquisition of Securicor Cash Machine Limited
Placing and Open Offer of 11,334,867 Open Offer Shares at 53p per share
Admission of the Enlarged Issued Share Capital to trading on the Alternative Investment Market
Announcement of unaudited interim results for the six months ended 31 March 2003

Introduction

Your Board is delighted to announce that the Company has conditionally agreed to acquire, subject, *inter alia*, to Shareholder approval, the entire issued share capital of Securicor Cash Machine Limited ("SCM"). The maximum consideration payable is £9.2 million in cash of which £5.0 million is due on Completion with the balance of up to £4.2 million being due over the period to 30 September 2005. All but £500,000 of the deferred consideration is subject to the satisfaction of certain performance criteria.

In order to finance the Acquisition and provide the Enlarged Group with additional working capital, Cardpoint also proposes to raise approximately £6.0 million (before expenses) by way of a Placing and Open Offer of 11,334,867 Open Offer Shares at 53p per share. Under the terms of the Placing Agreement, Evolution Beeson Gregory has agreed conditionally upon, *inter alia*, Admission to procure placees, failing which, it has agreed to subscribe itself for the Open Offer Shares to the extent that they are not taken up under the Open Offer. In addition, the funds raised under the Placing and Open Offer will enable the Group to draw down an additional £4.5 million from the increased debt facility provided by Bank of Scotland.

Due to the size of SCM, the Acquisition is classed as a reverse takeover for the purposes of the AIM Rules. Accordingly, the Proposals are conditional upon, *inter alia*, the approval of Shareholders, which is being sought at an Extraordinary General Meeting, the notice for which is set out on pages 78 to 79 of this document.

This document explains the background to and reasons for the Acquisition, provides you with information in respect of SCM and the Placing and the Open Offer, and explains why the Board considers that the Proposals are in the best interests of the Company and recommends that Shareholders vote in favour of the Resolutions. This document also contains the unaudited interim results of Cardpoint for the six months ended 30 March 2003 and a notice of EGM. You will also find accompanying this document an Application Form and a Form of Proxy.

Background to and reasons for the Proposals

Cardpoint was admitted to AIM in June 2002 with the stated intention of growing its then existing estate of 188 automated teller machines ("ATMs"), commonly known as cash machines, in the UK. This strategy has been pursued and the Group currently owns and/or operates an estate of 503 independent ATMs, an increase of over 167 per cent. in under one year. The majority of these are free-standing and situated internally at motorway service areas, petrol stations, railway stations, pubs, hospitals, hotels, shopping centres and large retail and leisure outlets.

Cardpoint, which is a member of LINK, the payment processing network, receives a fee for each transaction made at a Group ATM. Each cash withdrawal generates a gross fee of typically £1.50 which is payable by the cardholder, whilst a charge of 20.9p is payable by the cardholder's bank or building society in the case of a balance enquiry or should the request for cash be refused.

The significant growth of the Group to date has been achieved both organically and through acquisition. Whilst the Directors believe that the strength of the Group's current pipeline of potential sites indicates the scope for continued organic growth, the acquisition of the business and assets of Green Machine in October 2002 confirmed the additional growth potential available to the Group as a consolidator of the ATM industry and demonstrated management's ability to successfully integrate other businesses.

The proposed acquisition of SCM represents a significant step in the Group's development. As at 30 April 2003 SCM had 1,232 ATMs installed and a further 333 in stock.

The Directors believe that the Acquisition represents an opportunity to broaden the Group's presence in the independent ATM marketplace. Furthermore, on completion of the Acquisition, Cardpoint will enter into the Outsourcing Arrangements which the Directors believe will enable the Enlarged Group to gain significant operational benefits as well as improve operating margin. Further details on SCM, the Acquisition and Outsourcing Arrangements are set out below.

Information on SCM

SCM is a wholly owned subsidiary of Securicor plc and was incorporated in 1977. It largely remained dormant until the business of providing and managing internal free standing ATMs was transferred into it with effect from 1 October 2000.

As at 30 April 2003, SCM had an installed base of 1,232 ATMs with further stock of 333 ATMs. Of these, 1,078 are leased from IBM on five year operating leases and the remainder are owned by SCM. The first ATM was installed in June 2000 as part of a roll-out which saw approximately 900 machines being installed in the first twelve months.

SCM's business model is similar to Cardpoint's. As such, SCM enters into a contractual agreement with the Site owner to provide and manage the ATM within the Host's premises. Typically, SCM's ATMs are situated within retail locations on an individual site basis. The revenue model employed charges the customer using the ATM a fee of typically £1.50 in cases where cash is withdrawn whilst the card user's bank pays a fee of 20.9p to SCM for each balance enquiry and a similar amount in the event of the card user being refused cash. Of the total fee received by SCM, a small proportion is usually paid to the Site owner pursuant to the contractual agreement. As with Cardpoint the installation, maintenance, cash replenishment and processing functions of the ATMs are outsourced. Further details of the arrangements proposed for the Enlarged Group are set out below in "Details of the Outsourcing Arrangements".

Financial information on SCM

The financial information set out below, which has been extracted from, and should be read in conjunction with, the Accountants' Report set out in Part VI of this document, summarises the financial record of SCM for the three years ended 30 September 2002.

	Year ended 30 September		
	2000	2001	2002
	£'000	£'000	£'000
Turnover	—	3,179	8,105
Gross profit	—	189	1,410
Operating loss	—	(1,107)	(222)
Loss on ordinary activities before taxation	—	(1,885)	(896)

SCM has been unable to produce detailed financial information for the period of trading from June 2000 (the date the first ATM was installed) to 30 September 2000 due to the financial results for this period being amalgamated within the financial records of its holding company.

Securicor plc has made a significant investment in the rapid development of SCM. Turnover has increased sharply as indicated in the table above, reaching in excess of £8m in the year ended 30 September 2002 from a standing start in June 2000. During this period, gross margin has improved and loss before tax has reduced as the business developed sufficient scale to support the fixed costs of entry into the independent ATM marketplace. Progress has continued to be made since the year end and the Directors anticipate that the increasing maturity of its ATM estate together with increased cash withdrawal charges and additional cost savings will result in positive cash flow generation and significant progress towards profitability being made in the current year.

Working capital and losses to date have been funded by way of a loan from Securicor plc. The intra-group debt arising, which amounted to £5,418,000 at 30 September 2002, is to be written off at Completion. Of the 1,115 ATMs installed at 30 September 2002, 1,078 are the subject of operating leases with IBM; the balance, plus a further 470 ATMs held in stock, are owned by SCM. The operating leases are for a 5 year term and allow for a payment holiday up front (typically 3 months) with payments made quarterly in advance. As at 30 September 2002 outstanding payments under these operating leases amounted to £8,898,122.

Operating information on SCM

SCM undertook a rapid roll out of ATMs during the 12 months following installation of its first ATM in June 2000, primarily in retail locations. The focus at the outset of operations was to establish market share. Many of these Sites were hastily selected which resulted in a large number of subsequent Site terminations; some 25 per cent. of the ATMs installed prior to 31 March 2002 have now been relocated to alternative Sites.

The operating data for the last six quarters is as follows:

Quarter to:	31/12/01	31/03/02	30/06/02	30/09/02	31/12/02	31/03/03
Avg. no of installed ATMs	716	803	921	1,039	1,137	1,188
Turnover (£)	1,628,025	1,811,208	2,223,145	2,443,390	2,417,134	2,486,339
Avg. no. of transactions per ATM	2,529	2,279	2,455	2,428	2,341	2,301
Avg. fee per cash withdrawal	129p	145p	145p	143p	139p	139p

Like Cardpoint, in the year 2000 SCM charged a standard cash withdrawal fee of £1.00. This standard fee was increased in January 2001 and January 2002 to £1.25 and £1.50 respectively. SCM does not currently achieve the standard fee as an average because it has deployed 24 non-surcharging ATMs during the last 6 months and has approximately 171 ATMs which continue to charge between £1.00 and £1.25 for a cash withdrawal.

SCM's business model is predicated on a significantly lower number of transactions per ATM than Cardpoint's estate. The Directors believe that this is primarily due to the size of the Host's premises in which the majority of the ATMs are situated and the consequent comparative reduced footfall. Whilst SCM does have some corporate agreements, the majority of its estate is deployed in single unit stores, an area not previously focused on to the same extent by Cardpoint. However, whilst the revenue per ATM is less than that of a Cardpoint ATM, this is compensated to a significant extent by SCM's lower operating costs.

Terms of the Acquisition

By an agreement dated 29 May 2003, Cardpoint Services Limited has agreed to acquire the entire issued share capital of Securicor Cash Machine Limited subject, *inter alia*, to Shareholder approval. The maximum consideration for the Acquisition of £9.2 million comprises both initial consideration and deferred consideration, both of which are to be satisfied in cash. The initial consideration of £5 million is payable on completion. Deferred consideration of up to £1.6 million for the year to 30 September 2003 and up to £1.6 million for the year to 30 September 2004 is payable subject to SCM's ATM estate achieving certain transaction targets in those years. A further £0.5 million is payable by 8 quarterly instalments of £62,500 commencing on 1 October 2003 and £0.5 million is payable if the size of the Enlarged Group's estate of ATMs does not reach 2,100 ATMs at any time on or before 30 September 2004. The maximum amount of deferred consideration payable could be £4.2 million although the Directors projections for the Enlarged Group show that in excess of 2,100 ATMs will be installed by 30 September 2004 and consequently the assumed maximum deferred consideration is £3.7 million.

Further details of the Acquisition Agreement are set out in paragraph 8 of Part VIII of this document.

Details of the Outsourcing Arrangements

As part of the arrangements for the Acquisition, Cardpoint Services Limited has agreed, on Completion, to outsource the day to day operation of its entire ATM estate to SCC. SCC will provide ATM installation, cash forecasting and ordering, ATM replenishment, ATM monitoring, cash reconciliation, first line maintenance and hardware maintenance. The Directors believe that the terms of these arrangements will enable the Enlarged Group to gain significant operational benefits as well as margin improvement. Furthermore, the arrangements provide for performance related payments to be made to SCC in the event of pre-agreed performance criteria being exceeded, and thereby benefiting both Cardpoint and SCC, and for compensation being payable to Cardpoint Services Limited in circumstances where they are not met. Further details of the Outsourcing Arrangements are set out in paragraph 8 of Part VIII of this document.

Financial effects of the Proposals

The Outsourcing Arrangements, together with overhead and other cost savings arising from the integration of SCM, will increase the Group's operating margin. As a result of this and the increased level of turnover the Directors expect the Acquisition to be significantly earnings enhancing in the years to 30 September 2003 and 2004 and for it to accelerate the Group's profitability and positive cash flow generation.

The illustrative pro forma statement of net assets of the Enlarged Group, showing the effects of the Acquisition and the Placing and Open Offer is set out in Part VII of this document and shows net assets of £7.094 million following Completion.

Conditional upon the Proposals, Bank of Scotland has agreed to increase the debt facility provided at the time of flotation from £5 million to £7 million. The net proceeds of the Placing and Open Offer will allow the Enlarged Group access to draw down a further £4.5 million in addition to the £1.5 million currently drawn down.

Goodwill representing the difference between the fair value of the consideration and the fair value of the net assets acquired, of approximately £5.2 million, will arise as a result of the Acquisition. This will be amortised over 5 years.

Financial information on Cardpoint

The Company has today announced its unaudited interim results for the six months ended 31 March 2003. These show turnover of £2,936,000, an increase of over 157 per cent. compared with the six months ended 31 March 2002. During the same period, the operating loss before goodwill amortisation has only increased from £183,000 to £320,000 despite the dramatic increase in the size of the estate and its subsequent relative lack of maturity. The Board draws your attention to the

interim results which are included in full in Part IV of this document together with an Accountants' Report covering the seven month periods ended 28 February 2000 and 30 September 2000 and the 2 years ended 30 September 2002 in Part V of this document.

Set out below is a summary of the operating data which indicates both the growth in the number of ATMs installed and the ability of the management to increase the fee received whilst still growing overall turnover:

Quarter to:	31/12/01	31/03/02	30/06/02	30/09/02	31/12/02	31/03/03
Avg. no of installed ATMs	169	175	179	233	401	425
Turnover ¹ (£)	566,548	678,973	871,691	1,064,575	1,403,589	1,457,716
Avg. no. of transactions per ATM	3,925	4,421	5,029	4,646	3,829	3,531
Avg. fee per cash withdrawal	131p	143p	150p	150p	154p	158p

Note:

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

Since June 2002, the Company has been able to dramatically increase the speed of its roll-out of ATMs due to the resources available following its successful flotation on AIM. Consequently the reduction in the average number of transactions per ATM reflects the greater proportion of immature ATMs within the Group's estate than has historically been the case. The Group's business model anticipates that an ATM will achieve maturity in 18 months and the comparison of actual contribution per ATM against expected contribution continues to reaffirm the Directors' belief in the quality of the Group's ATM locations.

As previously highlighted, Cardpoint's strategy is to continuously maximise the revenue receivable from the estate of ATMs.

The acquisition of the business and assets of Green Machine in October 2002 and its subsequent integration into the Group and development demonstrates, in the Directors' opinion, management's ability to monitor and improve key performance indicators. At the time of the acquisition the average cash withdrawal charge for a Green Machine ATM was £1.33 which by 31 March 2003 had been increased to an average of £1.73.

Despite this price increase, by focusing on the customer awareness of the presence of the ATM through increased signage and heightened visibility of the ATM both outside and within the Host premises, management have been able to increase the transaction volumes during the period.

Strategy

The Group's strategy continues to be to grow its estate of ATMs, both organically and by acquisition, and to grow the transaction volumes and yield per transaction. The interim statement announced today highlights the progress made to date. Moreover, the acquisition of the business of Green Machine has allowed management to demonstrate that it has the ability to both integrate a business and improve the performance and financial return from an estate of ATMs through close monitoring of transaction data and increased signage to improve awareness.

The Acquisition represents a significant development in the execution of this strategy because of its size and as a consequence of the broadening of the criteria which determine an acceptable Host site. As indicated above, the majority of the SCM ATMs are situated within single site Hosts where transaction volumes are comparatively lower than those generated by Cardpoint ATMs. However, due to the lower operating and capital costs, the SCM ATMs are capable of being profitable and cashflow positive at these reduced transaction volumes. Further significance is added by the Outsourcing Arrangements which the Directors believe will enable the Enlarged Group to achieve significant operational benefits as well as margin improvement.

In addition to existing transactional revenues received from ATMs, the Enlarged Group will seek to broaden its income stream. As announced in December 2002 Cardpoint has signed contracts with Vodafone and MmO₂ for the provision of airtime top-ups for pre-pay mobile telephones at its

ATMs via the LINK network. Furthermore, the Directors will consider acquiring or developing additional businesses where it can be demonstrated that they will add value and benefit from the Enlarged Group's core skills of maximising value from secure payment terminals in retail locations. In this respect, the Group is currently in early discussions with a view to acquiring a business which provides airtime top-ups for pre-pay mobile phones using secure authorisation terminals situated in approximately 3,000 retail outlets. The Directors believe that were this acquisition to proceed it would be earnings enhancing for the Enlarged Group and could be financed without recourse to additional financing.

Competition

The Enlarged Group's competitors consist primarily of other independent ATM deployers. Whilst banks and building societies represent competition by virtue of their established market presence, the Enlarged Group's target marketplace of ATM sites is, in the Directors' belief, unsuitable for the current and perceived future deployment criteria employed by the majority of banks and building societies.

The Group's competitors include Bank Machine Limited (previously the operation of Euronet Services (UK) Limited), Hanco ATM Systems Limited, Moneybox Corporation Limited and TRM Corporation. The Directors believe that the combination of the Group's relationships with existing Hosts, many of whom are currently, or are capable of becoming, multi-site Hosts together with the professionalism of the pre and post sales service provided by the Group enable it to differentiate its service offering from its competition.

Directors and senior management

Brief biographies of the Directors and senior management are set out below. Paragraph 6 of Part VIII of this document contains further details of current and past directorships and certain other important information regarding the Directors.

Peter Smyth, aged 51 – Non-Executive Chairman

Peter joined Cardpoint as a Non-Executive Director in January 2001 and became Chairman in November 2001. Peter chairs the audit and remuneration committees and has overseen the development and implementation of the growth strategy. Peter is currently part-time executive chairman of Cityspace Limited and from 1997 to 2000, he 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.

Mark Mills, age 32 – Chief Executive Officer

Prior to founding the Group in October 1999, Mark successfully started, developed, acquired and subsequently sold a number of businesses with multiple site operations. The most significant of these was Postal Facilities Limited, which was sold to More Group UK Limited and developed to an estate of 1200 independent post boxes, situated in petrol stations nationwide. Following the successful flotation of Cardpoint in June 2002, Mark is responsible for the Company's strategy and focuses on identifying suitable acquisitions and developing additional revenue streams.

Chris Hanson ACA, age 45 – Finance Director

Chris qualified as a Chartered Accountant in 1982 and spent 13 years with KPMG. Chris joined the Group part-time in November 2001 and became full time finance director on 2 January 2003 having previously gained extensive experience as a finance director of two public companies. Chris was instrumental in the acquisition of Green Machine and has overall responsibility for the Group's financial and operational controls.

Mark Kropacz, age 44 – Chief Operating Officer

Mark joined the Group in January 2001 from More Group UK Limited, where he had spent 15 years in a number of senior management roles and latterly as a director of two group companies with responsibility for the management and development of external operations. Mark is responsible for day-to-day operations, implementation of the development plan and managing relationships with suppliers and Hosts and was responsible for the successful integration of Green Machine's business into the Group.

Nigel Mills, age 36 – Sales and Marketing Director

Nigel founded the business together with his brother Mark and has previously been involved in developing a number of businesses with him. He is responsible for the identification and assessment of suitable Sites with particular responsibility for developing relationships with corporate clients where the opportunity for multiple Site deployment exists. Nigel oversees a national sales manager and sales team focused on securing individual quality Sites utilising mapping software developed to identify suitable ATM locations.

Dr John Westwood Dp.BA, PhD, age 54 – Non-Executive Director

John is a senior faculty member of Manchester Business School where he lectures on strategy for all major programmes. He has published widely on the subject of business management and has extensive international teaching experience. In addition, John has considerable consultancy experience and counts Ernst & Young, IBM, Dimension Data (South Africa), Barclays, Bank of Ireland, Kodak and the International Development Institute (Ireland) amongst his clients. He is a non-executive director of Matalan plc as well as a number of private companies.

Senior management

The Directors are supported by the following senior management:

John Ronson FCCA – Financial Controller

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

Alastair Richardson – Senior Projects Manager

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

Derek Sims – National Sales Manager

Derek joined Cardpoint in January 2003 from a competitor where he had been national sales manager. His responsibilities centred on winning and developing corporate contracts and growing the sales team. Derek has held a number of sales and managerial position in industry during which time he has gleaned extensive experience of both commercial and legal contract negotiations.

Mark Milsom – Product Support Manager

Prior to joining Cardpoint in November 2002, Mark spent 15 years with Nationwide Building Society as a manager of technical operations for self service banking with responsibility for software and hardware development. He is responsible for monitoring and improving the ATM's operational efficiency once installed with a focus on software and hardware upgrades as necessary.

Cardpoint's current trading and the Enlarged Group's prospects

As set out in the interim statement announced today and included in Part IV of this document, the Company continues to make excellent progress.

The demand for cash continues to grow strongly. Within the UK, transaction volumes on ATMs increased by approximately 45 per cent. from 1,151 million in 2000/2001 to 1,664 million in 2001/2002. This trend has continued in 2003 with 495 million transactions having been processed and £15,918m having been dispensed in the first 3 months of this year, increases of 20.5 per cent. and 21.0 per cent. respectively year on year. Whilst ATMs situated within bank branches dominate the market, the number of ATMs installed by IADs at 28 February 2003 grew to 10,595, an increase of over 47 per cent. during the preceding 12 months.

The scale and diversity of the installed base, together with the strength of the pipeline of prospective sites, when set against this positive market background, allow the Directors to view the Enlarged Group's prospects with considerable optimism.

Details of the Placing and Open Offer

The Placing and Open Offer, which is fully underwritten by Evolution Beeson Gregory, will raise approximately £6.0 million, before expenses. Evolution Beeson Gregory, on behalf of the Company, is offering Qualifying Shareholders 11,334,867 Open Offer Shares at 53p per share, payable in full on acceptance, on the following basis:

8 Open Offer Shares for every 15 Existing Ordinary Shares

held on the Record Date, and so in proportion for any other number of Existing Ordinary Shares then held. Qualifying Shareholders may apply for up to their maximum entitlement of Open Offer Shares as set out in the Application Form accompanying this document.

The Directors and certain existing Shareholders have irrevocably undertaken that they will not take up some or all of their entitlements under the Open Offer to an aggregate of 3,677,482 Open Offer Shares, representing 32.44 per cent. of the Open Offer Shares. These 3,677,482 Open Offer Shares have conditionally been placed firm by Evolution Beeson Gregory, as agent for the Company, with institutional and other investors at the Issue Price. Evolution Beeson Gregory, as agent for the Company, has also conditionally agreed to place the balance of 7,657,585 Open Offer Shares with institutional and other investors, subject to a right of recall to the extent required to satisfy valid applications under the Open Offer.

To the extent that Evolution Beeson Gregory is unable to procure placees for the Open Offer Shares at the Issue Price, Evolution Beeson Gregory will subscribe at the Issue Price for any of the Open Offer Shares for which valid applications are not received from Qualifying Shareholders under the Open Offer. Further details on the Placing Agreement are set out in paragraph 13 of Part VIII of this document.

The Open Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions hereafter declared, made or paid on the Existing Ordinary Shares.

The Open Offer is conditional, *inter alia*, upon:

- the passing of the Resolutions to be proposed at the EGM;
- the Placing Agreement having become unconditional in all respects (save in respect of any condition relating to the Acquisition Agreement becoming unconditional in all respects) and not being terminated in accordance with its terms;
- the Acquisition Agreement having become unconditional in all respects (save in respect of any condition relating to the Placing Agreement becoming unconditional in all respects); and
- Admission.

The latest time and date for valid application and payment in full for Open Offer Shares under the Open Offer is 3.00 p.m. on 19 June 2003.

Application will be made for Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Open Offer Shares on 23 June 2003.

Further information relating to the Open Offer, including the procedure for application and payment, is set out in Part II of this document.

The attention of Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom is drawn to the paragraph headed "Overseas Shareholders" set out in Part II of this document. The Open Offer is not being made to certain overseas Shareholders.

A guide to the general tax position of Qualifying Shareholders resident in the United Kingdom is set out in the paragraph headed "United Kingdom Taxation" in Part II of this document. Any person who is in any doubt as to their tax position or who is subject to tax in jurisdiction other than the United Kingdom should consult an appropriate professional adviser immediately.

Extraordinary General Meeting

You will find set out at the end of this document a notice convening the Extraordinary General Meeting of the Company to be held at 11.00 a.m. at the offices of Evolution Beeson Gregory, The Registry, Royal Mint Court, London EC3N 4LB on 20 June 2003. The following resolutions will be proposed at the EGM:

Resolution No. 1 will be proposed as an ordinary resolution for the purpose of:

- (a) approving the Acquisition; and
- (b) authorising the Directors, pursuant to section 80 of the Act, to allot up to 20,000,000 Ordinary Shares.

Resolution No. 2 will be proposed as a special resolution to:

- (a) empower the Directors, pursuant to section 95 of the Act, to allot the Open Offer Shares and to allot equity securities (as defined in the Act) for cash without complying with the statutory pre-emption rights, to the extent specified in the resolution; and
- (b) increase the borrowing powers of the Directors to accommodate the facility agreement referred to in paragraph 8 of Part VIII of this document.

CREST

Qualifying Shareholders with a CREST Participant ID and CREST Member Account ID will be able to take up Open Offer Shares in uncertificated form subject to their providing appropriate information in the Application Form. For Qualifying Shareholders who wish to receive Open Offer Shares in certificated form, definitive share certificates will be despatched as soon as practicable following Admission and in any event by 30 June 2003. Pending receipt of certificates in respect of such Open Offer Shares, transfers will be certified against the register of members.

Tax reliefs potentially available to Investors

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

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

Although the Company currently expects to satisfy the relevant conditions contained in the Venture Capital Trust and EIS legislation, neither the Company nor the Directors make any representation or warranty or give any undertaking that Venture Capital Trust or EIS relief will be

available in respect of any investment in the Open Offer Shares pursuant to this document, nor do they give any representation or undertaking that the Company will keep its qualifying status throughout the relevant period or that, once given, such relief will not be withdrawn.

Further information regarding the UK taxation position of Shareholders wishing to apply for Open Offer Shares is set out in Part II of this document. If you are in any doubt as to your taxation position, you should consult your professional advisor immediately.

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

Overseas shareholders

The attention of overseas Shareholders is drawn to the additional information set out in paragraph 6 of Part II of this document.

Action to be taken

Form of Proxy

Shareholders will find accompanying this document a Form of Proxy for use at the EGM.

Whether or not you propose attending the EGM, Shareholders are requested to complete the Form of Proxy and return it by post or (during normal business hours) by hand to Northern Registrars Limited of Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0JQ as soon as possible and, in any event, so as to arrive in no later than 48 hours before the time of the EGM. The return of a Form of Proxy will not prevent a Shareholder from attending the EGM and voting in person if he or she so wishes.

Shareholders who are CREST members should refer to their CREST sponsors regarding the action to be taken in connection with this document.

Application Form

If you wish to take up any or all of your entitlement to Open Offer Shares under the Open Offer, you should complete, sign and return the accompanying Application Form in accordance with the procedure set out in Part II of this document and the Application Form and return it, together with the appropriate payment, by post or (during normal working hours) by hand to, Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA as soon as possible and, in any event, so as to arrive no later than 3.00 p.m. on 19 June 2003. A pre-paid envelope accompanies this document for your convenience for use in the UK only.

Qualifying Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

Further details regarding the Open Offer are set out in the letter from Evolution Beeson Gregory in Part II of this document and in the Application Form accompanying this document.

Additional information

Your attention is drawn to the additional information set out in Parts II to VIII of this document.

Recommendation

Your Directors consider that the Proposals are in the best interests of the Company and its Shareholders as a whole.

Accordingly, your Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they have irrevocably undertaken to do in respect of their own shareholdings amounting to 6,365,492 Existing Ordinary Shares (representing approximately 29.95 per cent. of the existing issued ordinary share capital of the Company).

In addition the Company has received irrevocable undertakings from certain other Shareholders holding 3,017,534 Existing Ordinary Shares, representing approximately 14.20 per cent. of the existing issued ordinary share capital of the Company, to vote in favour of the Resolutions. Consequently the Company has received irrevocable undertakings to vote in favour of the Resolutions from Shareholders holding, in aggregate, 9,383,026 Existing Ordinary Shares, representing approximately 44.15 per cent of the existing issued ordinary share capital of the Company.

Yours faithfully

Mark Mills
Chief Executive Officer

PART II

LETTER FROM EVOLUTION BEESON GREGORY



To all Qualifying Shareholders

29 May 2003

Dear Shareholder,

Open Offer of 11,334,867 Open Offer Shares at 53p per share

1. Introduction

It was announced today that Cardpoint is proposing to raise approximately £6.0 million (before expenses) by way of a Placing and Open Offer to Qualifying Shareholders of 11,334,867 Open Offer Shares at a price of 53p for every Open Offer Share. The Placing and Open Offer has been fully underwritten by Evolution Beeson Gregory.

7,657,385 of the Open Offer Shares have been conditionally placed by Evolution Beeson Gregory with institutional and other investors, subject to a right of recall to the extent required to satisfy valid applications under the Open Offer. The balance of 3,677,482 Open Offer Shares for which irrevocable undertakings have been given by the Directors and certain Qualifying Shareholders that they will not take up some or all of their entitlements under the Open Offer, have been conditionally placed firm.

The Issue Price of 53p per Open Offer Share, represents a discount of 16.54 per cent. to the closing middle market price of an Existing Ordinary Share of 63.5p as derived from the AIM Appendix of the Daily Official List of the London Stock Exchange on 28 May 2003, being the latest practicable date prior to the publication of this document.

Your attention is drawn to the letter from your Chief Executive Officer in Part I of this document, which sets out the background to and reasons for the Acquisition and the Placing and Open Offer. This letter and the accompanying Application Form contain the formal terms and conditions of the Open Offer.

2. The Open Offer

In order to provide Qualifying Shareholders with an opportunity to acquire Open Offer Shares at the Issue Price, Evolution Beeson Gregory, as agent for and on behalf of the Company, hereby invites Qualifying Shareholders, on and subject to the terms and conditions set out below and in the Application Form, to apply for Open Offer Shares at the Issue Price, payable in full on application and free of all expenses on the basis of:

8 Open Offer Share for every 15 Existing Ordinary Share

held on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held.

Qualifying Shareholders' *pro rata* entitlements will be rounded down to the nearest whole number and fractional entitlements will not be allocated when calculating Qualifying Shareholders' entitlements. Such fractional entitlements will be aggregated and sold for the benefit of the Company in the Placing. Qualifying Shareholders may apply for any number of Open Offer Shares up to and including their *pro rata* entitlement as shown in the Application Form. Holdings of Existing Ordinary Shares in certificated form and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue and Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer.

Application will be made to the London Stock Exchange for admission of the Open Offer Shares to trading on AIM. The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares.

Qualifying Shareholders may apply for Open Offer Shares only on the accompanying Application Form which is personal to the Qualifying Shareholder(s) named therein and may not be assigned, transferred or split except to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to the date on which the Existing Ordinary Shares are marked ex-entitlement in respect of the Open Offer. Qualifying Shareholders who have sold or otherwise transferred all or part of their registered holdings of Existing Ordinary Shares through the market prior to the date on which the Existing Ordinary Shares are marked ex-entitlement in respect of the Open Offer are advised to consult their stockbroker, solicitor, bank manager or other agent or adviser duly authorised under the Financial Services and Markets Act 2000 through or by whom the sale or transfer was effected as soon as possible, for transmission to the purchaser or transferee provided that the accompanying Application Form should not be forwarded or transmitted to any person in any territory other than the United Kingdom unless the Open Offer can be lawfully made to such person in such territory. Qualifying Shareholders who have sold or transferred only part of their holdings of Existing Ordinary Shares are referred to the instructions regarding split applications set out in the Application Form. It may be that benefits arising under the Open Offer may be claimed for Qualifying Shareholders by the purchaser or transferee under the rules of the London Stock Exchange.

The Application Form represents a right to apply for Open Offer Shares. It is not a document of title and cannot be traded. Any Open Offer Shares which are not applied for under the Open Offer will be taken up in the Placing in accordance with the provisions of the Placing Agreement.

The Placing and Open Offer is conditional, *inter alia*, upon:

- (a) the passing of all of the Resolutions at the Extraordinary General Meeting;
- (b) the Placing Agreement having become unconditional in all respects (save only in respect of any condition relating to the Acquisition Agreement becoming unconditional in all respects) on or before 3 June 2003 (or such later date as Evolution Beeson Gregory and the Company may agree (being not later than 8.00 a.m. on 31 July 2003) and not having been terminated in accordance with its terms prior to Admission;
- (c) the Acquisition Agreement having become unconditional in all respects (save only in respect of any condition relating to the Placing Agreement becoming unconditional in all respects); and
- (d) Admission becoming effective by not later than 8.00 a.m. on 23 June 2003 (or such later date as Evolution Beeson Gregory and the Company may agree, being not later than 8.00 a.m. on 31 July 2003).

A summary of the principal terms and conditions of the Placing Agreement is set out in paragraph 13 of Part VIII of this document.

3. Procedure for Application

The accompanying Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date and also shows your *pro rata* entitlement to Open Offer Shares. The Application Form incorporates further terms of the Open Offer and must be used if you wish to apply for Open Offer Shares.

If you wish to apply for all or any of the Open Offer Shares represented by your entitlement under the Open Offer, you must complete the Application Form in accordance with the instructions contained therein. You may apply for less than your maximum entitlement should you so wish. Application Forms should be completed, signed and returned by post in the reply paid envelope

provided (in the UK only) or by hand (during normal business hours) to Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA with a cheque or bankers' draft drawn on a bank or building society in the United Kingdom which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided for members of either of those companies.

Such cheques or bankers' drafts must bear the appropriate sorting code in the top right hand corner and must be for the full amount payable on application. Application Forms and payments in full must be received no later than 3.00 p.m. on 19 June 2003, after which time Application Forms will not be valid. However, the Company and Evolution Beeson Gregory reserve the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 3.00 p.m. on 19 June 2003 from an authorised person (as defined in the Financial Services and Markets Act 2000) specifying the number of Open Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

Once submitted, applications are irrevocable. Cheques should be made payable to Northern Registrars Limited – A/C – CARDPOINT and crossed "A/C Payee Only". It is a condition of application that cheques will be honoured on first presentation and the Company may elect not to treat as valid those applications in respect of which cheques are not so honoured. Any application other than for a Qualifying Shareholder's maximum entitlement will be deemed to be in respect of the lower of (a) that Qualifying Shareholder's maximum entitlement; and (b) such number of Open Offer Shares as is covered by the payment enclosed with the Application Form. Any monies paid in excess of the amount due in respect of an application made will be returned without interest by crossed cheque in favour of the applicant through the post as soon as is practicable thereafter.

Cheques and bankers' drafts are liable to be presented for payment upon receipt. The application monies will be held in a separate bank account and any interest earned on such monies will be retained for the benefit of the Company. If the conditions of the Open Offer are not fulfilled by 23 June 2003 (or such later date, being not later than 8.00 a.m. on 31 July 2003, as Evolution Beeson Gregory and the Company may agree) the Open Offer will lapse and application monies will be returned without interest by crossed cheque in favour of the applicant(s) through the post as soon as is practicable thereafter.

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- (a) agree that all applications, contracts and obligations resulting from such application shall be governed by, and construed in accordance with, English law; and
- (b) confirm that, in making the application, you have not relied on any information or representation other than such as may be contained in this document or the Application Form and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation.

The Company and Evolution Beeson Gregory reserve the right to treat any application not strictly complying with the terms and conditions of the application as nevertheless valid in whole or in part.

If you do not wish to apply for any Open Offer Shares you should not complete the accompanying Application Form. You are nevertheless requested to complete, sign and return the accompanying Form of Proxy for use at the Extraordinary General Meeting.

Any enquiries about the Open Offer should be addressed to Northern Registrars Limited, telephone number 01484 600 900.

4. Money Laundering Regulations

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations 1993 (as amended by the Money Laundering Regulations 2001) ("Regulations"), Northern Registrars Limited may, at its absolute discretion, require verification of identity from any person lodging an Application Form who (i) tenders payment by way of a cheque or bankers'

draft on an account in the name of a person or persons other than the Shareholder named on the Application Form; or (ii) appears to Northern Registrars Limited to be acting on behalf of some other person. In the former case, verification of the identity of the application may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required. If by 3.00 p.m. on 19 June 2003 Northern Registrars Limited has not received evidence satisfactory to it as foresaid, the Company may, in its absolute discretion, reject the relevant Application Form in which event the applicant's remittance may be returned without interest to the account of the drawee bank from which such monies were originally debited.

As a guide, if the value of the Open Offer Shares applied for by a Qualifying Shareholder exceeds €15,000 the verification of the identity requirements of the Regulations will apply and verification of the identity of the applicant may be required. A failure to provide the necessary evidence of identity satisfactory to Northern Registrars Limited may result in the rejection of the application or delays in the despatch of a share certificate or the crediting of CREST stock accounts. In order to avoid this, you should ideally make payment by means of a cheque drawn by the Shareholder named on the Application Form. If this is not practicable and a cheque drawn by a third party, building society cheque or bankers' draft is to be used you should:

- (a) write the name and address of the Shareholder (or one of the joint holders) named on the Application Form on the back of the cheque, building society cheque or bankers' draft and record the date of birth of the Shareholder;
- (b) if a building society cheque or bankers' draft is being used, ask the building society or bank to endorse on the cheque the name and account number of the person whose building society or bank account is being debited; and
- (c) if you are making the application as agent for one or more persons, indicate on the Application Form whether you are a United Kingdom or European Community regulated person or institution (for example a bank or stockbroker) and specify your status. If you are not a United Kingdom or European Community regulated person or institution, you should contact Northern Registrars Limited. If the Application Form is delivered by hand, you should ensure that you have with you evidence of identity bearing your photograph (for example your passport).

5. Taxation

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

5.1 *Taxation of dividends for UK resident Shareholders*

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

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

at the higher rate should pay income tax on the dividend plus the tax credit at a rate equal to what is to be known as the Schedule F upper rate (currently 32.5 per cent.). Individuals who pay income tax at the Schedule F upper rate will be able to set off the tax credit against the liability to income tax.

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

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

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

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

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

5.3 *Taxation of capital gains for UK resident Shareholders*

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

5.4 *UK stamp duty and stamp duty reserve tax*

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

- (i) no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue and allotment of Ordinary Shares by the Company;
- (ii) the conveyance or transfer on sale of Ordinary Shares following the allotment of shares and issue of the definitive share certificate will normally be subject to stamp duty at a rate of 0.5 per cent. of the amount of value of the consideration paid for the conveyance or transfer rounded up to the nearest £5. Where an agreement to purchase Ordinary Shares is not, before the seventh day of the month following the month in which the agreement was entered into (extended to 60 days from the date of agreement by a concession from the Inland Revenue), completed by a duly stamped transfer in favour of the purchaser, a charge to SDRT will arise at a rate of 0.5 per cent. of the amount of value of the consideration. The system of rounding up to the nearest £5 does not apply to SDRT. Any SDRT paid can be reclaimed if a duly stamped instrument is entered into within six years of the agreement and the appropriate stamp duty paid (although if this does not take place within the 60 day period referred to above, a liability to interest and penalties may arise);
- (iii) where the sale transaction takes place in CREST, generally SDRT will be automatically deducted and no stamp duty will arise;

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

6. Overseas Shareholders

The provisions of this paragraph 5 are intended as a guide only and any Shareholder who is resident in any jurisdiction other than the United Kingdom ("overseas Shareholder") is advised to consult a professional adviser immediately.

The making of the Open Offer to persons not resident in the United Kingdom may be affected by the laws or regulatory requirements of relevant jurisdictions. No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such Application Form could lawfully be used without compliance with any unfulfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of the relevant territory which may be required and compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territory.

The Company reserves the right, in its absolute discretion, to treat an application under the Open Offer as invalid in a particular case if it believes acceptance may violate applicable legal or regulatory requirements. In particular, overseas Shareholders should note the following:

(a) *Republic of Ireland*

The Open Offer Shares have not been and will not be registered under the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992, of the Republic of Ireland and the Open Offer is not being made in the Republic of Ireland. The Open Offer Shares may not be offered or sold, directly or indirectly, within the Republic of Ireland. This document does not constitute an offer to sell or the solicitation of an offer to acquire Open Offer Shares in the Republic of Ireland and no document in relation to the Open Offer Shares has been or will be lodged for registration with the Registrar of Companies in the Republic of Ireland.

(b) *United States and Canada*

The Open Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and the relevant exemptions are not being obtained from the Securities Commission of any province of Canada.

The Open Offer Shares are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in or into the United States or Canada or to or for the benefit of any US persons or residents of Canada. Application Forms will therefore not be sent to Shareholders who have registered addresses in the United States or Canada, nor will applications be accepted from anyone who does not, *inter alia*, represent and warrant as to non-United States and non-Canadian beneficial ownership in the Application Form.

For the purposes of this document "US person" has the meaning given in Regulation S promulgated under the Securities Act; and "resident of Canada" means a citizen, national or resident of Canada, the estate of any such person, a partnership, corporation or other entity created or organised in or under the laws of Canada, or any estate or trust, the income of which is liable to Canadian tax regardless of its source.

(c) *Australia*

No prospectus in relation to the Open Offer or the Open Offer Shares has been lodged with, or registered by, the Australian Securities and Investments Commission.

The Open Offer is not being made in the Commonwealth of Australia, its states, territories or possessions nor will this document or any advertisement or other offering material in relation to the Open Offer Shares be distributed directly or indirectly in or into Australia. The Open Offer Shares have not been nor will be available for subscription or purchase by any resident

of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia). Application Forms will therefore not be sent to Shareholders who have registered addresses in Australia, nor will applications be accepted from anyone who does not, *inter alia*, represent and warrant as to non-Australian beneficial ownership in the Application Form.

(d) *Japan and other countries*

Shareholders resident in Japan and other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares pursuant to the Open Offer and should note the representations and warranties in the Application Form.

Applications will not be accepted from anyone who does not give the warranty on the Application Form that (i) they are not a US person or resident in the US, Australia, the Republic of Ireland, Canada or Japan (except where proof satisfactory to the Company has been provided to the Company that they are exempt from, or the execution or dispatch of an Application Form would be pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the relevant Australian, Irish, Canadian or Japanese legislation) and (ii) they are not a person otherwise prevented by legal or regulatory restrictions from applying for the Open Offer Shares under the Open Offer and (iii) they are not acting on behalf of a US person or resident of the US, Australia, the Republic of Ireland, Canada or Japan and will not hold or acquire any Open Offer Shares for the account of any such person or with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of such Open Offer Shares to or for the benefit of such person(s).

This document is being sent for information only to those Shareholders who are unable to comply with the requirements of the laws of the overseas territory to which they are subject and will not constitute any offer or invitation to such persons to subscribe for or purchase Open Offer Shares.

The Company and Evolution Beeson Gregory nonetheless reserve the right to make Open Offer Shares available to overseas Shareholders notwithstanding any statement contained in this document, if they are advised to their satisfaction that any such Shareholder can properly accept an offer or invitation to subscribe for Open Offer Shares without observance by the Company or Evolution Beeson Gregory of any requirement which they (in their sole discretion) regard as unduly burdensome.

7. CREST

Although the Open Offer will be processed outside CREST, for the purposes of calculating entitlements on the Record Date, CREST and non-CREST shareholdings will be treated independently and a separate Application Form will be issued in respect of each. If a Qualifying Shareholder has, therefore, both an uncertificated and a certificated shareholding in the Company there will be two separate Application Forms despatched in respect of such holdings.

Qualifying non-CREST Shareholders who validly subscribe for Open Offer Shares will be allotted Open Offer Shares in certificated form. Any such Shareholders wishing to hold their Open Offer Shares in uncertificated form will therefore need to comply separately with the relevant CREST procedures for the conversion of such Open Offer Shares into uncertificated form following receipt of their share certificates.

Qualifying CREST Shareholders who validly subscribe for Open Offer Shares will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Ordinary Shares in uncertificated form at the Record Date. Notwithstanding any other provision of this document, the Company reserves the right to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST, or of any

part of CREST, or on the part of the facilities and/or systems, operated by Northern Registrars Limited, in connection with CREST. The right may also be exercised if the correct details in respect of bona fide market claims (such as CREST Member Account ID and CREST Participant ID details) are not provided in Box 7 as requested on the Application Form.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken with this document and the Open Offer.

8. Settlement and Dealings

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will take place and that trading in the Open Offer Shares will commence on AIM on 23 June 2003. For those Qualifying Shareholders who do not hold their Existing Ordinary Shares in CREST, it is expected that definitive certificates for the Open Offer Shares (which will be in registered form) will be despatched as soon as practicable following Admission and in any event by not later than 30 June 2003. In the case of joint holders, despatch will be to the address of the joint holder whose name stands first in the register of members of the Company in respect of the joint holding concerned. Temporary documents of title will not be issued and, pending the despatch of definitive certificates, transfers will be certified against the register of members. For those Qualifying Shareholders who hold Existing Ordinary Shares in CREST, the relevant CREST stock account is expected to be credited on 23 June 2003.

9. Further Information

Your attention is drawn to the letter from the Chief Executive Officer of Cardpoint in Part I of this document and the further information in Parts III to VIII of this document and to the terms and conditions set out in the Application Form which accompanies this document.

Yours faithfully

for and on behalf of Evolution Beeson Gregory Limited

Chris Callaway
Director, Corporate Finance

PART III

RISK FACTORS

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

The Enlarged Group may face competition from competitors with much greater capital

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

Supply chain dependence

The Enlarged Group's business will be, to an extent, dependant upon the performance of SCC under the Outsourcing Arrangements to provide it with its ability to situate, deploy and maintain its ATMs. A breakdown in any of these services may have a damaging short term effect on the Enlarged Group's ability to operate. Furthermore, the Enlarged Group is dependent on LINK and Transaction Network Services Limited ("TNS") for both its ability to receive interchange fees and to process transactions, and therefore is sensitive to any increase in charges levied by these businesses. In addition, the Enlarged Group's revenue relies upon the operation of the LINK network. A failure of the network would have a materially adverse effect on the Enlarged Group's ability to generate revenue.

Legislative and regulatory change

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

Market saturation

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

Technological change and the development of E Purses

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

Risk of potential future acquisitions

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

Trading market for the Ordinary Shares

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

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

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise their investment in the Company than in a company whose shares are quoted on the Official List.

Continuing losses

The Enlarged Group's businesses have incurred net losses since their incorporation. These losses have arisen mainly from the costs incurred through capital expenditure, general administration and marketing of the Enlarged Group's products. There can be no assurance that the Enlarged Group will achieve profitable operations.

PART IV
INTERIM RESULTS OF CARDPOINT PLC FOR THE SIX MONTHS
ENDED 31 MARCH 2003

Chairman's Statement

The six months to 31 March 2003 has seen the Company continue to grow at a rapid pace with a total of 450 installed ATMs at the period end. In addition, the Company has today announced that it has conditionally agreed to acquire the entire issued share capital of Securicor Cash Machine Limited for a maximum cash consideration of £9.2 million.

Turnover in the period has increased to £2.94 million, an increase of over 157 per cent. compared with the six months ended 31 March 2002 while the pre tax loss of £438,000 (2002: £244,000) was in line with expectations. The installed base of 450 ATMs at 31 March 2003 compares to 175 at 31 March 2002 and 401 at 31 December 2002, an increase of 157 per cent. and 12 per cent respectively. A result of such rapid expansion is an increase in the number of immature ATMs. Despite the relative lack of maturity of the ATM estate the Company has been able to largely offset the expected reduction in average number of transactions per ATM, 3,531 compared with 3,829 in the previous quarter, by continually increasing the fee per cash withdrawal which averaged 158p in the quarter to 31 March 2003 compared with 143p in the corresponding period in 2002.

In October 2002 the business and assets of Green Machine, comprising 85 installed ATMs and further stock of 20, was acquired for £1.29 million. As I announced in my statement at the AGM, its integration into the Group has been successfully completed and it has delivered all of the benefits identified at the time of its acquisition. The average fee per cash withdrawal has been increased from £1.33 to £1.73 whilst at the same time the number of transactions has been increased thereby significantly increasing the revenue per ATM.

The proposed acquisition of Securicor Cash Machine Limited will add a further 1,232 installed ATMs with additional stock of 337 ATMs. In addition the Company will on completion of the acquisition enter into an outsourcing arrangement with Securicor plc for it to provide much of the day to day management of the ATM estate including ATM installation, cash reconciliation, first line maintenance and hardware maintenance. The deal represents a significant step in the Group's development and one which the Directors believe, when combined with the benefits of the outsourcing arrangements, will accelerate the Company's positive cash flow generation and be significantly earnings enhancing.

Full details of the proposed acquisition and its anticipated effect on the Company are set out in the explanatory circular which has been sent to shareholders today for the purpose of seeking their approval for the acquisition at the extraordinary general meeting of the Company which has been convened for 20 June 2003.

The strategy remains focused on maximising the revenue per ATM across the estate. In December the Company signed agreements to provide mobile top-ups to Vodafone and mmO₂ pre-pay customers via its ATMs which the Board believes could add incremental revenue in the future without cannibalising our core service of providing cash at convenient locations.

Cardpoint's small team has risen to every challenge and opportunity presented by the rapid growth of the Company. The Company currently provides a transaction on average just under every five seconds and in April a record amount of over £15.5 million was dispensed by our ATMs. With the pipeline of potential new installations as robust as ever, the opportunity presented by the acquisition of Securicor Cash Machine Limited and the dedication of Cardpoint's employees, the future of the Company is extremely promising.

Peter Smyth
Chairman

29 May, 2003

Consolidated Profit and Loss Account
For the 6 months ended 31 March 2003

		Unaudited 6 months ended 31 March 2003 £'000	Unaudited 6 months ended 31 March 2002 £'000	Audited Year ended 30 September 2002 £'000
	Notes			
Turnover				
Continuing operations		2,309	1,140	3,104
Acquisitions		627	—	—
		<u>2,936</u>	<u>1,140</u>	<u>3,104</u>
Cost of sales		(2,487)	(950)	(2,728)
Gross profit		<u>449</u>	<u>190</u>	<u>376</u>
Administrative expenses				
Amortisation of goodwill		(58)	—	—
Other		(769)	(373)	(1,035)
Total administrative expenses		<u>(827)</u>	<u>(373)</u>	<u>(1,035)</u>
Operating (loss)/profit				
Continuing operations		(436)	(183)	(659)
Acquisitions		58	—	—
		<u>(378)</u>	<u>(183)</u>	<u>(659)</u>
Interest payable and similar charges		(60)	(61)	(98)
Loss on ordinary activities before taxation		<u>(438)</u>	<u>(244)</u>	<u>(757)</u>
Taxation on loss on ordinary activities	3	—	—	—
Loss for the financial period		<u>(438)</u>	<u>(244)</u>	<u>(757)</u>
Loss per ordinary share				
Basic and diluted	4	(2.06)p	(2.06)p	(5.39)p
Adjusted basic and diluted	4	(1.79)p	(2.06)p	(5.39)p

There were no recognised gains and losses other than those shown in the profit and loss account.

Consolidated Balance Sheet

As at 31 March 2003

		Unaudited As at 31 March 2003 £'000	Unaudited As at 31 March 2002 £'000	Audited As at 30 September 2002 £'000
	Notes			
Fixed assets				
Tangible assets		3,558	1,422	2,856
Intangible assets		632	—	—
		<u>4,190</u>	<u>1,422</u>	<u>2,856</u>
Current assets				
Stocks		6	11	14
Debtors		346	290	155
Cash at bank and in hand		858	120	745
		<u>1,210</u>	<u>421</u>	<u>914</u>
Creditors: amounts falling due within one year		<u>(1,897)</u>	<u>(1,354)</u>	<u>(2,054)</u>
Net current liabilities		<u>(687)</u>	<u>(933)</u>	<u>(1,140)</u>
Total assets less current liabilities		<u>3,503</u>	<u>489</u>	<u>1,716</u>
Creditors: amounts falling due after more than one year		<u>(1,609)</u>	<u>(352)</u>	<u>(216)</u>
Net assets		<u>1,894</u>	<u>137</u>	<u>1,500</u>
Called up share capital	6	1,063	632	927
Share premium account	6	3,176	898	2,480
Merger reserve	6	354	354	354
Profit and loss account	6	<u>(2,699)</u>	<u>(1,747)</u>	<u>(2,261)</u>
Equity shareholders' funds		<u>1,894</u>	<u>137</u>	<u>1,500</u>

Consolidated Cash Flow Statement

For the 6 months ended 31 March 2003

		Unaudited 6 months ended 31 March 2003 £'000	Unaudited 6 months ended 31 March 2002 £'000	Audited Year ended 30 September 2002 £'000
	Notes			
Net cash inflow/(outflow) from operating activities	7	292	(21)	(66)
Returns on investments and servicing of finance				
Interest (paid)/ received		(24)	—	19
Finance lease interest paid		(36)	(61)	(117)
Cash outflow from returns on investments and servicing of finance		(60)	(61)	(98)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(977)	(193)	(1,312)
Purchase of business		(998)	—	—
Proceeds from disposal of tangible fixed assets		53	—	2
Net cash outflow from capital expenditure and financial investment		(1,922)	(193)	(1,310)
Net cash outflow before financing		(1,690)	(275)	(1,474)
Financing				
Issue of share capital (net of issue costs)		460	167	2,128
Receipts from borrowing	8	1,500	—	—
Capital element of finance lease rentals	8	(157)	(128)	(265)
Net cash inflow from financing		1,803	39	1,863
Increase /(decrease) in cash in the period		113	(236)	389

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Interim financial information

The interim financial information covers the period from 1 October 2002 to 31 March 2003, is unaudited and does not constitute statutory financial statements. The figures for the year ended 30 September 2002 have been extracted from the audited financial statements of Cardpoint plc. The financial statements for the year ended 30 September 2002 received an unqualified audit report and have been filed with the Registrar of Companies.

2. Principal accounting policies

The interim financial information has been prepared on the same basis and using the same accounting policies as used in the full set of financial statements for the year ended 30 September 2002.

3. Taxation on loss on ordinary activities

There is no corporation tax charge for the period (2002: £nil) due to the losses incurred. Trading losses of approximately £3.2 million (2002: £2.1 million) are available to carry forward and offset against future trading profits.

4. Loss per ordinary share

The basic and fully diluted loss per ordinary share is calculated by dividing the loss for the period after tax of £438,000 (2002: £244,000) by the weighted average number of ordinary shares in issue during the period of 21,223,030 (2002: 11,826,690). The adjusted loss per ordinary share is calculated by reducing the loss for the period by the goodwill amortisation of £58,000 (2002: £nil). The share options in issue are anti-dilutive.

5. Acquisition

On 2 October 2002 the Company acquired the business and assets of ATM Express Limited, trading as Green Machine, for a maximum potential consideration of £1,291,500. Payment for Green Machine is being made in two stages, an initial consideration of £1,191,500, of which £819,000 was paid in cash and £372,500 by the allotment of 1,049,295 Ordinary Shares, and a deferred consideration of £100,000, of which £50,000 is payable in cash and the balance by the allotment of 140,845 ordinary shares, six months after completion provided certain site installation criteria are met.

Goodwill arising on the acquisition of £690,000 has been capitalised, and is being amortised over a period of 5 years.

6. Reserves

	<i>Unaudited Share capital £'000</i>	<i>Unaudited Share Premium £'000</i>	<i>Unaudited Merger Reserve £'000</i>	<i>Unaudited Profit and loss account £'000</i>
At 1 October 2002	927	2,480	354	(2,261)
Issue of shares	136	736	—	—
Share issue expenses	—	(40)	—	—
Loss for the financial period	—	—	—	(438)
At 31 March 2003	<u>1,063</u>	<u>3,176</u>	<u>354</u>	<u>(2,699)</u>

7. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	<i>Unaudited 6 months ended 31 March 2003 £'000</i>	<i>Unaudited 6 months ended 31 March 2002 £'000</i>	<i>Audited Year ended 30 September 2002 £'000</i>
Operating loss	(378)	(183)	(659)
Depreciation and amortisation	488	172	417
Loss on disposal of fixed assets	10	—	—
Decrease/(increase) in stocks	8	(5)	(9)
Increase in debtors	(191)	(82)	(32)
Increase in creditors	355	77	217
Net cash inflow/(outflow) from operating activities	<u>292</u>	<u>(21)</u>	<u>(66)</u>

8. Analysis of change in net funds/(debt)

	<i>At 1 October 2002 £'000</i>	<i>Cash flow £'000</i>	<i>At 31 March 2003 £'000</i>
Cash in hand and at bank	745	113	858
Obligations under finance leases	(513)	157	(356)
Bank loans	—	(1,500)	(1,500)
Net funds/(debt)	<u>232</u>	<u>(1,230)</u>	<u>(998)</u>

9. Interim Report

This Interim Report was approved by the Directors on 29 May 2003. A copy of the Interim Report will be available from the Company's registered office at St James's Court, Brown Street, Manchester M2 2JF.

INDEPENDENT REVIEW REPORT TO CARDPOINT PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 March 2003 which comprises the profit and loss account, the balance sheet, the cash flow statement and the related notes. We have read the other information contained in the interim report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the requirement that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of Interim Financial Information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2003.

Grant Thornton

Chartered Accountants

Manchester

29 May 2003

PART V
ACCOUNTANTS' REPORT ON THE CARDPPOINT GROUP

Grant Thornton 

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

and

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

29 May 2003

Cardpoint plc ("the Company") and its subsidiary undertakings (together "the Group")

1. Introduction

- 1.1 We report on the financial information set out in paragraphs 2 to 6. This financial information has been prepared for inclusion in the prospectus (the "Prospectus") of the Company dated 29 May 2003.
- 1.2 This report is made solely to the addressees of the report. Our work has been undertaken so that we might compile the financial information set out in our report, form an opinion on the financial information and report our opinion to the addressees solely for their purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressees for our work, for this report, or for the opinions we have formed.

Basis of preparation

- 1.3 The financial information set out in paragraphs 2 to 6 below is based on the audited consolidated financial statements of the Group for the periods ended 30 September 2000, 30 September 2001 and 30 September 2002, and the audited financial statements of the Company's subsidiaries for the period ended 28 February 2000.
- 1.4 The Company was incorporated on 27 October 2000. On 22 March 2001, following a share for share exchange, Cardpoint Holdings Limited became a wholly owned subsidiary of the Company. Cardpoint Holdings Limited is the holding company for Cardpoint Services Limited and Cardpoint Machines Limited.
- 1.5 The financial information as presented comprises the consolidated financial information of the Company and of its subsidiary undertakings using principles of merger accounting which have been applied as if the Group had been in existence throughout each of the accounting periods and has been prepared on the basis set out in paragraph 2.1.

Responsibility

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

- 1.7 The directors of the Company are responsible for the contents of the Prospectus relating to the proposed acquisition of Securicor Cash Machine Limited and the Placing and Open Offer of new ordinary shares to be traded on the Alternative Investment Market in which this report is included.
- 1.8 It is our responsibility to compile the financial information set out in our report from the audited financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

- 1.9 We conducted our work in accordance with the Statements of Investment Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence underlying the financial information comprises that obtained by us relating to the audits of the financial statements of the Group's companies for the periods ended 30 September 2000, 30 September 2001 and 30 September 2002, and by previous auditors in respect of earlier periods. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.
- 1.10 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

- 1.11 In our opinion the financial information gives, for the purposes of the Prospectus, a true and fair view of the consolidated results and cash flows of the Group for the four periods ended 28 February 2000, 30 September 2000, 30 September 2001 and 30 September 2002, and the state of affairs of the Group as at the end of each of those periods.

Consent

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

2. Accounting policies

Basis of preparation

- 2.1 The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.
- 2.2 The principal accounting policies of the Group have remained unchanged throughout the period except for the mandatory requirement to adopt FRS 19, and are set out below. The directors have reviewed the accounting policies in the light of FRS 18 and consider them to be the most appropriate to the Group.

Basis of consolidation

- 2.3 The Group financial information consolidates the financial information of the Company and of its subsidiary undertakings using principles of merger accounting (on the basis of a group reconstruction) which have been applied as if the Group had been in existence throughout each of the accounting periods up to and including the period ended 30 September 2002. Profits or losses on intra-group transactions are eliminated in full.

Turnover

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

Taxation

- 2.5 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.
- 2.6 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 profits from which the future reversal of the underlying timing differences can be deducted.
- 2.7 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.

Tangible fixed assets and depreciation

- 2.8 Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Office equipment and machines, including ATMs 20%

Stocks

- 2.9 Stocks are included at cost less amounts written off.

Leased assets

- 2.10 Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.
- 2.11 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.

Pensions

- 2.12 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.

Financial instruments

- 2.13 Financial instruments 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.

Employee share schemes

- 2.14 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 in which the options vest.

3. Profit and loss accounts

	Notes	Seven months ended		Year ended	
		28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	30 September 2002 £'000
Turnover	6.1	1	61	943	3,104
Cost of sales		—	(82)	(1,187)	(2,728)
Gross profit/(loss)		1	(21)	(244)	376
Other operating charges		(10)	(200)	(899)	(1,035)
Operating loss		(9)	(221)	(1,143)	(659)
Net interest payable and similar charges	6.2	—	(5)	(126)	(98)
Loss on ordinary activities before taxation	6.1	(9)	(226)	(1,269)	(757)
Taxation	6.3	—	—	—	—
Retained loss	6.13	(9)	(226)	(1,269)	(757)
Loss per ordinary share					
Basic and fully diluted	6.4			(20.73)p	(5.39)p

The loss per share included above is extracted from the Company's 2002 financial statements, which were the first financial statements post flotation. Accordingly the loss per share for the two periods in 2000 is not disclosed.

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

4. Balance sheets

	Notes	As at 28 February 2000 £'000	As at 30 September 2000 £'000	As at 30 September 2001 £'000	As at 30 September 2002 £'000
		2000 £'000	2000 £'000	2001 £'000	2002 £'000
Fixed assets					
Tangible	6.6	26	647	1,265	2,856
Current assets					
Stock	6.7	—	—	5	14
Debtors	6.8	—	75	123	155
Cash at bank and in hand		—	160	356	745
		—	235	484	914
Creditors: amounts falling due within one year	6.9	(34)	(270)	(1,107)	(2,054)
Net current liabilities		(34)	(35)	(623)	(1,140)
Total assets less current liabilities		(8)	612	642	1,716
Creditors: amounts falling due after more than one year	6.10	—	(371)	(513)	(216)
Net (liabilities)/assets		(8)	241	129	1,500
Capital and reserves					
Called up share capital	6.12	537	537	591	927
Share premium account	6.13	—	—	688	2,480
Merger reserve	6.13	(536)	(61)	354	354
Profit and loss account	6.13	(9)	(235)	(1,504)	(2,261)
Equity shareholders' (deficit)/funds	6.13	(8)	241	129	1,500

5. Cash flow statements

	Notes	Seven months ended		Year ended	
		28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	30 September 2002 £'000
Net cash inflow/(outflow) from operating activities	6.14	26	(166)	(54)	(66)
Returns on investments and servicing of finance					
Hire purchase interest paid		—	(6)	(130)	(117)
Bank interest received		—	1	4	19
Net cash outflow from returns on investments and servicing of finance		—	(5)	(126)	(98)
Taxation					
UK corporation tax paid		—	—	—	—
Capital expenditure					
Purchase of tangible fixed assets		(27)	(65)	(528)	(1,312)
Proceeds from disposal of tangible fixed assets		—	—	—	2
Net cash outflow from capital expenditure		(27)	(65)	(528)	(1,310)
Financing					
Issue of shares		1	461	1,126	2,128
Capital element of finance lease payments		—	(65)	(222)	(265)
Net cash inflow from financing		1	396	904	1,863
Increase in cash	6.15	—	160	196	389

6. Notes to the financial information

6.1 Turnover and loss on ordinary activities before taxation

Turnover is derived from continuing activities (the owning and operating of independent ATMs) conducted within the United Kingdom.

The loss on ordinary activities before taxation is stated after:

	Seven months ended		Year ended	
	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	30 September 2002 £'000
Depreciation:				
– owned	1	8	39	203
– held under finance leases and hire purchase contracts	—	18	218	214
Operating lease rentals:				
– land and buildings	—	—	11	14
Auditors' remuneration				
– audit services	—	6	8	18
– non-audit services	—	—	73	5

Fees of £56,000 were paid to Grant Thornton, the Company's auditors, during the year ended 30 September 2002 in respect of their work on the Company's admission to AIM on 10 June 2002 and have been debited to the share premium account. These fees are inclusive of expenses and, where relevant, VAT.

6.2 Net interest payable and similar charges

	Seven months ended		Year ended	
	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	30 September 2002 £'000
Hire purchase interest	—	(6)	(130)	(117)
Bank interest receivable	—	1	4	19
	<u>—</u>	<u>(5)</u>	<u>(126)</u>	<u>(98)</u>

6.3 Tax on loss on ordinary activities

There was no tax charge in any period due to the losses incurred. The accumulated surplus tax losses of approximately £2.8 million are available to carry forward and offset against future trading profits.

6.4 Loss per ordinary share

The calculation of basic and fully diluted loss per ordinary share is calculated by dividing the loss after tax for the year ended 30 September 2002 of £757,000 (2001: £1,269,000) by the weighted average number of shares in issue during that period of 14,046,748 (2001: 6,124,609). The share options are anti dilutive.

6.5 Directors and employees

	Seven months ended		Year ended	
	28 February 2000 £'000	30 September 2000 £'000	30 September 2001 £'000	30 September 2002 £'000
Staff costs, including directors, were as follows:				
Wages and salaries	4	50	502	794
Social security costs	—	4	42	48
Pension costs	—	—	—	3
	<u>4</u>	<u>54</u>	<u>544</u>	<u>845</u>
Directors' emoluments	<u>—</u>	<u>31</u>	<u>282</u>	<u>564</u>
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
The average number of employees during the period was:	<u>1</u>	<u>3</u>	<u>10</u>	<u>11</u>

Options granted to Directors are as follows:

	1 October 2001	Granted	Lapsed	Exercised	30 September 2002	Exercise price	Exercise period
<i>The Cardpoint plc EMI scheme</i>							
Mark Mills	—	133,333	¹ 133,333	—	—		
Mark Mills	—	150,000	—	—	150,000	43p	June 2005-June 2012
Mark Kropacz	—	104,477	¹ 104,477	—	—	—	—
Mark Kropacz	—	145,523	—	—	145,523	43p	June 2005-June 2012
Nigel Mills	—	119,402	¹ 119,402	—	—	—	—
<i>Unapproved options</i>							
Peter Smyth	—	100,000	—	—	100,000	5p	Feb 2005-Feb 2012
Mark Mills	—	250,000	—	—	250,000	5p	Feb 2005-Feb 2012
Mark Kropacz	—	500,000	—	—	500,000	5p	Feb 2005-Feb 2012
Nigel Mills	—	250,000	—	—	250,000	5p	Feb 2005-Feb 2012
<i>The Cardpoint Unapproved Share Option Scheme 2002</i>							
Mark Mills	—	² 133,333	—	—	² 133,333	5p	Oct 2004-Oct 2011
Mark Mills	—	² 250,000	—	—	² 250,000	43p	Feb 2005-Feb 2012
Mark Kropacz	—	² 104,477	—	—	² 104,477	5p	Oct 2004-Oct 2011
Nigel Mills	—	² 119,402	—	—	² 119,402	5p	Oct 2004-Oct 2011

(1) These options lapsed with effect from the Company's admission to AIM on 10 June 2002

(2) These options replicate those previously granted under the EMI scheme which lapsed on admission

(3) These options have been granted subject to the satisfaction of performance criteria specified by the remuneration committee.

6.6 Tangible fixed assets

	<i>Plant and equipment £'000</i>
Cost:	
At 31 July 1999	—
Additions	27
At 28 February 2000	27
Additions	647
At 30 September 2000	674
Additions	875
At 30 September 2001	1,549
Additions	2,010
Disposals	(2)
At 30 September 2002	3,557
Depreciation:	
At 31 July 1999	—
Charge for the period	1
At 28 February 2000	1
Charge for the period	26
At 30 September 2000	27
Charge for the period	257
At 30 September 2001	284
Charge for the period	417
At 30 September 2002	701
Net book value:	
At 28 February 2000	26
At 30 September 2000	647
At 30 September 2001	1,265
At 30 September 2002	2,856

The net book value of plant and equipment as at 30 September 2002 includes amounts of £615,000 (30 September 2001: £694,000, 30 September 2000: £565,000, 28 February 2000: £Nil) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on those assets during the period ended 30 September 2002 was £214,000 (30 September 2001: £218,000, 30 September 2000: £17,000, 28 February 2000: £Nil).

6.7 Stock

Stock comprises equipment for installation with ATMs.

6.8 Debtors

	As at 28 February 2000 £'000	As at 30 September 2000 £'000	As at 2001 £'000	2002 £'000
Unpaid share capital	—	15	45	—
Trade debtors	—	4	—	13
Other debtors	—	22	1	—
Prepayments and accrued income	—	34	42	125
Other taxes and social security	—	—	26	17
Directors' loan accounts	—	—	9	—
	<u>—</u>	<u>75</u>	<u>123</u>	<u>155</u>

6.9 Creditors: amounts falling due within one year

	As at 28 February 2000 £'000	As at 30 September 2000 £'000	As at 2001 £'000	2002 £'000
Obligations under finance leases and hire purchase contracts	—	146	129	297
Trade creditors	—	52	624	1,034
Other taxation and social security	1	6	29	27
Accruals and deferred income	2	66	321	678
Other creditors	—	—	4	18
Directors' loan account	31	—	—	—
	<u>34</u>	<u>270</u>	<u>1,107</u>	<u>2,054</u>

6.10 Creditors: amounts falling due after more than one year

	As at 28 February 2000 £'000	As at 30 September 2000 £'000	As at 2001 £'000	2002 £'000
Obligations under finance leases and hire purchase contracts	<u>—</u>	<u>371</u>	<u>513</u>	<u>216</u>
Obligations under finance leases and hire purchase contracts are repayable as follows:				
- within one year	—	146	129	297
- after one and within two years	—	146	297	185
- after two and within five years	—	225	216	31
	<u>—</u>	<u>517</u>	<u>642</u>	<u>513</u>

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

6.11 Deferred taxation

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

	<i>As at</i> 28 February 2000 £'000	<i>As at</i> 30 September 2000 £'000	<i>As at</i> 2001 £'000	2002 £'000
Accelerated capital allowances	—	14	47	263
Short term timing differences	—	—	—	(99)
Trading losses	—	(74)	(469)	(832)
	<u>—</u>	<u>(60)</u>	<u>(422)</u>	<u>(668)</u>

6.12 Share capital

	<i>As at 30 September</i>	
	2001	2002
Authorised		
Number of ordinary shares	20,000,000	200,000,000
Nominal value per ordinary share	5 pence	5 pence
Nominal value — total (£'000)	<u>1,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
Number of ordinary shares	11,810,294	18,536,914
Nominal value per ordinary share	5 pence	5 pence
Nominal value — total (£'000)	<u>591</u>	<u>927</u>

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

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

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

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

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

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

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

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

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

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

On 8 May 2002, a written resolution of the company was passed which increased the authorised share capital of the company to £10,000,000 by the creation of an additional 180,000,000 ordinary shares. On the same day, a written resolution of the Company was passed by which the Company adopted new Articles of Association.

On 10 June 2002, the company announced a placing of 5,813,953 ordinary shares at 43p per share raising £2,500,000, and Admission of the whole of the then issued share capital to trading on the Alternative Investment Market of the London Stock Exchange plc. The expenses associated with this exercise amounted to £660,000, inclusive of VAT and expenses.

A number of share options were granted to directors during the year and these are detailed in section 6.4.

Options over 140,000 shares have been granted to employees under Cardpoint plc EMI scheme. These options are exercisable between June 2005 and June 2012 at an exercise price of 43p.

In total there are options outstanding over 2,142,735 ordinary shares (2001:Nil)

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

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 31 July 1999	537	—	(537)	—	—
Share issue	—	—	1	—	1
Retained loss for the period	—	—	—	(9)	(9)
At 28 February 2000	537	—	(536)	(9)	(8)
Share issue	—	—	475	—	475
Retained loss for the period	—	—	—	(226)	(226)
At 30 September 2000	537	—	(61)	(235)	241
Share issue	54	688	415	—	1,157
Retained loss for the period	—	—	—	(1,269)	(1,269)
At 30 September 2001	591	688	354	(1,504)	129
Share issue	336	1,792	—	—	2,128
Retained loss for the period	—	—	—	(757)	(757)
At 30 September 2002	927	2,480	354	(2,261)	1,500

Merger reserve movements arise as a result of the accounting entries required to reflect the treatment of the Group as if it had always been a single entity.

6.14 Net cash inflow/(outflow) from operating activities

	<i>Seven months ended</i>		<i>Year ended</i>	
	<i>28 February</i>	<i>30 September</i>	<i>30 September</i>	
	<i>2000</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating loss	(9)	(221)	(1,143)	(659)
Depreciation	1	26	257	417
Increase in stock	—	—	(5)	(9)
Increase in debtors	—	(61)	(17)	(32)
Increase in creditors	34	90	854	217
Net cash inflow/(outflow) from operating activities	<u>26</u>	<u>(166)</u>	<u>(54)</u>	<u>(66)</u>

6.15 Reconciliation of net cash flow to movement in net (debt)/funds

	<i>Seven months ended</i>		<i>Year ended</i>	
	<i>28 February</i>	<i>30 September</i>	<i>30 September</i>	
	<i>2000</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Increase in cash	—	160	196	389
Cash outflow from financing	—	65	222	265
Change in net debt resulting from cash flow	—	225	418	654
Inception of hire purchase agreements	—	(582)	(347)	(136)
Movement in net (debt)/funds	—	(357)	71	518
Opening net (debt)	—	—	(357)	(286)
Closing net (debt) / funds	<u>—</u>	<u>(357)</u>	<u>(286)</u>	<u>232</u>

6.16 Analysis of net (debt)/funds

	<i>Cash</i>	<i>Overdraft</i>	<i>Hire purchase agreements</i>	<i>Total net</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>(debt)/funds</i>
				<i>£'000</i>
At 28 February 2000	—	—	—	—
Cashflow	160	—	65	225
Non-cash movements	—	—	(582)	(582)
At 30 September 2000	160	—	(517)	(357)
Cashflow	196	—	222	418
Non-cash movements	—	—	(347)	(347)
At 30 September 2001	356	—	(642)	(286)
Cashflow	389	—	265	654
Non-cash movements	—	—	(136)	(136)
At 30 September 2002	<u>745</u>	<u>—</u>	<u>(513)</u>	<u>232</u>

6.17 Capital commitments

	<i>As at</i>		<i>As at</i>	
	<i>28 February</i>	<i>30 September</i>	<i>30 September</i>	
	<i>2000</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Contracted for but not provided	<u>—</u>	<u>325</u>	<u>—</u>	<u>—</u>

6.18 Related party transactions

Amounts due in respect of loans to directors

	Seven months ended		Year ended	
	28 February 2000 £	30 September 2000 £	30 September 2001 £	30 September 2002 £
Amount outstanding				
M R Mills	—	—	4,500	—
N J Mills	—	—	4,500	—
	<u>—</u>	<u>—</u>	<u>9,000</u>	<u>—</u>
Maximum liability during the period				
M R Mills	—	—	4,500	4,500
N J Mills	—	—	4,500	4,500
	<u>—</u>	<u>—</u>	<u>9,000</u>	<u>9,000</u>

Amounts due in respect of loans to Direct Cash Loans Limited

M R Mills and N J Mills are both directors of Direct Cash Loans Limited. An amount of £25,000, which was also the maximum advance during the period, was advanced and repaid during the year ended 30 September 2002.

Other matters

During the year ended 30 September 2002, rent of £14,400 (2001: £11,100, 2000: £4,550) was paid to St Annes Glass, a business owned by the father of M R and N J Mills. At 30 September 2002 there was a balance owed to St Annes Glass of £Nil (2001: £Nil, 2000: £3,900).

6.19 Contingent liabilities

There were no contingent liabilities at 30 September 2002 or previous period ends.

6.20 Post balance sheet events

On 2 October 2002 the company acquired the business and assets of ATM Express Limited, trading as Green Machine, for a total consideration of £1,291,500.

Payment for Green Machine is being made in two stages, an initial consideration of £1,191,500, of which £819,000 was paid in cash and £372,500 by allotment of 1,049,295 ordinary shares, and a deferred consideration of £100,000, of which £50,000 is payable in cash and the balance by allotment of 104,845 ordinary shares, six months after the completion provided certain site installation criteria are met.

The cash consideration was funded by a combination of debt and equity. To this end, the company conditionally placed 1,666,667 ordinary shares at 30 pence to institutional shareholders, raising £500,000 before expenses.

Yours faithfully

GRANT THORNTON

PART VI
ACCOUNTANTS' REPORT ON SCM

Grant Thornton 

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

and

The Directors
Evolution Beeson Gregory Limited
The Registry
Royal Mint Court
LONDON
EC3N 4LB

29 May 2003

Securicor Cash Machine Limited ("SCM" or "the Company")

1. Introduction

- 1.1 We report on the financial information set out in paragraphs 2 to 6. This financial information has been prepared for inclusion in the prospectus to be issued by Cardpoint plc dated 29 May 2003 (the "Prospectus").
- 1.2 This report is made solely to the addressees of the report. Our work has been undertaken so that we might compile the financial information set out in our report, form an opinion on the financial information and report our opinion to the addressees solely for their purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressees for our work, for this report, or for the opinions we have formed.

Basis of preparation

- 1.3 The financial information set out in paragraphs 2 to 6 below is based on the audited financial statements of Securicor Cash Machine Limited for the year ended 30 September 2000 and the year ended 30 September 2002, including the 2001 comparative financial information (as restated) taken from those financial statements, and has been prepared on the basis set out in paragraph 2.1 to which no adjustments were considered necessary. For the years ended 30 September 2000, 2001 and 2002 the financial statements of Securicor Cash Machine Limited were audited by Baker Tilly and the audit opinion on the financial statements in respect of those years was unqualified. The financial statements of Securicor Cash Machine Limited were the responsibility of the directors of the Company who approved their issue.
- 1.4 The Company was dormant until 1 October 2000. On this date Securicor Cash Services Limited (the Company's parent undertaking) hived down the current trade of the Company at net asset value. For the four months from June 2000 to September 2000 the operations were accounted for as part of Securicor Cash Services Limited.
- 1.5 The financial statements for the three years ended 30 September 2002 did not contain a cashflow statement as the Company was part of a UK Group which filed consolidated financial statements and hence no cash flow statement was required. However, for the purpose of this financial information a cash flow statement has been prepared for the three years ended 30 September 2002.

Responsibility

- 1.6 The directors of Cardpoint plc are responsible for the contents of the Prospectus relating to the proposed acquisition of Securicor Cash Machine Limited and Placing and Open Offer of new ordinary shares to be traded on the Alternative Investment Market in which this report is included.
- 1.7 It is our responsibility to compile the financial information set out in our report from the audited financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

- 1.8 We conducted our work in accordance with the Statements of Investment Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that obtained by Baker Tilly, who audited the financial statements underlying the financial information. Our work also included preparation of the cashflow statements, an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.
- 1.9 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

- 1.10 In our opinion the financial information gives, for the purposes of the Prospectus a true and fair view of the losses and cash flows of Securicor Cash Machine Limited for the three years ended 30 September 2002, and the state of affairs of Securicor Cash Machine Limited as at the end of each of those years.

Consent

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

2. Accounting policies

Basis of preparation

- 2.1 The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the Company have remained unchanged throughout the period except for the mandatory adoption of Financial Reporting Standard 19.

Turnover

- 2.2 Turnover represents the amounts receivable for services supplied, net of Value Added Tax.

Pension contributions

- 2.3 Certain employees of the Company are members of the Securicor plc group defined benefit pension scheme and defined contribution scheme. The assets and liabilities of those schemes are not separately identifiable. Contributions to the schemes are accounted for as if they were for a defined contribution scheme. Contributions are accounted for when payable.

Tangible fixed assets

- 2.4 Fixed assets are stated at historic cost, net of depreciation and any provision for impairment.

- 2.5 Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Equipment and vehicles	over 3 to 15 years
Development costs	over 5 years

Leased assets and obligations

- 2.6 All leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

- 2.7 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial information.
- 2.8 Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

3. Profit and loss account

	<i>Notes</i>	<i>Year ended 30 September</i>		
		<i>2000</i>	<i>2001</i>	<i>2002</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	6.1	—	3,179	8,105
Cost of sales		—	(2,990)	(6,695)
Gross profit		—	189	1,410
Other operating expenses (net)	6.2	—	(1,296)	(1,632)
Operating loss		—	(1,107)	(222)
Interest payable		—	(778)	(674)
Loss on ordinary activities before taxation	6.3	—	(1,885)	(896)
Taxation	6.4	—	632	202
Retained loss for the year	6.11	—	(1,253)	(694)

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

4. Balance sheet

	Notes	As at 30 September		
		2000 £'000	2001 £'000	2002 £'000
Fixed assets				
Tangible	6.6	—	829	878
Current assets				
Debtors	6.7	—	5,122	4,891
Cash at bank and in hand		—	17,525	14,963
		—	22,647	19,854
Creditors				
Amounts falling due within one year	6.8	—	(24,729)	(22,613)
Net current liabilities		—	(2,082)	(2,759)
Total assets less current liabilities		—	(1,253)	(1,881)
Provisions for liabilities and charges	6.9	—	—	(66)
		—	(1,253)	(1,947)
Capital and reserves				
Called up share capital	6.10	—	—	—
Profit and loss account	6.11	—	(1,253)	(1,947)
Equity Shareholders' deficit	6.12	—	(1,253)	(1,947)

5. Cash flow statement

	Notes	Year ended 30 September		
		2000 £'000	2001 £'000	2002 £'000
Net cash inflow from operating activities	6.13	—	415	1,260
Returns on investment and servicing of finance				
Interest paid		—	(778)	(674)
Net cash outflow from returns on investments and servicing of finance		—	(778)	(674)
Taxation		—	—	479
Capital expenditure				
Transfer of assets (excluding cash) from parent undertaking	6.15	—	(5,622)	—
Purchase of tangible fixed assets		—	(331)	(167)
Net cash outflow from capital expenditure		—	(5,953)	(167)
Net (outflow)/inflow before financing		—	(6,316)	898
Financing				
Intercompany loans on transfer		—	17,279	—
Receipt/(repayment) of intercompany funding		—	6,562	(3,460)
Net cash inflow/(outflow) from financing		—	23,841	(3,460)
Increase/(decrease) in cash	6.14	—	17,525	(2,562)

6. Notes to the financial information

6.1 Turnover and loss on ordinary activities before taxation

The Company's turnover and loss before taxation were all derived from its principal activity (the operation of free standing ATMs) and all sales were made in the United Kingdom.

6.2 Other operating expenses

	<i>Year ended 30 September</i>		
	2000	2001	2002
	£'000	£'000	£'000
Administration expenses	—	1,296	1,632

6.3 Loss on ordinary activities before taxation

	<i>Year ended 30 September</i>		
	2000	2001	2002
	£'000	£'000	£'000
Loss on ordinary activities before taxation is stated after charging/(crediting):			
Depreciation charge for the year:			
– tangible owned assets	—	22	118
Operating lease rentals			
– Plant and machinery	—	731	1,909
Auditors' remuneration	—	2	2

6.4 Taxation

	<i>Year ended 30 September</i>		
	2000	2001	2002
	£'000	£'000	£'000
Current tax:			
UK corporation tax credit on losses for the period	—	(632)	(298)
Adjustments in respect of previous periods	—	—	30
Total current tax	—	(632)	(268)
Deferred tax:			
Origination and reversal of timing differences	—	—	66
Total deferred tax	—	—	66
Tax credit on loss on ordinary activities	—	(632)	(202)
Factors affecting tax credit for the period			
The tax credited for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:			
Loss on ordinary activities before tax	—	(1,885)	(896)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	—	(566)	(269)
Effects of:			
Capital allowances in excess of depreciation	—	(66)	(29)
Adjustment to tax charge in respect of previous periods	—	—	30
Current tax credit for the period	—	(632)	(268)

6.5 Employees

	<i>Year ended 30 September</i>		
	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
The average weekly number of persons (including directors) employed by the Company during the year was:			
Office and management	<u>—</u>	<u>17</u>	<u>19</u>
	<i>Year ended 30 September</i>		
	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs for the above persons:			
Wages and salaries	—	340	639
Social security costs	—	26	62
Pension costs	<u>—</u>	<u>10</u>	<u>32</u>
	<u>—</u>	<u>376</u>	<u>733</u>

The directors received no emoluments during the period (2001: £Nil).

Pensions

The Company's share of the costs of the Group's defined benefit pension scheme amounted to £32,000 (2001: £10,000).

The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was dated 5 May 2001. The assets of the scheme are held in separate trustee administered funds.

Full particulars of the pension scheme are disclosed in the published accounts of Securicor plc.

6.6 Tangible fixed assets

	<i>Development costs £'000</i>	<i>Equipment & vehicles £'000</i>	<i>Total £'000</i>
Cost:			
At 1 October 1999	—	—	—
Additions	—	—	—
At 30 September 2000	—	—	—
Transfers	593	43	636
Additions	—	331	331
At 30 September 2001	593	374	967
Additions	—	167	167
At 30 September 2002	<u>593</u>	<u>541</u>	<u>1,134</u>
Depreciation:			
At 1 October 1999	—	—	—
Charge in year	—	—	—
At 30 September 2000	—	—	—
Transfers	116	—	116
Charge in year	2	20	22
At 30 September 2001	118	20	138
Charge in year	56	62	118
At 30 September 2002	<u>174</u>	<u>82</u>	<u>256</u>
Net book value:			
At 30 September 2000	—	—	—
At 30 September 2001	<u>475</u>	<u>354</u>	<u>829</u>
At 30 September 2002	<u>419</u>	<u>459</u>	<u>878</u>

6.7 Debtors

	<i>As at 30 September</i>		
	<i>2000 £'000</i>	<i>2001 £'000</i>	<i>2002 £'000</i>
Due within one year:			
Amounts owed by group undertakings	—	—	479
Corporation tax	—	632	421
Prepayments and accrued income	—	4,490	3,991
	<u>—</u>	<u>5,122</u>	<u>4,891</u>

6.8 Creditors: amounts falling due within one year

	<i>As at 30 September</i>		
	<i>2000 £'000</i>	<i>2001 £'000</i>	<i>2002 £'000</i>
Trade creditors	—	—	826
Amounts owed to group undertakings	—	23,841	20,860
Accruals and deferred income	—	888	927
	<u>—</u>	<u>24,729</u>	<u>22,613</u>

6.9 Provisions for liabilities and charges

	<i>As at 30 September</i>		
	2000 £'000	2001 £'000	2002 £'000
Accelerated capital allowances	—	—	66
Provision at start of period	—	—	—
Deferred tax charge in profit and loss account for period	—	—	66
Provision at end of period	—	—	66

6.10 Share capital

	<i>As at 30 September</i>		
	2000 £	2001 £	2002 £
Authorised: 100,000 ordinary shares of £1 each	100,000	100,000	100,000
Allotted, issued and fully paid: 100 ordinary shares of £1 each	100	100	100

6.11 Profit and loss account

	<i>Year ended 30 September</i>		
	2000 £'000	2001 £'000	2002 £'000
Loss brought forward	—	—	(1,253)
Retained loss for the period	—	(1,253)	(694)
Loss carried forward	—	(1,253)	(1,947)

6.12 Reconciliation of movements in shareholders' deficit

	<i>Year ended 30 September</i>		
	2000 £'000	2001 £'000	2002 £'000
Opening shareholders' funds	—	—	(1,253)
Retained loss for the period	—	(1,253)	(694)
Closing shareholders' funds	—	(1,253)	(1,947)

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

	<i>Year ended 30 September</i>		
	2000 £'000	2001 £'000	2002 £'000
Operating loss	—	(1,107)	(222)
Depreciation	—	22	118
Decrease in debtors	—	612	499
Increase in creditors	—	888	865
Net cash inflow from operating activities	—	415	1,260

6.14 Reconciliation of net cashflow to movement in net debt

	<i>Year ended 30 September</i>		
	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Increase/(decrease) in cash	—	17,525	(2,562)
Cash (inflow)/outflow from financing	—	(23,841)	3,460
Change in net debt resulting from cash flow	—	(6,316)	898
Opening net debt	—	—	(6,316)
Closing net debt	—	(6,316)	(5,418)

6.15 Analysis of net debt

	<i>Cash</i>	<i>Inter company debt</i>	<i>Total net debt</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 October 1999	—	—	—
Cash flow	—	—	—
At 30 September 2000	—	—	—
Cash flow	17,525	(23,841)	(6,316)
At 30 September 2001	17,525	(23,841)	(6,316)
Cash flow	(2,562)	3,460	898
At 30 September 2002	14,963	(20,381)	(5,418)

6.16 Acquisition

	<i>£'000</i>
Development Costs	477
Equipment and Vehicles	43
Prepayments	5,102
Cash	11,657
	<u>17,279</u>
Financed by Loan from Parent Undertaking	<u>17,279</u>

During 2001 the trade of the Company was hived down from Securicor Cash Services Limited, funded through an intercompany loan.

6.17 Ultimate parent undertaking

At 30 September 2002 the ultimate parent holding company of Securicor Cash Machine Limited was Securicor plc, which is registered in England and Wales.

6.18 Related party transactions

The Company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90 per cent. or more of whose voting rights are controlled within the group on the grounds that the consolidated accounts of Securicor plc are publicly available.

6.19 Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as follows:

	<i>Year ended 30 September</i>		
	<i>2000</i>	<i>2001</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Plant and machinery	—	1,993	2,314
Expiring between 2 and 5 years	—	<u>1,993</u>	<u>2,314</u>

Yours faithfully

GRANT THORNTON

PART VII

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

	<i>Cardpoint</i> <i>As at</i> <i>31 March</i> <i>2003</i> <i>Note¹</i> <i>£'000</i>	<i>SCM</i> <i>As at</i> <i>30 September</i> <i>2002</i> <i>Note²</i> <i>£'000</i>	<i>Adjustments</i> <i>Note³</i> <i>£'000</i>	<i>Pro forma</i> <i>£'000</i>
Fixed assets				
Tangible assets	3,558	878	—	4,436
Intangible assets	632	—	5,229	5,861
	<u>4,190</u>	<u>878</u>	<u>5,229</u>	<u>10,297</u>
Current assets				
Stock	6	—	—	6
Debtors	346	4,891	(479)	4,758
Cash at bank and in hand	858	14,963	(14,763)	1,058
	<u>1,210</u>	<u>19,854</u>	<u>(15,242)</u>	<u>5,822</u>
Creditors: amounts falling due within one year	<u>(1,897)</u>	<u>(22,613)</u>	<u>20,860</u>	<u>(3,650)</u>
Net current (liabilities)/assets	<u>(687)</u>	<u>(2,759)</u>	<u>5,618</u>	<u>2,172</u>
Total assets less current liabilities	<u>3,503</u>	<u>(1,881)</u>	<u>10,847</u>	<u>12,469</u>
Creditors: amounts falling due after one year	<u>(1,609)</u>	<u>—</u>	<u>(3,700)</u>	<u>(5,309)</u>
Provisions for liabilities and charges	<u>—</u>	<u>(66)</u>	<u>—</u>	<u>(66)</u>
Net assets/(liabilities)	<u><u>1,894</u></u>	<u><u>(1,947)</u></u>	<u><u>7,147</u></u>	<u><u>7,094</u></u>

Note 1: The assets and liabilities of Cardpoint have been extracted, without adjustment, from the unaudited balance sheet of Cardpoint as at 31 March 2003, as set out in part IV of this document.

Note 2: The assets and liabilities of Securicor have been extracted, without adjustment, from the audited balance sheet of SCM as at 30 September 2002, as set out in part VI of this document.

Note 3: Adjustments comprise:

- (i) Net proceeds of the Placing and Open Offer of £5.2 million (assumes £0.8 million of costs).
- (ii) Acquisition of SCM for assumed maximum consideration of £8.7 million (includes £3.7 million of forward/ deferred consideration).
- (iii) Elimination of net indebtedness of £5.418 million (being cash of £14.963 million, group debtor of £0.479 million and group creditor of £20.860 million) in SCM's balance sheet prior to acquisition. The net adjustment to cash is as follows:

	<i>Cash</i> <i>£'000</i>
(i)	5,200
(ii)	(5,000)
(iii)	(14,963)
	<u>(14,763)</u>

- (iv) Goodwill of £5.229 million comprises the assumed maximum consideration of £8.7 million (excluding the £0.5 million payable in the event that the number of ATMs installed does not reach 2,100 on or before 30 September 2004), less acquired net assets of £3.471 million (net liabilities at 30 September 2002 of £1.947 million as adjusted for the elimination of net indebtedness of £5.418 million).

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

and

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

29 May, 2003

Dear Sirs

Pro forma financial information

We report on the pro forma balance sheet set out in Part VII of the prospectus of the Company dated 29 May 2003, which has been prepared, for illustrative purposes only, to provide information about how the proposed acquisition of Securicor Cash Machine Limited and the proposed Placing and Open Offer might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of Cardpoint plc to prepare the pro forma financial information.

It is our responsibility to form an opinion, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of Cardpoint plc.

Opinion

In our opinion:

- the pro forma balance sheet has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of the issuer; and
- the adjustments are appropriate for the purposes of the pro forma balance sheet as disclosed.

Yours faithfully

GRANT THORNTON

PART VIII

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered in England and Wales on 27 October 2000 under the Act as a public company limited by shares with the name Halco 528 plc and with registration number 4098226. On 13 November 2000, the Company changed its name to Cardpoint plc. On 29 March 2001 the Company obtained a trading certificate pursuant to section 117 of the Act.
- 1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.3 The Company's registered office is at St James's Court, Brown Street, Manchester, M2 2JF and its head office and principal place of business is at 55 Hove Road, Lytham St Annes, Lancashire FY8 1XH.

2. Subsidiaries

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

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

3. Share Capital

- 3.1 On incorporation, the authorised share capital of the Company was £50,000 divided into 50,000 shares of £1 each, two of which were issued credited as fully paid to the subscribers to the Company's memorandum of association.
- 3.2 On 22 March 2001 each ordinary share of £1 was sub-divided into 20 ordinary shares of 5p each.
- 3.3 On 22 March 2001 pursuant to a share exchange agreement made between (1) Mark Mills and others and (2) the Company, the Company acquired the entire issued share capital of Cardpoint Holdings Limited in consideration for the allotment of 10,743,600 Ordinary Shares.
- 3.4 On 8 May 2002 the authorised share capital of the Company was increased from £1,000,000 to £10,000,000 by the creation of an additional 180,000,000 Ordinary Shares.
- 3.5 On 4 February 2003 by or pursuant to resolutions of the Company passed on that date:
 - 3.5.1 the Directors were generally and unconditionally authorised pursuant to section 80 of the Act to exercise all and any powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount equal to £555,000. The authority expires (unless previously renewed, varied or revoked by

the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and

3.5.2 the Directors were given power pursuant to section 95 of the Act (with such power expiring at the same time as the authority referred to in paragraph 3.5.1 above (the "Section 80 Authority")) to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the Section 80 Authority as if section 89(1) of the Act did not apply to any such allotment save that the power was limited to:

- (a) the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Ordinary Shares held by them; and
- (b) the allotment (otherwise than pursuant to paragraph 3.5.2(a) above) for cash of equity securities up to an aggregate nominal amount of the lesser of £130,000 or 10 per cent. of the issued share capital of the Company.

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

	<i>At the date of this document</i>		<i>Following the Placing and Open Offer</i>	
	<i>Amount</i>	<i>Number of Ordinary Shares</i>	<i>Amount</i>	<i>Number of Ordinary Shares</i>
Authorised	£10,000,000	200,000,000	£10,000,000	200,000,000
Issued and fully paid	£1,062,643.80	21,252,876	£1,629,387.15	32,587,743

3.7 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.5.2 above.

4. Memorandum and Articles of Association

Memorandum of Association

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

Articles of Association

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

4.2.1 Voting rights

Subject to any rights or restrictions attached to the shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall have one vote and on a

poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under Section 212 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

4.2.2 *Variation of rights*

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

4.2.3 *Alteration of capital*

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

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

4.2.4 *Transfer of shares*

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

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

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

4.2.5 *Dividends and other distributions*

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

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

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

4.2.6 *Borrowing powers*

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

4.2.7 *Constitution of Board of Directors*

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

4.2.8 *Retirement of Directors by rotation*

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

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

4.2.9 *Remuneration of Directors*

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

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

4.2.10 *Permitted interests of Directors*

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

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

4.2.11 *Restrictions on voting by Directors*

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

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

- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part either alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he does not to his knowledge hold directly or indirectly an interest in shares representing one per cent or more of any class of the equity share capital or voting rights;
- (e) any arrangement for the benefit of employees of the Company and its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- (f) any contract for the purchase or maintenance of insurance against any liability of any Directors.

5. Directors' and other interests

- 5.1 The interests of the Directors (all of which are beneficial) in the issued share capital of the Company as at 28 May 2003 (being the latest practicable business day prior to the date of this document), such interests being those which are required to be notified by each Director to the Company under the provisions of Sections 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to Section 325 of the Act or which are interests of persons connected with the Director within the meaning of Section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director were as follows:

<i>Director</i>	<i>Prior to the Placing and Open Offer</i>		<i>Following the Placing and Open Offer⁴</i>	
	<i>Percentage of</i>		<i>Percentage of</i>	
	<i>Number of Ordinary Shares</i>	<i>issued Ordinary Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>issued Ordinary Share Capital</i>
Peter Smyth	56,666 ¹	0.3	56,666 ¹	0.2
Mark Mills	3,082,240 ²	14.5	3,082,240 ²	9.5
Chris Hanson	400,000 ³	1.8	400,000 ³	1.2
Mark Kropacz	26,666	0.1	26,666	0.1
Nigel Mills	2,799,920	13.2	2,799,920	8.6
John Westwood	—	—	—	—

Notes:

- 1 All of which are held by Stamford Trust of which Peter Smyth is the sole beneficiary.
- 2 Includes 280,320 Ordinary Shares held by Contract Accounting Limited of which Mark Mills is the majority shareholder.
- 3 Includes 150,000 Ordinary Shares held on trust for Chris Hanson's children.
- 4 Assuming that the Directors do not take up any of their entitlement under the Open Offer.

- 5.2 In addition the following Directors have been granted options over the following number of Ordinary Shares. Further details of the Share Option Schemes are set out in paragraph 9 of this Part VIII.

<i>Director</i>	<i>The Cardpoint plc EMI Scheme</i>	<i>Unapproved Options</i>	<i>The Cardpoint plc Unapproved Share Option Scheme 2002</i>
Peter Smyth	—	100,000 ²	—
Mark Mills	150,000 ¹	250,000 ²	133,333 ³
		—	250,000 ⁴
Chris Hanson	100,000 ⁵	—	—
Mark Kropacz	145,523 ¹	500,000 ²	104,477 ³
	100,000 ⁵	—	—
Nigel Mills	—	250,000 ²	119,402 ³
John Westwood	—	—	50,000 ⁵

1 Exercisable at 43p per share at any time from 10 June 2005 to 9 June 2012.

2 Exercisable at 5p per share at any time from 25 February 2005 to 25 February 2012.

3 Exercisable at 5p per share at any time from 26 October 2004 to 26 October 2011.

4 Exercisable at 43p per share at any time from 10 June 2005 to 9 June 2012 and subject to the satisfaction of performance criteria.

5 Exercisable at 37.5p per share at any time from 4 December 2005 to 3 December 2012 and subject to the satisfaction of performance criteria.

In addition to the above, options over 390,000 Ordinary Shares have been granted to employees under the Cardpoint plc EMI Scheme, which are exercisable between three and ten years from the date of grant at prices ranging from 37.5p to 43p per Ordinary Share.

- 5.3 Insofar as is known to the Company and in addition to the interests of the Directors disclosed in paragraph 5.1 above, the following persons are at the date of this document, or will, at Admission, be interested direct or indirectly in three per cent. or more of the issued ordinary share capital of the Company.

<i>Shareholder</i>	<i>Pre Admission</i>		<i>On Admission¹</i>	
	<i>No. of Existing Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
ProVen VCT plc	2,902,000	13.7	4,449,733	13.7
David Jones	1,168,239	5.5	1,791,299	5.5
ATM Express Limited	1,049,295	4.9	1,608,919	4.9
John Barker	800,000	3.8	1,020,000	3.1
Singer & Friedlander AIM 3				
Venture Capital	86,667	3.8	1,252,222	3.8
Herald Investment Trust plc	650,000	3.1	996,666	3.1

1 On the basis that the Proposals have been approved and assuming full entitlement under the Open Offer is taken up by each of the above mentioned save in respect of which irrevocable undertakings have been given not to take up some or all of such entitlements.

- 5.4 Save as disclosed in this paragraph 5, and in so far as the Company has the information, the Directors are not aware of any person or persons who either alone or, if connected jointly following the completion of the Placing and Open Offer is interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company.
- 5.5 Save as disclosed in this paragraph 5, and in so far as the Company has the information, the Directors are not aware of any person or person who, either alone or, if connected jointly following the completion of the Placing and Open Offer will (directly or indirectly) exercise or could exercise control over the Company.

6. Additional information on the Directors

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

<i>Director</i>	<i>Current</i>	<i>Past</i>
Peter Smyth	Cityspace Limited	Allied Outdoor Advertising Limited Arley Properties Limited Barrett, Petrie, Sutcliffe Limited Barrett Petrie Sutcliffe London Limited Clear Channel Radio Sales Limited Independent Radio Sales Limited Katz Radio Sales Limited Katz Television Sales Ltd Katz UK Limited Louis Barnett & Son Limited More Group UK Limited Multimark Limited Postal Facilities Limited Postermobile Limited Teamrelay Limited Town & City Posters Advertising Limited Town & City Posters Service Limited Trace Motion Limited
Mark Mills	Availability Limited Availability.co.uk Limited Contract Accounting Limited Direct Cash Loans Limited Ebonhall Limited Insurance and Legal Services Limited Internet Legal and Insurance Services Limited Leisurecentres online.com Limited	Environmental Public Relations Limited Mark R. Mills and Company Limited Postal Facilities Limited Premier Autogas Limited Telecom Publications Limited
Mark Kropacz	Multiplex Outdoor Advertising Limited Rockwater Management Limited	Allied Outdoor Advertising Limited More O'Ferrall Adshel Limited Rockwater Outdoor Limited
Nigel Mills	Availability Limited Availability.co.uk Limited Direct Cash Loans Limited Ebonhall Limited Insurance and Legal Services Limited Internet Legal and Insurance Services Limited Leisurecentres online.com Limited	Environmental Public Relations Ltd Mark R. Mills and Company Limited Postal Facilities Limited Telecom Publications Limited

<i>Director</i>	<i>Current</i>	<i>Past</i>
Chris Hanson	None	Ascot & Dean Limited Aspen & Court Limited Autofil Worldwide Limited Beaumont, Carr & Co. Limited B Foulds Limited Cashlux Limited Clissold Holdings Limited Convergent Communications plc (formerly JWE Telecom plc) Dymatecs Limited Gledhill (of Huddersfield) Limited Glen Hunt Woollens Limited J.& C. Croysdale Limited J. H. Clissold & Son Limited Knoll Spinning Company Limited Lavendons Limited McIntyre of Sorn Limited Midland Phones (Holdings) Limited Oddy Ladieswear Limited Paul Speak & Sons (Queensbury) Limited Parkland Design Limited Parkland Europe Limited Parkland Exports Limited Parkland Fabrics Limited Parkland Group plc Parkland International Limited Parkland Manufacturing Company Limited Parkland Menswear Limited Parkland Properties Limited Parkland Yarns Limited Robert Laidlaw & Sons Limited Scottish Crofter-Weavers Limited Tasco Limited Taylor & Holdsworth Limited The Parkland Employee Benefit Trust Company Limited The Parkland Textiles Group Limited Tom Hanson Limited Unitex Europe Limited Wm.Oddy & Company Limited Yorkshire Yarn Dyeing Co. Limited
John Westwood	Almeida Capital Limited Hotel-E-com (Europe) Limited Link Up Mitaka Limited Matalan plc Microsens Biophage Limited Safetalk Limited Sumo Filtration Limited	None

- 6.2 Save as disclosed in this document, none of the Directors has:
- 6.2.1 any unspent convictions in relation to indictable offences;
 - 6.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
 - 6.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
 - 6.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 6.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 6.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - 6.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 6.3 Mark Mills and Nigel Mills were Directors of Telecom Publications Limited when the company was placed into members voluntary liquidation in April 1993. The shortfall to creditors was less than £10,000.
- 6.4 Mark Mills and Nigel Mills were Directors of Prestige Communication Corporation Limited when it was placed into members voluntary liquidation in December 1992. Thereafter, this became a creditors voluntary liquidation. The shortfall involved was less than £27,000.
- 6.5 Chris Hanson was a director of John Brunton plc when it was placed into administrative receivership in July 1993. He was initially seconded from KPMG to John Brunton plc and later became a director with a view to assisting with a turn around of the business. When it became apparent that this was not possible, John Brunton plc was placed into administrative receivership owing approximately £935,000.
- 6.6 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.
- 7. Directors' service contracts and remuneration**
- 7.1 On 1 May 2001 Mark Mills entered into a service agreement with the Company. The service agreement was revised with effect from 10 June 2002 for an initial fixed term of 12 months and thereafter terminable on not less than 6 months' written notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic annual salary payable to Mark Mills is £120,000 per annum to be reviewed annually (without any obligation to increase it) together with other benefits including a performance related bonus of up to 100 per cent. of Mark Mills' salary. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.

- 7.2 On 1 May 2001 Mark Kropacz entered into a service agreement with the Company. The service agreement was revised from 10 June 2002 for an initial fixed term of 6 months and thereafter terminable on not less than 6 months' written notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic annual salary payable to Mark Kropacz is £90,000 per annum to be reviewed annually (without any obligation to increase it) together with other benefits including a performance related bonus of up to 100 per cent. of Mark Kropacz's salary. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.
- 7.3 On 1 May 2001 Nigel Mills entered into a service contract with the Company which was revised with effect from 10 June 2002 for an initial fixed term of 6 months and thereafter terminable on not less than 6 months' written notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic annual salary payable to Nigel Mills is £90,000 per annum to be reviewed annually (without any obligation to increase it) together with other benefits including a performance related bonus of up to 100 per cent. of Nigel Mills' salary. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.
- 7.4 On 2 January 2003 Chris Hanson entered into a service contract with the Company for an initial fixed term of 6 months and thereafter terminable on not less than 6 month's written notice by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic annual salary payable to Chris Hanson is £90,000 per annum to be reviewed annually (without any obligation to increase it) together with other benefits including a performance related bonus of up to 100 per cent. of Chris Hanson's salary. In addition, the Company pays a contribution of 5 per cent. of his basic salary per annum to his personal pension scheme. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.
- 7.5 On 30 May 2002 Peter Smyth entered into a letter of appointment with the Company. The letter of appointment will continue until terminated on not less than 6 months' written notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic salary payable to Peter Smyth is £24,000 per annum to be reviewed annually (without any obligation to increase it).
- 7.6 On 27 August 2002 John Westwood entered into a letter of appointment with the Company. The letter of appointment will continue unless terminated on not less than 6 months' written notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by the Director. The basic salary payable to John Westwood is £15,000 per annum to be reviewed annually (without any obligation to increase it).
- 7.7 There is no arrangement under which any Director has waived or agreed to waive future emoluments.
- 7.8 Save as disclosed in this paragraph 7 there are no existing or proposed service or consultancy agreements between any Director and the Group.
- 7.9 In the year ended 30 September 2002 the total aggregate remuneration paid and benefits-in-kind granted to the Directors was £564,095. The amounts payable to the Directors by the Group under the arrangements in force at the date of this document in respect of the year ending 30 September 2003 are estimated to be £480,000 (excluding any discretionary payments which may be made under these arrangements).

8. Material contracts

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

8.1 The Placing Agreement, further details of which are set out in paragraph 13 of this Part VIII.

8.2 The Acquisition Agreement pursuant to which Cardpoint Services Limited conditionally agreed to acquire the entire issued share capital of Securicor Cash Machine Limited. The consideration for the Acquisition comprises both initial consideration and deferred consideration, both of which are to be satisfied in cash. The initial consideration of £5 million is payable on completion. Deferred consideration of up to £1.6 million for the year to 30 September 2003 and up to £1.6 million for the year to 30 September 2004 is payable, subject to the ATM estate currently within SCM (the "Securicor ATM Estate") achieving certain transaction targets in those years. A further £0.5 million is payable by 8 quarterly instalments of £62,500 commencing on 1 October 2003 and a further £0.5 million is payable if the size of the Enlarged Group estate does not reach 2,100 ATMs at any time on or before 30 September 2004. The maximum amount of deferred consideration payable is £4.2 million. The deferred consideration for the year to 30 September 2003 is payable in full if the SCM ATM Estate achieves aggregate withdrawals per machine per month of 476 or more in that period or, if less than 476, on the basis of a sliding scale of total withdrawals from the SCM ATM Estate in that period. The deferred consideration for the year to 30 September 2003 begins to be paid when an aggregate of 5,264,681 withdrawals is reached at which point £100,000 of deferred consideration becomes due, with the first million withdrawals over that target earning 15.45p of deferred consideration per withdrawal, the next 515,000 additional withdrawals earning £1 of deferred consideration per withdrawal and further withdrawals, up to 7,138,325 in total, earning £2 each of deferred consideration per withdrawal.

In the year to 30 September 2004, Cardpoint Services Limited will pay deferred consideration of 88.65p for each withdrawal in excess of the cumulative total of 7,138,325 such withdrawals, subject always to a maximum of £1.6 million (being for a surplus of up to 1,692,045 withdrawals plus a fixed £100,000).

All references to withdrawals are to surcharging withdrawals.

Under the Acquisition Agreement, Securicor Cash Services Limited has given certain warranties and indemnities in relation to the operation of SCM's business and its tax position. It has also given customary title and due authorisation warranties.

The maximum consideration for the Acquisition is £9.2 million. The Acquisition Agreement is conditional on, amongst other things, Shareholders passing the resolution approving the Acquisition, as set out in the notice of EGM accompanying this document. If the resolution approving the Acquisition is not passed on or before 30 June 2003, then unless otherwise agreed by the parties to the Acquisition Agreement, the Acquisition Agreement will terminate.

8.3 On Completion, Cardpoint Services Limited and Securicor Cash Centres Limited will enter into an outsourcing arrangement comprising two outsourcing agreements. These relate to SCC providing certain services to the Cardpoint Group in respect of its estate of ATMs including replenishment, first line maintenance, second line maintenance and cash forecasting and management. The parties have also entered into arrangements in relation to the installation of ATMs and the de-installation of existing ATMs. The outsourcing arrangements are for a period of four years although there is a review mechanism after two years. The outsourcing arrangements cover the entire existing estate of the Company as well as all future ATMs installed by Cardpoint companies. The outsourcing agreements set out certain performance targets in relation to the services to be provided.

8.4 A nominated adviser and broker agreement dated 30 May 2002 made between (1) the Company, (2) the Directors excluding Peter Smyth and John Westwood, (3) Peter Smyth and (4) Evolution Beeson Gregory pursuant to which the Company has appointed Evolution Beeson Gregory to act as nominated adviser and broker to the Company for the purposes of

the AIM Rules. The Company has agreed to pay Evolution Beeson Gregory an annual fee of £35,000 plus VAT for its services as nominated adviser and broker. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 30 days' notice by either party thereafter.

- 8.5 An agreement dated 22 March 2001 between (1) the Company and (2) the shareholders of Cardpoint Holdings Limited (the "Sellers") whereby the Company agreed to acquire 100 per cent. of the issued share capital of Cardpoint Holdings Limited in consideration of the allotment to the Sellers of, in aggregate, 10,743,600 Ordinary Shares.
- 8.6 An agreement dated 11 May 2001 between (1) Cardpoint Services Limited and (2) Direct Cash Limited pursuant to which Cardpoint Services Limited acquired the business and assets of Direct Cash Limited including 24 ATMs. The consideration paid was £60,000 in cash.
- 8.7 An amending agreement to be entered into on or around the date of this document whereby a revolving facility agreement (the "Facility Agreement") dated 9 May 2002 made between (1) the Company, (2) the subsidiaries of the Group and (3) Bank of Scotland in which a facility of up to £5,000,000 was made available is increased to £7,000,000 if the Acquisition is completed. The facility is intended to be utilised for working capital purposes, partial payment of the purchase price and of the deferred consideration in relation to the Acquisition and for the acquisition of new and additional cash machines. The first review is to take place on 1 August 2004. Interest is paid at the aggregate of LIBOR, the Mandatory Costs Rate (as defined therein) and 2.25 per cent. per annum but the interest rate payable may reduce on the Company reaching certain financial targets set by Bank of Scotland and the Company not being in default of the other provisions of the Facility Agreement. The facility is a revolving credit facility and sums drawn down and repaid may be redrawn provided the Company is not in breach of the other provisions of the Facility Agreement and if the Company fails to comply with these then Bank of Scotland may demand repayment of the facilities and cancel the Facility Agreement. Debentures securing all of the assets of the Group in favour of Bank of Scotland have been granted and further security may need to be given by new and additional subsidiaries including SCM.
- 8.8 A placing agreement made between (1) Evolution Beeson Gregory, (2) the Directors excluding Peter Smyth (3) Peter Smyth and (4) the Company pursuant to which Evolution Beeson Gregory agreed as agent for the Company to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the placing of 5,813,953 Ordinary Shares in June 2002 ("2002 Placing") and to the extent that subscribers were not obtained Evolution Beeson Gregory agreed to subscribe for such shares. Under the terms of the agreement the Company agreed to pay Evolution Beeson Gregory a corporate advisory fee of £75,000 plus an amount equal to 5 per cent. of the proceeds of the 2002 Placing plus any applicable VAT. In addition, the Company issued a warrant to Evolution Beeson Gregory to subscribe for such number of Ordinary Shares as had an aggregate subscription price of £50,000 at 43p per share at any time during the period of 3 years immediately following Admission. The agreement contains certain warranties and indemnities given by the Company and the Directors to Evolution Beeson Gregory in relation to the Group and its business. Pursuant to the placing agreement the Directors have undertaken, subject to certain limited exceptions, not to transfer, sell or otherwise dispose of any of their respective interests in the Ordinary Shares held by them immediately following the 2002 Placing until the period ending 1 year following Admission and for a period of 1 year thereafter that they will not dispose of any Ordinary Shares otherwise than through and after consultation with Evolution Beeson Gregory.
- 8.9 On Completion, Cardpoint Services Limited, Securicor Cash Services Limited and SCM will enter into a transitional services agreement pursuant to which Securicor Cash Services Limited will perform certain obligations and provide certain services to Cardpoint Services Limited and/or SCM in order to enable them to operate the Securicor ATM Estate following completion of the Acquisition.

9. Summary of principal features of the EMI Options and unapproved share options

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

9.2 *The Cardpoint plc EMI Option Scheme*

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

9.2.1 *Tax treatment*

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

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

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

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

9.2.2 *Employee eligibility*

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

9.2.3 *Individual limit on participation*

An individual employee's participation under the EMI Scheme is limited so that the aggregate market value of the shares placed under the EMI Option, and of shares granted under any share option scheme approved by the Inland Revenue under

Schedule 9 of the Income and Corporation Taxes Act 1988 (except those granted under a savings-related share option scheme) valued at the date of the grant of the EMI Option which is held by that employee, cannot exceed £100,000.

9.2.4 *Company limit*

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

9.2.5 *Performance targets*

Performance targets set by the Company's Remuneration Committee have been incorporated into EMI Option Agreements granted to Directors.

9.2.6 *Exercise*

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

9.2.7 *Non transferability of options*

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

9.2.8 *Variation of share capital*

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

9.2.9 *Alterations*

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

9.2.10 *Disqualifying events*

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

9.3 *Unapproved Share Options*

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

9.3.1 *Tax treatment*

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

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

9.3.2 *Exercise and lapse*

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

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

9.3.3 *Non transferability of options*

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

9.3.4 *Variations of share capital*

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

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

9.3.5 *Alterations*

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

9.3.6 *Further grants*

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

9.4 *The Cardpoint plc Unapproved Share Option Scheme 2002*

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

9.4.1 *Tax treatment*

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

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

9.4.2 *Exercise and lapse*

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

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

9.4.3 *Non transferability of options*

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

9.4.4 *Variations of share capital*

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

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

9.4.5 *Alterations*

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

10. Working capital

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

11. Litigation

(a) *The Group*

There are no legal or arbitration proceedings in which any Group company is involved or of which any Group company is aware are pending or threatened by or against any Group company which may have or have had in the 12 months preceding the date of this document a significant effect on the Group's financial position.

(b) *SCM*

There are no legal or arbitration proceedings in which SCM is involved or of which SCM is aware are pending or threatened by or against SCM which may have or have had in the 12 months preceding the date of this document a significant effect on SCM's financial position.

12. Significant changes

(a) *The Group*

There has been no significant change in the financial or trading position of the Group since 31 March 2003, being the date to which the Group's last interim accounts were prepared.

(b) *SCM*

There has been no significant change in the financial or trading position of SCM since 30 September 2002 being the date to which SCM's last annual accounts were prepared.

13. Arrangements relating to the Placing and Open Offer

Pursuant to the Placing Agreement, Evolution Beeson Gregory has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Open Offer Shares at the Issue Price. Under the Placing Agreement:

13.1.1 the Company has agreed to pay Evolution Beeson Gregory a corporate advisory fee of £225,000 plus an amount equal to 5 per cent. of the proceeds of the Placing and Open Offer (plus any applicable VAT) by way of underwriting commission;

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

13.1.3 the Company has given certain warranties and indemnities to Evolution Beeson Gregory as to the accuracy of information in this document and as to other matters in relation to the Company and its business.

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

14. General

- 14.1 It is estimated that the total expenses payable by the Company in connection with the Placing and Open Offer will amount to approximately £0.8 million (including VAT).
- 14.2 The financial information contained in Part V of this document does not constitute statutory accounts of the Company for the purposes of Section 240 of the Act. Statutory accounts for the period ended 30 September 2002 in respect of the Company have been delivered to the Registrar of Companies. These accounts have been prepared in accordance with the law and the Directors accept responsibility for them.
- 14.3 Grant Thornton has given and not withdrawn its written consent to the inclusion in this document of its reports set out in Parts V and VI and its letter set out in Part VII and the references thereto and to its name in the form and context in which they appear.
- 14.4 With reference to and for the purposes of paragraph 45(1)(b) (iii) of Part VII of Schedule 1 to the Regulations, Grant Thornton accepts responsibility in relation to this document for the report set out in Part V of this document.
- 14.5 Evolution Beeson Gregory has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 14.6 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- 14.7 There have been no interruptions in the business of the Group which may have or have had in the 12 months preceding publication of this document a significant effect on the financial position of the Group.
- 14.8 The Issue Price represents a premium of 48p over the nominal value of 5p per Ordinary Share. The premium arising on the Placing and Open Offer amounts to £5,440,736.16 in aggregate.
- 14.9 The Ordinary Shares are in registered form. No temporary documents of title will be issued.
- 14.10 In the Directors' opinion the minimum amount to be raised pursuant to the Placing and Open Offer for the purposes set out in paragraph 21(a) of Schedule 1 to the POS Regulations is £6,000,000 which will be applied as follows:
- | | |
|--|--------------|
| (i) purchase price of property; | £nil |
| (ii) commissions and expenses payable under the Placing and Open Offer; | £0.8 million |
| (iii) repayment of monies borrowed in respect of (i) and (ii) above; and | £nil |
| (iv) working capital | £5.2 million |
- There are no amounts to be provided in respect of the matters mentioned above otherwise than out of the Placing and Open Offer or from the Company's existing resources.
- 14.12 Save as disclosed in this document there have been no payments by the Group to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.
- 14.13 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 14.13.1 received, directly or indirectly from the Group within the 12 months preceding the date of this document; or
- 14.13.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group on or after Admission any of the following:
- fees totalling £10,000 or more;

- securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing and Open Offer Price; or
- any other benefit with the value of £10,000 or more at the date of this document.

15. Availability of Prospectus

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

Dated 29 May 2003

CARDPOINT plc

(the "Company")

(Registered in England and Wales under the Companies Act 1995 – No.4098226)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at the offices of Evolution Beeson Gregory Limited, The Registry, Royal Mint Court, London EC3N 4LB on 20 June 2003 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which resolution number 1 will be proposed as an ordinary resolution and resolution number 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

- 1 **THAT** subject to and conditional upon the Placing Agreement (as defined in the admission document of the Company dated 29 May 2003 (the "Admission Document")) becoming unconditional in all respects (save in respect of any condition therein relating to the resolutions to be passed at this meeting and Admission (as defined in the Admission Document) becoming effective):
 - (a) the acquisition of the whole of the issued share capital of Securicor Cash Machine Limited by the Company on and subject to the terms and conditions of the Acquisition Agreement (as defined in the Admission Document) be and is hereby approved and the board of directors of the Company (or any duly constituted committee thereof) be authorised to waive, amend, vary, increase or extend any such terms and conditions and to make the Acquisition (as defined in the Admission Document) and do all such things as are necessary or desirable in connection with the acquisition of the whole of the issued share capital of Securicor Cash Machine Limited; and
 - (b) for the purposes of and pursuant to section 80 (1) of the Companies Act 1985 (the "Act"), the directors of the Company be and they are hereby authorised generally and unconditionally to exercise all powers of the Company to allot relevant securities (as detailed in section 80 (2) of the Act) up to an aggregate nominal amount of £1,000,000 (in substitution to any other 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 of the Company 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.

SPECIAL RESOLUTION

- 2 **THAT** subject to and conditional upon the Placing Agreement becoming unconditional in all respects (save in respect of any condition therein relating to the resolutions to be passed at this meeting and Admission becoming effective):
 - (a) 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 1(b) 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 of the Company 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:

- (i) 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 resident 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;
 - (ii) the allotment of 11,334,867 new ordinary shares of 5p each in the capital of the Company in connection with the proposed Placing and Open Offer (as such terms are defined in the Admission Document); and
 - (iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) for cash of equity securities up to an aggregate nominal amount of the lesser of £165,000 and 25 per cent. of the issued share capital; and
- (b) the borrowing powers of the directors of the Company shall be increased and the Company's articles of association be amended by the deletion of "£6,000,000" in article 112.2 and the insertion of "£10,000,000" in its place.

Registered Office:

St James's Court
Brown Street
Manchester
M2 2JF

By Order of the Board

HL Secretaries Limited
Company Secretary

Dated 29 May 2003

NOTES:

- (1) A member of the Company may appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy of a member need not also be a member.
- (2) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited with the Company's Registrars, Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0JQ not less than 48 hours before the time for holding the meeting. A Form of Proxy accompanies this document for use by members.
- (3) Completion of the Form of Proxy will not preclude a member from attending and voting in person.
- (4) Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf.
- (5) As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of Ordinary Shares who are registered on the Company's share register as at 11.00 a.m. on 27 May 2003 shall be entitled to attend the Extraordinary General Meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 11.00 a.m. on 27 May 2003 shall be disregarded in determining the rights of any person to attend and/or vote at the Extraordinary General Meeting.