

PayPoint plc
Interim Management Statement
12 August 2010

The board reports on events, transactions and trading since the last financial year end on 29 March 2010.

Bill and general payment transactions are in line with our expectations, marginally up in the UK on the same period last year. In Romania, we have processed more than 3 million bill payments, up over 200%. Retail services which include ATMs, debit / credit card transactions, parcels and mobile phone SIM card sales are up 23% on last year. Mobile top-ups continue to be adversely affected by the operators offering more value for money to consumers.

Internet transactions increased to 16 million from 12 million in the same period last year. We have successfully completed the migration of all our bureau merchants to our new acquiring bank.

PayByPhone, our newly acquired business, is making investments as planned to bring its operations up to PayPoint standards, in particular in sales and marketing and disaster recovery. Transactions processed in the period were 4 million.

The National Lottery Commission (NLC) has announced that it is minded not to permit Camelot's proposal for ancillary commercial services. The NLC has asked for further comments by 17 September before it announces its final ruling.

Performance¹ for the period from 29 March 2010 to 25 July 2010² and financial position¹ as at 25 July 2010

Transactions processed for the period were 176 million, up 6% compared to 166 million for the same period last year.

Net revenues³ for the period were up 7% to £26 million as a result of the acquisition of PayByPhone and growth in bill payment, internet, and retail services, partially offset by the decline in mobile top-ups. The decline in mobile top-ups has reduced revenues to £61 million, down 4% on the same period as last year.

The total terminal estate at 25 July was 28,024, up 2% since the financial year end. New installations of terminal sites in the UK and Ireland were a net 212. In Romania, we have installed over 1,400 full service terminals and removed over 1,000 of the old, mobile top-up only terminals, giving a total estate of 5,169. The remaining 850 old mobile top-up only terminals will be removed or replaced with full service terminals.

Earnings before tax and interest for the period to 25 July are in line with pro-rated market expectations, taking seasonality of trading and the acquisition of PayByPhone into account.

The group has maintained a strong balance sheet. After the payment of the final dividend of £10 million and £6 million for corporation tax, net cash as expected, at 25 July, was £6 million (including client cash of £7 million), compared to £15 million (including client cash of £7 million) at 28 March 2010.

1 PayPoint's auditors have not been requested to review the performance or financial position

2 Comparative data is given for the similar 17 week period last year (i.e. 30 March to 26 July 2009)

3 Net revenue is revenue less commissions paid to retail agents, the cost of mobile top-ups and SIM cards, where PayPoint is the principal and acquiring bank charges

Enquiries

Finsbury +44 207 251 3801

Rollo Head/Don Hunter

ABOUT PAYPOINT

PayPoint is a leading specialist payments company with operations in the UK, Ireland, Romania, France, USA and Canada. We handle over £9.5 billion from over 550 million transactions annually for more than 6,000 clients and merchants. PayPoint processes consumer payments across a wide variety of markets (energy pre and post-payment, telecoms, housing, water, transport, e-commerce, parking and gaming) through its retail networks, internet and mobile phone channels:

Retail networks

The PayPoint branded retail network in the UK numbers over 22,000 terminals located in local shops (including Co-op, Spar, McColls, Costcutter, Sainsburys Local, One Stop, Londis and thousands of independents) in all parts of the UK and Ireland. Our terminals process energy meter prepayments, cash bill payments, mobile phone top-ups, transport tickets, BBC TV licences and a wide variety of other payment types for most leading utilities and many telecoms and consumer service companies. We also supply added value services to our retailers to improve the yield from our network. We have recently successfully launched a consumer parcel drop off and collection service using PayPoint's retail network through Collect+ a joint venture with Yodel (formerly Home Delivery Network combined with its recently acquired DHL businesses). This service is already available in 3,000 of our convenience retailers. Clients include Littlewoods, Woolworths, Very, Mobile Phone Exchange, Virgin Media and Great Universal. In addition, in the UK we have over 2,000 LINK branded ATMs, mainly in the same sites as our terminals. In Romania, the retail network numbers over 5,000 terminals located in local shops across Romania and is expanding. Our terminals process cash bill payments for utilities and mobile phone top-ups. In Ireland, we have over 500 outlets in shops and Credit Unions processing mobile top-ups and bill payments.

Internet

PayPoint.net is an internet payment service provider linking into all major UK acquiring banks to deliver secure online credit and debit card payments for over 5,000 web merchants, including PKR, Betsson, Moneysupermarket.com, Severn Trent Water, Ann Summers and British Gas Home Vend. We offer a comprehensive set of products ranging from a transaction gateway through to a bureau service, in which we take the merchant credit risk and manage settlement for the merchants. We offer real time reporting for merchant transactions and Fraudguard, an advanced service to mitigate the risk of fraud for card not present transactions.

PayByPhone

We recently acquired PayByPhone (Verrus Mobile Technologies Inc and Verrus UK Limited). PayByPhone is a leading international provider of services to parking authorities allowing consumers to use their mobile phones to pay for their parking by credit or debit card. It has contracts in the UK, Canada, USA and France. PayPoint is widely recognised for its leadership in prepayment systems, smart technology and consumer service. Our high quality services are backed by a 24/7 operations centre with dual site processing for business continuity.

To give competitive differentiation, we aim to meet our clients' payment needs, not just through a wide spectrum of payments, but also with products that span payment channels. For example, PayCash enables cash payment for internet transactions at PayPoint retailers and our new home vending solutions allow customers to pay across the internet as well as through our retail network.