PayPoint plc
Half yearly financial report
for the 6 months ended 30 September 2014

HIGHLIGHTS

	6 months ended 30 September 2014	6 months ended 30 September 2013	Increase
Revenue	**£104.3m**	£102.2m	2.1%
Net revenue[1]	**£57.9m**	£54.1m	7.0%
Gross margin	**48.0%**	45.0%	3.0ppts
Operating profit[2]	**£22.4m**	£21.2m	6.0%
Profit before tax	**£22.5m**	£21.3m	5.5%
Diluted earnings per share	**26.0p**	24.0p	8.3%
Interim dividend per share	**12.4p**	11.4p	8.8%

Operating highlights

- Good performance from retail networks, net revenue up 8.1%
- Romanian bill payment transactions grew 53.0% including contribution from new road tax contract
- Total retail network sites up, to 36,753 and Collect+ now over 5,800 going into Christmas peak
- Mobile and Online transactions up 11.3% to 70.3 million, with strong parking transaction growth
- New developments in areas including smart meters and advanced payments platforms

Financial highlights

- Record first half group transaction volumes at 373.4 million, up 6.1%
- Operating profits[2] up 6.0%, lower than net revenue growth due to investments made in the first half
- Robust balance sheet with cash of £28.7 million
- Increase in interim dividend by 8.8% to 12.4p

Dominic Taylor, Chief Executive of PayPoint said:

"I am pleased to report continued growth in net revenue and operating profits in the first half of this financial year, demonstrating the quality of our businesses and our retail channels. Our Collect+ joint venture continues to grow and the combination of our Mobile and Online business, which we announced in March this year, is progressing satisfactorily.

Looking ahead, we expect our retail networks in the UK and Romania to continue to deliver profitable growth from our breadth of services and extensive client base. We will continue to invest in network expansion, innovative retail technology and new services to improve retail network quality further. We anticipate that this will enhance our competitive advantage and increase retail yield. The integration of our Mobile and Online businesses under the unified group brand and investment in product development is expected to unlock better growth opportunities for the group.

Trading since 30 September 2014 is in line with our expectations."

Enquiries

PayPoint plc *(telephone: 01707 600 317)*
Dominic Taylor, Chief Executive
George Earle, Group Finance Director

Finsbury *(telephone: 0207 2513 801)*
Rollo Head
Charlotte Whitley

A presentation for analysts is being held at 11.45am today (27 November 2014) at Finsbury Group, Tenter House, 45 Moorfields London EC2Y 9AE

This announcement is available on the PayPoint plc website: www.paypoint.com

1 Net revenue is revenue less the cost of mobile top-ups (where PayPoint is principal), SIM cards and other costs incurred by PayPoint, which are recharged to clients and merchants. These other costs include retail agent commission, card payment merchant service charges and costs for the provision of call centres for PayByPhone clients. Net revenue is a measure which the directors believe assists with a better understanding of the underlying performance of the group.

2 Operating profit including our share of joint venture results.

MANAGEMENT REPORT

This management report has been prepared solely to provide additional information to shareholders as a body to assess PayPoint's half year results and it should not be relied upon for any other purpose. It contains forward-looking statements made by the directors in good faith based on the information available at the time of approval of the half yearly financial report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking statements.

PayPoint processes consumer transactions and as such, has only one operating segment. However, we include an analysis of the number and value of consumer transactions, revenue and net revenue by product and an analysis of our networks to help to explain our performance and strategy.

Growth opportunities include: provision of single solution, multi-channel payments and services to new and existing clients; the extension of services in each payment channel across our existing and prospective clients, new and existing client development and retail services in the UK and Romanian retail networks; the expansion of these retail networks; building and developing Collect+; new merchants and new services for online payments; new parking contracts, driving consumer adoption and the development of other mobile services. There are also opportunities to extend our services into other countries.

The channel and product analysis is as follows:

Retail Payments and Services:
Bill and general (prepaid energy, bills and cash out services)
Top-ups (mobile, e-money vouchers, prepaid debit cards and lottery)
Retail services (ATM, debit/credit, parcels, money transfer, SIMs, broadband, receipt advertising, charges for failed direct debits and paper invoicing)
Collect+ parcels service

In addition, fees for early settlement, development and set up are attributed to the client, to which they are billed and included above in the relevant categories.

Mobile and Online:
Parking, permits, tolling, ticketing, bicycle rental transactions, consumer transactions with merchants, pre-authorisations, optimisation of authorisations, FraudGuard, where separately charged and real time management reporting.

Formerly, we disclosed separately: transaction numbers and value; revenue and net revenue for internet payments and PayByPhone, but following their combination, they are reported in total under Mobile and Online.

We announced in the 2014 annual report that other revenue and net revenue for the recharge of development costs, early settlement fees, settlement of claims and other fees would no longer be reported separately. These have now been allocated to bill and general, top-ups and retail services, based on the client, to which the income relates. The prior year figures have been restated accordingly. The impact of the restatement is the removal of £3.2 million (2013: £3.4 million) from other, which has been divided between bill and general £0.7 million (2013: £1.2 million), top-ups £1.1 million (2013: £0.8 million) and retail services £1.4 million (2013: £1.4 million). The overall decrease before restatement is largely as a consequence of a fall in one off client development fees, the size of which is unpredictable.

Operational review

Net revenue increased by 7.0% over the prior period to £57.9 million (2013: £54.1 million), on revenues up 2.1% to £104.3 million, with transaction volume up by 21.5 million transactions to 373.4 million (2013: 351.9 million) and transaction value up to £7.1 billion (2013: £6.9 billion). Net revenue growth from bill and general payments, top-ups and retail services exceeded revenue growth. Mobile top up decline has a greater impact on revenue than net revenue, particularly where PayPoint is principal. We have increased development, sales, marketing and IT spend in the first half, the benefits of which should follow and therefore, the operating profit growth of 6.0% is lower than net revenue growth. Earnings per share improved by 8.3% as a consequence of increased operating profit, and the reduction in the UK corporate tax rate.

Our retail networks continued to perform well, with net revenue growth of 8.1%. In the UK, prepaid energy transactions were down 1.4% on last year due to reduced domestic gas consumption as temperatures in the UK have been higher than in recent years. The warm spell has continued into the second half of the year. In Romania, bill payment transactions have grown 53.0%, as we continued to add new clients, including the of launch road tax payments at PayPoint sites. Retail services transaction growth was 29.6% and net revenues were £13.0 million, up 16.8% (2013: £11.1 million).

In the UK, mobile top-up transaction volumes have continued to decline, whereas in Romania, our network expansion has led to a transaction volume increase. Mobile top-ups accounted for £7.4 million (2013: £8.2 million), which is 12.7% of total net revenues (2013: 15.2%). Our field force has continued to grow the UK network and secured sales of retail services to increase our average retail yield per site[1]. We are developing a multi-channel product to address the payment challenges faced by utilities, as a result of the UK Government mandated change to smart meters by 2020, building on our existing online payment solutions for prepayment meters.

In Collect+, our joint venture with Yodel, transactions increased by 48.5% to 8.4 million (2013: 5.7 million), although logistics costs have increased. We have started to re-organise the network of Collect+ stores to ensure optimum coverage for consumers. Since the period end, the number of sites has increased to over 5,800, ahead of the Christmas peak. We continue to invest in service improvements to encourage growth and maintain our strong position in a developing market landscape.

Mobile and Online transaction growth was 11.3% and net revenue growth 0.2%, with strong growth in parking net revenue offset by a decline in payments net revenue as larger merchants benefitted from lower pricing on core payment transactions. The business has rolled out the first phase of parking payment services in central Paris in the period, which will, in time, cover 155,000 parking spaces and will help mitigate the loss of the Westminster contract. We continue to invest in technology, product development, sales and marketing to take this venture forward and grow net revenue. Combining the Mobile and Online businesses under the unified group brand should unlock better growth opportunities for the group over time, with the potential to extend into other mobile commerce markets.

Our businesses depend on technology. As a leading supplier of retail technology, we are designing our next generation of point of sale infrastructure, which in due course, will replace existing terminals and provide much richer functionality for retailers. In Mobile and Online, we are planning to replace our internet gateway platform with a new advanced payments platform, elements of which we have already introduced. We are also upgrading our core parking platform; replacing legacy systems and developing our technology, which will open the platform to mobile services other than parking. We are in the process of migrating services to two new data centres, with the intention to close our other data centres after we have moved all systems and transaction processing.

We continue to focus on growth and on evaluating new opportunities to extend our business, particularly in developing vertical markets and internationally.

1 Average retail yield per site is retail network net revenue from retail networks, excluding Simple Payment service set up, divided by the average number of retail sites in the period.

Bill and general

		6 months ended 30 September 2014	**6 months ended 30 September 2013**	Increase %	Year ended 31 March 2014
Transactions	‘000	**201,024**	195,686	2.7	445,597
Transaction value	£000	**3,824,598**	3,670,194	4.2	8,306,601
Revenue	£000	**38,811**	38,160	1.7	85,341
Net revenue[1]	£000	**25,881**	24,378	6.2	54,000

Bill and general transactions were ahead of the same period last year as a result of a 53.0% increase in Romanian bill payment transactions. UK and Irish bill and general transactions were down 1.9% on last year due to lower domestic gas consumption resulting from warmer weather, which has continued into the second half. The strong growth in Romania, where we processed 25.2 million transactions (2013: 16.5 million) was the result of increasing market share to 18.8% in September (2013: 13.7%), and the addition of new clients, including the launch of road tax payments at PayPoint sites.

Growth in net revenue of 6.2% exceeded that of revenue growth, mainly as a consequence of a richer transaction mix from clients offset by a reduction in Simple Payment set up fees.

Top-ups

		6 months ended 30 September 2014	**6 months ended 30 September 2013**	(Decrease)/ increase %	Year ended 31 March 2014
Transactions	‘000	**45,789**	49,550	(7.6)	97,465
Transaction value	£000	**419,413**	443,282	(5.4)	866,321
Revenue	£000	**36,256**	37,343	(2.9)	73,680
Net revenue[1]	£000	**11,696**	11,264	3.8	22,543

Top-up transactions decreased from last year as a result of the continued decline in mobile top-up volumes in the UK and Ireland of 13.4%. The reduction in UK and Irish mobile top-up transactions was only partly offset by an increase in other top-up transactions and Romanian mobile top-ups, where the impact of a larger network has offset market decline.

The reduction in top-up transaction value was lower than that of transaction numbers as the average value of mobile top-ups increased, which also helped mitigate the reduction in revenue and net revenue, as did the increase in other top-ups.

The growth in net revenue was driven by an increase in Romanian mobile top-ups, other top-ups and an increase in requests for early client settlement, for which we charge fees, the incidence of which is unpredictable, offset by the mobile top-up decline in the UK and Ireland.

1 Net revenue is revenue less the cost of mobile top-ups (where PayPoint is principal), SIM cards and other costs incurred by PayPoint which are recharged to clients and merchants. These costs include retail agent commission, card payment merchant service charges and costs for the provision of call centres for PayByPhone clients. Net revenue is a measure, which the directors believe assists with a better understanding of the underlying performance of the group.

Retail services

		6 months ended 30 September 2014	6 months ended 30 September 2013	Increase %	Year ended 31 March 2014
Transactions	‘000	**56,344**	43,486	29.6	92,308
Transaction value	£000	**412,869**	314,496	31.3	667,303
Revenue	£000	**20,579**	18,239	12.8	35,883
Net revenue	£000	**12,958**	11,098	16.8	22,105

Retail services transaction volume has increased across all products except for SIM card sales. ATM transactions increased by 27.7%, credit and debit transactions by 27.8%, money transfer transactions by 51.8% and parcels by 48.5% over last year.

A higher average ATM transaction value has driven an increase in total transaction value in excess of the increase in transaction volume.

Strong net revenue growth of 16.8% was driven by the increases in parcels, ATM transactions, credit and debit and income from broadband (enabling faster terminal transactions).

Collect+

PayPoint has a 50% equity interest in Drop and Collect Limited, trading as Collect+, a 50:50 joint venture with Yodel. PayPoint does not consolidate the results of the joint venture but does include its share of the profit of the joint venture in its consolidated income statement, after group operating profit.

Collect+ at 100%		6 months ended 30 September 2014	6 months ended 30 September 2013	Increase %	Year ended 31 March 2014
Transactions	‘000	**8,394**	5,652	48.5	13,555
Revenue	£000	**20,638**	14,345	43.9	34,093
Profit	£000	**487**	483	0.8	1,784

Transactions have grown substantially despite lower consumer send transactions, where there has been significant price competition. This, together with an expected increase in logistics costs, as Collect+ migrates from marginal use to dedicated use of transport, has reduced margins. The growth in revenue, offset by the increase in costs has delivered profit slightly ahead of last year.

Mobile and Online

		6 months ended 30 September 2014	6 months ended 30 September 2013	Increase/ (decrease) %	Year ended 31 March 2014
Transactions	'000	**70,282**	63,154	11.3	132,150
Transaction value	£000	**2,424,468**	2,485,038	(2.4)	4,902,442
Revenue	£000	**8,621**	8,430	2.3	17,254
Net revenue	£000	**7,404**	7,391	0.2	15,092

Transactions increased by 11.3% with payment transactions of 50.8 million up 4.8% and parking transactions of 19.5 million up 32.8%.

Payment transaction growth was driven by adding new merchants and organic growth. Parking transaction growth was driven predominantly by the continued increase in consumer adoption in existing clients. The decline in transaction value is due to a change in mix and the weakening of the US and Canadian currency against sterling effects in parking.

Overall revenues increased by 2.3% and net revenues by 0.2%, reflecting strong growth in parking revenue offset by a decline in payment revenues due to larger merchants benefitting from lower pricing on core payment transactions.

We have continued to add parking contracts with councils and parking authorities, as we provide them with a more convenient and cost effective method for collecting parking charges. The business has rolled out the first phase of parking payment services in Paris during the period, which has 155,000 parking spaces, and will help to mitigate the loss of the Westminster contract in July.

In payments, the first sales have been achieved of two new licensed products. Cashier enables enterprise merchants to offer a highly customised payment experience for their online or mobile customers, hosted by PayPoint. It also has a built in capability to allow customers to store multiple cards. Cardlock reduces the complication and cost of Payment Card Industry compliance for merchants by removing card data from their websites and apps as soon as it has been entered, and securing it remotely within PayPoint systems.

We have conducted the first transactions through our new consumer facing services, which will form part of our advanced payments platform and are easily integrated with a client's own software through application programme interfaces, and incorporates a range of new capabilities including our Cashier and Cardlock products. In time, the new platform will also enable us to retire our existing payments gateway platform. Significant work has also been undertaken on our core parking system to enable new functionality, and to increase flexibility for future developments. Work is also advanced on the next generation of the PayByPhone application, due early next year.

We combined our payments and parking businesses under one brand from March 2014. Much progress has been made towards improving the flexibility of existing platforms (to make future development easier), introducing new functionality (a new rates platform allowing clients a wide variety of options on parking charges), re-orienting product development, aligning product roadmaps, reorganising sales and marketing and settling the management of the newly combined business. Continued expenditure in technology, product development, sales and marketing are necessary to take this venture forward and grow net revenue. As a consequence of the expenditure, this business is currently loss making and we expect it to remain in loss in the second half of this year.

We are also expanding our efforts on consumer applications beyond parking. The mobile app and online capability for smart meter energy payments is in an advanced stage of development, and work has started on a portfolio of capabilities to support other sectors.

Network growth

Retail sites have increased by 1,157 to 36,753 since March 2014. In the UK and Ireland, retail sites increased by 755 and the average retail yield per site also increased[1]. We increased the number of sites offering our Collect+ parcels service by 35, bringing the total to 5,617 and which, since the period end, has risen further to over 5,800 sites in advance of peak Christmas activity. In Romania, we have increased our sites by 402.

The number of internet merchants fell by 205, largely through churn of smaller merchants.

Analysis of sites/internet merchants	**At 30 September 2014**	At 30 September 2013	Increase/ (decrease) %	At 31 March 2014
UK and Ireland terminal sites	**27,997**	26,129	7.1	27,242
Romania terminal sites	**8,756**	7,767	12.7	8,354
Total terminal sites	**36,753**	33,896	8.4	35,596
Internet merchants	**4,963**	5,351	(7.3)	5,168
Collect+ sites	**5,617**	5,444	3.2	5,582

Financial review

Movements in revenue and net revenue have been addressed in the operational review above.

Gross profit was £50.0 million (2013: £46.0 million), up 8.7% and the gross profit margin improved to 48.0% (2013: 45.0%) predominantly as a result of the reduction in the cost of mobile top-ups, lower retail commission and a reduction in field service costs as a consequence of the reduction in retailer training costs incurred last year for the Simple Payment service.

Operating costs (administrative expenses) increased by 10.9% (2013: 8.8%) to £27.8 million (2013: £25.1 million). We expect the rate of increase in operating costs to slow in the second half. The main reasons for the increase in costs this year have been:

- IT costs which grew in the second half of last year and have continued in the first half of this year;
- increasing costs of development and marketing required to support new products; and
- continuing investment in Mobile and Online to support our focus on these fast moving markets.

Our share of the profit in our parcels joint venture, Collect+, was £0.2 million (2013: profit of £0.2 million).

Our operating margin[2] decreased to 38.7% (2013: 39.1%) as a consequence of the increased development, marketing and IT spend in the first half, the benefits of which will follow.

Profit before tax was £22.5 million (2013: £21.3 million), up 5.5% on the same period last year. The tax charge was £4.7 million (2013: £4.9 million) and the effective tax rate was 21.0% (year ended 31 March 2014: 21.9%). The reduction in tax rate reflects the decrease in the UK corporate tax rate in the current year, which would have been larger but for the recognition last year of development claims relating to prior periods and the projected use of past losses in Romania.

1 Average retail yield per site is the retail network net revenue, excluding Simple Payment service set up, divided by the average number of retail sites in the period.

2 Operating profit, including our share of joint venture results, as a percentage of net revenue.

Operating cash flow was £12.0 million (2013: £12.1 million), after corporation tax payments of £5.0 million (2013: £5.0 million). Capital expenditure of £5.1 million (2013: £5.5 million) comprised expenditure on IT infrastructure, developments for new products, terminals, ATMs and prepaid energy card and key readers for PPoS (PayPoint Point of Sale, the software version of our terminal that can be loaded onto retail till systems). A £0.2 million payment was made in the period for the acquisition of Adaptis (acquired in February 2014), relating to the finalisation of completion accounts. Share incentive schemes settled in cash absorbed £2.8 million (2013: £5.3 million). Equity dividends paid were £16.3 million (2013: £23.9 million which included a special dividend of £10.2 million). Net cash and cash equivalents at the period end were £28.7 million, lower than £41.6 million at 31 March 2014, mainly because of: the payment of the final dividend previously announced; the cash cost of the share incentive schemes which vested in the period; the level of capital expenditure; and the usual first half cash outflows.

Related party transactions

Related party transactions are disclosed in note 5.

Risks

Risks to PayPoint's business, financial condition and operations are disclosed on pages 21 and 22.

Dividend

We have declared an interim dividend of 12.4p per share (2013: 11.4p) to be paid on 18 December 2014 to shareholders on the register at 5 December 2014. The final dividend for the year ended 31 March 2014 totalling £16.3 million (23.9p per share) was paid during the period.

Liquidity and going concern

The group had cash of £28.7 million at the period end and an undrawn £45.0 million revolving term credit facility expiring in May 2019. Cash includes amounts held to settle short term client settlement obligations, which at the period end amounted to £3.8 million in the UK (September 2013: £3.3 million, March 2014: £6.5 million) and £7.2 million in Romania (September 2013: £8.5 million, March 2014: £10.3 million). Cash and borrowing capacity is adequate to meet the foreseeable needs of the group, taking account of any risks (pages 21 and 22). The financial statements have therefore been prepared on a going concern basis.

Economic climate

The company's bill and general payments service, which accounts for 47.2% (2013: 48.7%) of our net revenue, has continued to be resilient, as consumers' discretion in expenditure is limited for essential services and our service continues to be popular. Utility providers continue to install new prepay gas and electricity meters, which should have a beneficial impact on our transaction volumes. The online payment market continues to grow substantially. There has been an adverse impact on our mobile top-ups as mobile operators continue to offer more airtime at lower cost and to promote prepay less than contract. Mobile and Online is able to offer parking authorities a more cost effective collection system for parking compared to pay and display machines. The convenient service offered by Collect+ offers great opportunity for growth in parcel volumes.

Outlook

Looking ahead, we expect our retail networks in the UK and Romania to continue to deliver profitable growth from our breadth of services and extensive client base. We will continue to invest in network expansion, innovative retail technology and new services to improve retail network quality further. We anticipate that this will enhance our competitive advantage and increase retail yield. Our recent combination of our Mobile and Online businesses under the unified group brand and investment in product development is expected to unlock better growth opportunities for the group.

Trading since 30 September 2014 is in line with our expectations.

CONDENSED CONSOLIDATED INCOME STATEMENT

Continuing operations	Note	**Unaudited 6 months ended 30 September 2014 £000**	Unaudited 6 months ended 30 September 2013 £000	Audited year ended 31 March 2014 £000
Revenue	2	**104,267**	102,172	212,158
Cost of sales	2	**(54,259)**	(56,163)	(115,184)
Gross profit		**50,008**	46,009	96,974
Administrative expenses		**(27,812)**	(25,077)	(52,696)
Operating profit		**22,196**	20,932	44,278
Share of profit of joint venture		**244**	241	892
Investment income		**92**	140	231
Finance costs		**(60)**	(9)	(84)
Other gains and losses		**-**	-	691
Profit before tax		**22,472**	21,304	46,008
Tax	3	**(4,719)**	(4,946)	(10,092)
Profit for the period		**17,753**	16,358	35,916
Attributable to:				
Equity holders of the parent		**17,758**	16,370	35,938
Non-controlling interest		**(5)**	(12)	(22)
		17,753	16,358	35,916
Earnings per share				
Basic	4	**26.1p**	24.1p	52.9p
Diluted	4	**26.0p**	24.0p	52.6p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Unaudited 6 months ended 30 September 2014 £000**	Unaudited 6 months ended 30 September 2013 £000	Audited year ended 31 March 2014 £000
Items that may subsequently be reclassified to the consolidated income statement:				
Exchange differences on translation of foreign operations	8	**(247)**	(273)	(3,307)
Tax effect thereof		**-**	-	-
Other comprehensive loss for the period		**(247)**	(273)	(3,307)
Profit for the period		**17,753**	16,358	35,916
Total comprehensive income for the period		**17,506**	16,085	32,609
Attributable to:				
Equity holders of the parent		**17,511**	16,097	32,631
Non-controlling interest		**(5)**	(12)	(22)
		17,506	16,085	32,609

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 September 2014 £000**	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000 (restated)*
Non-current assets				
Goodwill		**57,814**	55,286	57,897
Other intangible assets		**7,905**	5,521	6,252
Property, plant and equipment		**22,302**	19,838	21,956
Investment in joint venture		**929**	510	686
Deferred tax assets		**1,775**	1,794	2,191
Investment		**-**	435	-
		90,725	83,384	88,982
Current assets				
Inventories		**690**	782	731
Trade and other receivables		**150,395**	103,066	162,653
Cash and cash equivalents	7	**28,681**	23,498	41,600
		179,766	127,346	204,984
Total assets		**270,491**	210,730	293,966
Current liabilities				
Trade and other payables		**164,551**	112,615	186,471
Current tax liabilities		**2,782**	5,042	3,845
		167,333	117,657	190,316
Non-current liabilities				
Other liabilities		**49**	109	79
		49	109	79
Total liabilities		**167,382**	117,766	190,395
Net assets		**103,109**	92,964	103,571
Equity				
Share capital	8	**226**	226	226
Share premium	8	**1,978**	408	408
Share based payment reserve	8	**3,105**	3,020	3,682
Translation reserve	8	**(2,860)**	421	(2,613)
Retained earnings	8	**100,792**	89,006	101,995
Total equity attributable to equity holders of the parent company		**103,241**	93,081	103,698
Non-controlling interest		**(132)**	(117)	(127)
Total equity		**103,109**	92,964	103,571

* The March 2014 consolidated statement of financial position has been restated. Details of the restatement are explained in note 1, Accounting Policies – Restatement of March 2014 consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Share based payment reserve £000	Translation reserve £000	Retained earnings £000	Total equity attributable to equity holders of the parent company £000	Non-controlling interest £000	Total equity £000
Opening equity 31 March 2013		**226**	**297**	**3,265**	**694**	**101,498**	**105,980**	**(105)**	**105,875**
Profit/(loss) for the period		-	-	-	-	16,370	16,370	(12)	16,358
Dividends paid	6	-	-	-	-	(23,893)	(23,893)	-	(23,893)
Exchange differences on translation of foreign operations	8	-	-	-	(273)	-	(273)	-	(273)
Movement in share based payment reserve	8	-	-	(245)	-	-	(245)	-	(245)
Share premium arising on issue of shares	8	-	111	-	-	-	111	-	111
Adjustment on share scheme vesting	8	-	-	-	-	(4,539)	(4,539)	-	(4,539)
Deferred tax on share based payments		-	-	-	-	(430)	(430)	-	(430)
Closing equity 30 September 2013		**226**	**408**	**3,020**	**421**	**89,006**	**93,081**	**(117)**	**92,964**
Profit/(loss) for the period		-	-	-	-	19,568	19,568	(10)	19,558
Dividends paid	6	-	-	-	-	(7,739)	(7,739)	-	(7,739)
Exchange differences on translation of foreign operations	8	-	-	-	(3,034)	-	(3,034)	-	(3,034)
Movement in share based payment reserve	8	-	-	662	-	-	662	-	662
Share premium arising on issue of shares	8	-	-	-	-	-	-	-	-
Adjustment on share scheme vesting	8	-	-	-	-	991	991	-	991
Deferred tax on share based payments	8	-	-	-	-	169	169	-	169
Closing equity 31 March 2014		**226**	**408**	**3,682**	**(2,613)**	**101,995**	**103,698**	**(127)**	**103,571**
Profit/(loss) for the period		-	-	-	-	17,758	17,758	(5)	17,753
Dividends paid	6	-	-	-	-	(16,259)	(16,259)	-	(16,259)
Exchange differences on translation of foreign operations	8	-	-	-	(247)	-	(247)	-	(247)
Movement in share based payment reserve	8	-	-	(577)	-	-	(577)	-	(577)
Share premium arising on issue of shares	8	-	1,570	-	-	-	1,570	-	1,570
Adjustment on share scheme vesting (net of tax benefit of £686,000)	8	-	-	-	-	(2,405)	(2,405)	-	(2,405)
Deferred tax on share based payments	8	-	-	-	-	(297)	(297)	-	(297)
Closing equity 30 September 2014		**226**	**1,978**	**3,105**	**(2,860)**	**100,792**	**103,241**	**(132)**	**103,109**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Unaudited 6 months ended 30 September 2014 £000**	Unaudited 6 months ended 30 September 2013 £000	Audited year ended 31 March 2014 £000
Net cash flow from operating activities	9	**11,950**	12,056	45,434
Investing activities				
Investment income		**92**	140	231
Proceeds on disposal of investments		**-**	-	1,127
Purchase of property, plant and equipment and technology		**(5,092)**	(5,536)	(11,343)
Proceeds from disposal of property, plant and equipment		**16**	68	211
Loan to joint venture	5	**-**	(225)	(225)
Repayment of loan by joint venture		**-**	-	475
Acquisition of subsidiary	5	**(180)**	-	(3,214)
Net cash used in investing activities		**(5,164)**	(5,553)	(12,738)
Financing activities				
Cash settled share based remuneration		**(2,847)**	(5,329)	(5,334)
Dividends paid:				
- Final and interim		**(16,259)**	(13,711)	(21,450)
- Special		**-**	(10,182)	(10,182)
Net cash used in financing activities		**(19,106)**	(29,222)	(36,966)
Net decrease in cash and cash equivalents		**(12,320)**	(22,719)	(4,270)
Cash and cash equivalents at beginning of period		**41,600**	46,618	46,618
Effect of foreign exchange rate changes		**(599)**	(401)	(748)
Cash and cash equivalents at end of period		**28,681**	23,498	41,600

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on an historical cost basis and the same accounting policies, presentation methods and methods of computation are followed in this condensed set of financial statements as applied in the group's latest annual audited financial statements. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The group has adopted relevant standards and amendments with no material impact on its results, assets and liabilities.

Basis of preparation

The condensed financial statements contained in this report are unaudited, but have been formally reviewed by the auditor and their report to the company is set out on page 23. The information shown for the year ended 31 March 2014, which is prepared under International Financial Reporting Standards (IFRS), does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The report of the auditor on the statutory accounts for the year ended 31 March 2014, prepared under IFRS, was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006 and has been filed with the Registrar of Companies.

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. The group's liquidity and going concern review can be found in the Management Report on page 8.

Restatement of March 2014 consolidated statement of financial position

For the acquisition of Adaptis Solutions Limited made in the year ended 31 March 2014, the fair value reallocation period remained open during the six months ended 30 September 2014. In accordance with IFRS3 Business Combinations the group has adjusted the goodwill attributable to this acquisition to reflect the additional consideration arising from the net asset adjustment on finalisation of completion accounts. As a result, goodwill and trade and other payables have both been increased by £0.18m at 31 March 2014.

Accordingly, the consolidated statement of financial position for 31 March 2014 has been restated.

The affected balances are as follows:

	31 March 2014	
	Restated £000	As originally stated £000
Goodwill	57,897	57,717
Trade and other payables	186,471	186,291

The restatement of these items has had no effect on the consolidated income, net assets, earnings per share or total cash flows as previously reported in the 2014 annual report.

2. Segmental reporting, net revenue analysis and cost of sales

(i) Segmental information

PayPoint is a service provider for consumer transactions through various distribution channels, involving the processing of high volume transactions, the management of retailers and clients, the settlement of funds (collection and transmission) and transmission of data in a secure environment, by the application of technology.

The application of technology is directed on a group basis by the group's executive (comprising the Chief Executive, Group Finance Director, Business Development Director and Chief Information Officer) to develop products across the business, prioritised on an economic value basis (generally by product), rather than on a subsidiary by subsidiary basis. As the business has high fixed operating costs, the company regards the analysis of net revenue as the most reliable indication of contribution on a product by product basis and net revenue analysis is shown in the operating and financial review.

Whilst the group has a number of different services and products, these do not meet the definition of different segments under IFRS 8 and, therefore, the group has only one reportable class of business, being a service provider for consumer payment and value added transactions.

(ii) Reconciliation of revenue to net revenue, analysis of cost of sales

Revenue comprises the value of sales (excluding sales taxes) of services in the normal course of business.

Revenue performance of the business is measured by net revenue, which is calculated as the total revenue from clients less commissions paid to retail agents, the cost of mobile top-ups and SIM cards where PayPoint is principal and costs incurred by PayPoint which are recharged to clients and merchants. These costs include retail agent commission, merchant service charges levied by card scheme sponsors and costs for the provision of call centres for mobile parking clients.

Net revenue

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Revenue - transaction processing	**103,782**	101,708	211,196
- service charge income from ATMs	**485**	464	962
Revenue	**104,267**	102,172	212,158
less:			
Commission payable to retail agents	**(29,622)**	(31,187)	(64,925)
Cost of mobile top-ups and SIM cards as principal	**(15,488)**	(15,815)	(31,331)
Card scheme sponsors' charges and call centre charges	**(1,218)**	(1,039)	(2,162)
Net revenue	**57,939**	54,131	113,740

Cost of sales

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Cost of sales			
Commission payable to retail agents	**29,622**	31,187	64,925
Cost of mobile top-ups and SIM cards as principal	**15,488**	15,815	31,331
Card scheme sponsors' charges and call centre charges	**1,218**	1,039	2,162
Depreciation and amortisation	**3,030**	2,493	5,166
Other	**4,901**	5,629	11,600
Total cost of sales	**54,259**	56,163	115,184

Depreciation has risen as a consequence of the increase in capital expenditure. Commission payable to retail agents has fallen as a result of lower mobile top-up commission.

Geographical information:

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Revenue			
UK	**81,468**	81,456	168,181
Ireland	**5,003**	5,698	11,672
Romania	**15,488**	13,568	28,258
North America	**2,308**	1,450	4,047
Total	**104,267**	102,172	212,158
Non-current assets (excluding deferred tax)			
UK	**87,141**	80,024	84,886
Romania	**1,203**	1,007	1,373
North America	**606**	559	532
Total	**88,950**	81,590	86,791

3. Tax on profit of ordinary activities

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Current tax	**4,600**	4,962	10,336
Deferred tax	**119**	(16)	(244)
Total	**4,719**	4,946	10,092

4. Earnings per share

The basic and diluted earnings per share are calculated on the following profit and number of shares.

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Profit for basic and diluted earnings per share is the net profit attributable to equity holders of the parent	**17,758**	16,370	35,938
	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares in issue (for basic earnings per share)	**67,993,955**	67,891,335	67,895,495
Potential dilutive ordinary shares:			
Long-term incentive plan	**305,559**	312,532	312,532
Deferred share bonus	**91,893**	89,337	89,337
Diluted basis	**68,391,407**	68,293,204	68,297,364

5. Related party transactions

PayByPhone

During the period, the company subscribed £658,000 for additional share capital in PayByPhone Mobile Technologies Inc. and £500,000 for additional share capital in PayByPhone Limited.

Adaptis

During the period, the company paid £180,000 in cash consideration for the acquisition of Adaptis Solutions Limited (acquired in February 2014), which related to the net asset adjustment on finalisation of completion accounts (see note 1).

During the period, the company also subscribed £550,000 for additional share capital in Adaptis Solutions Limited.

Collect+

The total amount of the loan from the company to Drop and Collect Limited outstanding was £5,550,000 (31 March 2014: £5,550,000). This has been treated as part of the investment in the joint venture.

Share based payments

During the period, the long-term incentive plan and the deferred share bonus scheme both vested and the obligations were settled in cash and shares.

6. Dividend

The interim dividend of 12.4p (2013: 11.4p) was declared on 27 November 2014 and, accordingly, has not been recorded as a liability at 30 September 2014. The total dividend in respect of the year ended 31 March 2014 was 35.3p per share. The final dividend (23.9p per share) for the year ended 31 March 2014 totalling £16.3m was paid during the period.

7. Cash and cash equivalents

Included within cash and cash equivalents is £3.8 million (September 2013: £3.3 million, March 2014: £6.5 million) relating to monies collected on behalf of PayPoint clients where PayPoint has title to the funds (client cash). An equivalent balance is included within trade payables.

The group operates cash pooling amongst its various bank accounts in the UK and, therefore, individual accounts can be overdrawn without penalties being incurred so long as the overall position is in credit. At 30 September 2014, the group's cash was £28.7 million (31 March 2014: £41.6 million).

Client settlement funds in the UK and Ireland are not shown in the balance sheet as the funds are held in trust for clients. In Romania, all client settlement funds are held in bank accounts owned by PayPoint Romania and this cash, which at 30 September 2014 amounted to £7.2 million (September 2013 £8.5 million, 31 March 2014 £10.3 million) is included in the balance sheet.

8. Share capital and reserve

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Authorised share capital			
4,365,352,200 ordinary shares of 1/3p each	**14,551**	14,551	14,551
Called up, allotted and fully paid share capital			
68,045,059 ordinary shares of 1/3p each	**226**	226	226
Share premium			
At start of period	**408**	297	297
Arising on issue of shares	**1,570**	111	111
At end of period	**1,978**	408	408
Share based payment reserve			
At start of period	**3,682**	3,265	3,265
Additions in period	**749**	662	1,324
Released in period	**(1,326)**	(907)	(907)
At end of period	**3,105**	3,020	3,682
Translation reserve			
At start of period	**(2,613)**	694	694
Movement in the period	**(247)**	(273)	(3,307)
At end of period	**(2,860)**	421	(2,613)
Retained earnings			
At start of period	**101,995**	101,498	101,498
Profit for the period	**17,753**	16,358	35,916
Non-controlling interest loss for period included in above	**5**	12	22
Dividends paid	**(16,259)**	(23,893)	(31,632)
Adjustment on share scheme vesting	**(2,405)**	(4,539)	(3,548)
Deferred tax	**(297)**	(430)	(261)
At end of period	**100,792**	89,006	101,995

9. Notes to the cash flow statement

	6 months ended 30 September 2014 £000	6 months ended 30 September 2013 £000	Year ended 31 March 2014 £000
Profit before tax	**22,472**	21,304	46,008
Adjustments for:			
Depreciation on property, plant and equipment	**2,623**	2,181	4,551
Amortisation of intangible assets	**407**	312	615
Share of profits in joint venture	**(244)**	(241)	(892)
Gain on disposal of investment	**-**	-	(691)
Profit on sale of fixed assets	**-**	-	(15)
Net interest income	**(32)**	(131)	(147)
Share based payment charge	**749**	662	1,324
Operating cash flows before movements in working capital	**25,975**	24,087	50,753
Decrease in inventories	**10**	352	390
Decrease in receivables	**422**	2,376	718
(Decrease)/increase in payables			
- client cash	**(2,234)**	(3,682)	(492)
- other payables	**(7,124)**	(6,083)	4,448
Cash generated by operations	**17,049**	17,050	55,817
Corporation tax paid	**(5,039)**	(4,985)	(10,301)
Interest and bank charges paid	**(60)**	(9)	(82)
Net cash from operating activities	**11,950**	12,056	45,434

Movements in items in the course of collection and settlement payables have not been included in this reconciliation as the directors do not consider them to be operating working capital balances.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
(b) the half yearly financial report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first half and description of principal risks and uncertainties for the remaining half of the year); and
(c) the half yearly financial report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the board.

Warren Tucker
Chairman

Dominic Taylor
Chief Executive

27 November 2014

RISKS AND UNCERTAINTIES

PayPoint's business, financial condition or operations could be materially and adversely affected by the risks summarised below. Although management takes steps to mitigate risks where possible or where the cost of doing so is reasonable in relation to the probability and seriousness of the risk, it may not be possible to avoid the crystallisation of some or all of such risks.

Risk area	Potential impact	Mitigation strategies
Loss or inappropriate usage of data	The group's business requires the appropriate and secure use of consumer and other sensitive information. Mobile telephone and internet-based electronic commerce requires the secure transmission of confidential information over public networks, and several of our products are accessed through the internet. Fraudulent activity or security breaches in connection with maintaining data and the delivery of our products and services could harm our reputation, business and operating results.	The group has established rigorous information security, anti-fraud and whistleblowing standards, procedures, and recruitment and training schemes, which are embedded throughout its business operations. The group also screens new employees carefully. Continued investments are made in IT security infrastructure, including the significant use of data and communications encryption technology.
Dependence upon third parties to provide data and certain operational services	The group's business model is dependent upon third parties to provide operational services, the loss of which could significantly impact the quality of our services. Similarly, if one of our outsource providers, including third parties with whom we have strategic relationships, were to experience financial or operational difficulties, their services to us would suffer or they may no longer be able to provide services to us at all, significantly impacting delivery of our products or services.	The group selects and negotiates agreements with strategic suppliers and agents based on criteria such as delivery assurance and reliability. Single points of failure are avoided, where practicable and economically feasible. Controls are regularly reviewed and improved to minimise risk of retailer churn caused by financial loss to retailers through fraudulent third party activity.
Exposure to legislation or regulatory reforms and risk of non-compliance	The group is largely unregulated by financial services regulators although in the UK we have Payment Institution status for prefunded cash payments to consumers and to allow the online payments business to act as a master merchant for SME online merchants. The group's agents which offer money transfer are licensed as Money Service Businesses by HMRC. Our Mobile and Online business is subject to Payment Card Industry Data Security Standards regulated by the card schemes. Regulatory reform could increase the cost of the group's operations or deny access to certain territories in the provision of certain services. Non-compliance with law, regulation, privacy or information security laws could have serious implications in cost and reputational damage to the group.	The group's legal department works closely with senior management to adopt strategies to educate legislature, regulators, consumer and privacy advocates and other stakeholders to support the public policy debate, where appropriate, to ensure regulation does not have unintended consequences over the group's services. The group has in place a business ethics policy which requires compliance with local legislation in all the territories in which the group operates. A central compliance department co-ordinates all compliance monitoring and reporting. Subsidiary managing and finance directors are required to sign annual compliance statements.
Interruptions in business processes or systems	The group's ability to provide reliable services largely depends on the efficient and uninterrupted operation of our computer network systems, financial settlement systems, data and call centres, as well as maintaining sufficient staffing levels. System or network interruptions, recovery from fraud or security incidents or the unavailability of key staff or management resulting from a pandemic outbreak could delay and disrupt our ability to develop, deliver or maintain our products and services, causing harm to our business and reputation and resulting in loss of customers or revenue.	Comprehensive business continuity plans and incident management programmes are maintained to minimise business and operational disruptions, including fraudulent activity, system failure or pandemic incidents. Support arrangements have been established with third party vendors and there are strict standards, procedures and training schemes for business continuity.
Dependence on recruitment and retention of highly skilled personnel	The ability of the group to meet the demands of the market and compete effectively is, to a large extent, dependent on the skills, experience and performance of its personnel. Demand is high for individuals with appropriate knowledge and experience in payments, IT and support services. The inability to attract, motivate or retain key talent could have a serious consequence on the group's ability to service client commitments and grow our business.	Effective recruitment programmes are ongoing across all business areas, as well as personal and career development initiatives. The executive management reviews talent potential at quarterly meetings. Compensation and benefits programmes are competitive and also reviewed regularly.

Risk area	Potential impact	Mitigation strategies
Technology change may render products obsolete	There are rapid changes in technology in the payments industry including the development of new payment methods, particularly on smart phones and tablets, but also as a consequence of technology changes in other areas e.g. smart meters, which will replace the use of the energy keys and gas cards currently used to pay for prepaid energy. Such changes may render current products and services obsolete.	IT development resource is directed at a group level and developments are in hand to ensure the group has relevant products in place to meet the demands brought about by changing technology. For smart meters, a multi-channel product is under development.
Exposure to materially adverse litigation	The group contracts with a number of large service organisations for which it provides services essential to their customers. Failure to perform in accordance with contractual terms could give rise to litigation.	The group seeks to limit exposure in its contracts. Mitigating actions are taken where contractual exposures are above the norm, including insurance coverage, where appropriate and economically sustainable.
Exposure to country and regional risk (political, financial, economic, social) in North America, United Kingdom, Romania, France and Ireland	The group's geographic footprint subjects its businesses to economic, political and other risks associated with international sales and operations. A variety of factors, including changes in a specific country's or region's political, economic or regulatory requirements, as well as the potential for geopolitical turmoil, including terrorism and war, could result in loss of services, prevent our ability to respond to agreed service levels or fulfil other obligations. These risks are generally outside the control of the group.	The group's portfolio is diversified by geography, by product, by sector and by client in order to protect itself against many of these fluctuations, especially those that are restricted to individual territories and market sectors, although the bulk of its operations and revenues are UK based.
Exposure to consolidation among clients and markets	Consolidation of retailers and clients could result in reductions in the group's revenue and profits through price compression from combined service agreements or through a reduced number of clients.	No single client accounts for more than 9% of the group's net revenue, and no single retailer accounts for more than 5% of the group's net revenue, which reduces the probability of this potential risk having a significant impact on the group's business. In addition, the group continues to expand in its developing businesses, and in CashOut (reversing the flow of money through its retail networks).
Acquisitions may not meet expectations	The group's acquisitions, strategic alliances and joint ventures may result in financial outcomes that are different than expected.	The group assesses all acquisitions rigorously, using both in-house experts and professional advisers. In addition, the group conducts regular reviews to monitor performance.
Exposure to the unpredictability of financial markets (foreign exchange, interest rate and other financial risks)	As the group operates on an international basis, it is exposed to the risk of currency fluctuations and the unpredictability of financial markets in which it operates.	The group's financial risk management seeks to minimise potentially adverse effects on the group's financial performance.
Exposure to increasing competition	The group operates in a number of geographic, product and service markets that are highly competitive and subject to technological developments for example the introduction of smart meters and new payment solutions. Competitors may develop products and services that are superior to ours or that achieve greater market acceptance than our products and services, which could result in the loss of clients, merchants and retailers or a reduction in revenue.	The group is committed to continued research and investment in new data sources, people, technology and products to support its strategic plan.
Loss or infringement of intellectual property rights	The group's success depends, in part, upon proprietary technology and related intellectual property rights. Some protection can be achieved but in many cases, little protection can be secured. Third parties may claim that the group is infringing their intellectual property rights or our intellectual property rights could be infringed by third parties. If we do not enforce or defend the group's intellectual property rights successfully, our competitive position may suffer, which could harm our operating results.	The group, where appropriate and feasible, relies upon a combination of patent, copyright, trademark and trade secret laws, as well as various contractual restrictions, to protect our proprietary technology and continues to monitor this situation. The group also vigorously defends all third party infringement claims.
Data centre security breaches	The group is highly dependent on information technology networks and systems to process, transmit and store electronic information. Fraudulent or unauthorised access, including security breaches of our data centres, could create system disruptions, shutdowns or unauthorised disclosure of confidential information.	The group's data centres are protected against physical break-ins. The group has strict standards and procedures for security and fraud prevention.

INDEPENDENT REVIEW REPORT TO PAYPOINT PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises the condensed consolidated income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
27 November 2014

DIRECTORS & KEY CONTACTS

Directors	Dominic Taylor (Chief Executive) George Earle (Group Finance Director) Tim Watkin-Rees (Business Development Director) Eric Anstee* Neil Carson* David Morrison* Stephen Rowley* Warren Tucker* (Chairman) Nick Wiles * * non-executive directors
Registered office	1 The Boulevard Shire Park Welwyn Garden City Hertfordshire AL7 1EL United Kingdom Registered in England and Wales number 3581541
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Press and investor relations enquiries	Finsbury Tenter House 45 Moorfields London EC2Y 9AE United Kingdom

ABOUT PAYPOINT

PayPoint is an international leader in payment technologies, its solutions transforming payments for everyone from consumer and financial services companies to retailers, utilities, media, e-commerce, gaming and government clients.

PayPoint delivers payments and services by taking the complexity of multi-channel payments and translating it into convenient, simple, value-added solutions. It handles almost £15 billion from over 785 million transactions annually for more than 6,000 clients and merchants.

With the backing of 24/7 operations centres with dual site processing, PayPoint is widely recognised for its leadership in payment systems, smart technology and service.

Retail networks

The PayPoint retail network across the UK numbers over 28,000 local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, Tesco Express, One Stop, Asda, Londis and thousands of independents), where it processes energy meter pre-payments, bill payments, benefit payments, mobile phone top-ups, transport tickets, BBC TV licences, cash withdrawals and a range of other transactions. In Romania, the retail network numbers over 8,750 terminals in local shops, helping people to make cash bill payments, money transfers, road tax payments and mobile phone top-ups. In the Republic of Ireland, over 500 terminals in shops and credit unions process mobile top-ups and bill payments.

Collect+, a joint venture with Yodel, provides a parcel drop-off and pick-up service at more than 5,800 PayPoint retailers. PayPoint's ATM network numbers more than 3,750 'LINK' branded machines across the UK, and 9,500 PayPoint terminals enable retailers to accept credit and debit cards.

Mobile and Online

PayPoint Mobile and Online (formerly trading as PayPoint.net, PayByPhone and Adaptis) handles over 139 million payments for parking, payments and consumer services. In major cities in the UK, Canada, USA, France, Switzerland and Australia, its parking solutions make it easy for people to pay for parking by mobile, as well as providing electronic parking permits, automatic number plate recognition systems for car parks and penalty charge notices.

PayPoint's core online payments platform is linked to 16 major acquiring banks in the UK, Europe and North America, delivering secure credit and debit card payments for almost 5,000 online merchants. Its suite of products ranges from transaction gateway to a bureau service, in addition to value-added services such as FraudGuard, an advanced service that mitigates the risk of fraud in card not present transactions.