PayPoint plc
Half yearly financial report
for the 26 weeks ended 30 September 2013

HIGHLIGHTS

	26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Increase[2]
Revenue	**£102.2m**	£101.7m	0.4%
Net revenue[1]	**£54.1m**	£49.3m	9.7%
Gross margin	**45.0%**	41.2%	3.8ppts
Operating profit	**£20.9m**	£18.9m	10.9%
Profit before tax	**£21.3m**	£18.3m	16.6%
Diluted earnings per share	**24.0p**	20.2p	18.8%
Interim dividend per share	**11.4p**	10.2p	11.8%

Retail

- UK & Ireland retail network net revenue increased 9.4%, with continued strong growth in retail services supported by the expansion of the network
- Romanian bill payment transactions were 16.5 million, up 40.9%, increasing profitability
- Collect+ became profitable and is now available in over 5,500 sites with transactions up 72.2% to 5.7 million

e&m commerce (PayPoint.net and PayByPhone)

- Internet transactions have grown by 17.0%
- PayByPhone increased transactions to 14.7 million, up 43.1%

Group

- Profit growth was strong and ahead of expectations as a result of moving IT project and marketing expenditure[3], to the second half
- Interim dividend declared of 11.4p, up 11.8%, reflects the board's confidence in the business

David Newlands, Chairman of PayPoint said:

"I am pleased to report strong growth in net revenue and operating profits in the first half of this financial year, demonstrating the quality of our retail channels. Our Collect+ joint venture is now profitable and we have strengthened our e&m commerce management team to address the substantial opportunities available in electronic commerce.

Looking ahead, our retail networks in the UK and Romania should continue to deliver profitable growth from our strong client base and breadth of services. We will continue to invest in network expansion, innovative technology and new services to improve the quality of these retail networks. This expenditure should enhance their competitive advantages and our retail yield. e&m commerce is an essential element of our strategy to provide multi-channel payments and services, placing us in fast growing markets and providing a bridge from cash to electronic payments.

Trading is in line with the company's expectations taking into account moving expenditure into the second half of the financial year, which has benefitted our first half results."

Enquiries

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A presentation for analysts is being held at 11.45am today (21 November 2013) 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 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 The reported period of 1 April to 30 September 2013 contains 183 days. Comparative data is given for the 189 day period reported last year (i.e. 26 March to 30 September 2012). The impact of the extra week last year is generally to reduce stated growth by between 3 to 5 percentage points.

3 IT project expenditure (to address some changes to specification) and marketing expenditure (designed to promote service improvements) have been moved to the second half.

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 and our networks by product to help to explain the execution of our strategy.

Growth opportunities include: 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 internet payments; new parking contracts, driving consumer adoption and the development of other services for PayByPhone.

We announced in the 2012 annual report that, going forward, the company would change to calendar month end dates for reporting to shareholders. Last financial year, the final Sundays in the months of September and March coincided with the calendar month end. Last financial year also included an extra week, at the beginning of the year as a consequence of previously reporting to the last Sunday in the month in 2012 (25 March). The results cover a period of 183 days (2012: 189 days) and as a consequence of an extra week in the prior period, percentage increases in the current period are lower. The impact of the extra week is generally to reduce stated growth by between 3 to 5 percentage points.

The channel and product analysis is as follows:

Retail networks:
Bill and general (prepaid energy, bills and cash out services)
Top-ups (mobile, e-money vouchers, prepaid debit cards and The Health Lottery)
Retail services (ATM, debit/credit, parcels, money transfer, SIMs and receipt advertising)

e&m commerce:
Internet (consumer transactions with merchants, pre-authorisations and FraudGuard, where separately charged)
PayByPhone (parking, tolling, ticketing and bicycle rental transactions)

Other:
Fees, software development, configuration and settlement of claims

Operational review

Net revenue increased 9.7% over the prior period to £54.1 million (2012: £49.3 million), on revenues up 0.4% to £102.2 million, with transaction volume up 7.2 million at 351.9 million (2012: 344.7 million) and value up £270.8 million to £6.9 billion (2012: £6.6 billion). Net revenue growth from bill and general payments, retail services, e&m commerce, a full period of Simple Payment management fees and other income exceeded revenue growth. Revenue growth is more affected than net revenue by mobile top-up decline, particularly where PayPoint is principal. Operating profit improved by 10.9%, benefitting from a delay of IT project costs, to address some changes to specification, into the second half of the current financial year. Earnings per share improved by 18.8% as a consequence of increased operating profit, Collect+ turning to profit and a lower tax charge (from the reduction in UK corporate tax rates and benefits from Romanian losses in prior years).

Our retail networks continued to perform well, with net revenue growth of 10.0%. In the UK, prepaid energy transactions were in line with last year, with the reported growth rate adversely impacted by the extra six days of trading in the prior period as well as the warmer weather this year, which is likely to have reduced gas consumption. As a result of the extension of retail services across our network, transaction growth was 20.1% and net revenues were £9.7 million, up 12.6% (2012: £8.6 million), with ATM net revenue growth affected by one off income in the prior year. In Romania, bill payment transactions have grown 40.9%, as we continued to add new clients including RCS & RDS, a pay TV and communications supplier and one of Romania's biggest bill issuers. In both the UK and Romania, the market for mobile top-ups continues to decline. In the UK, mobile top-up transactions have fallen whereas in Romania, network expansion has countered the market decline. Mobile top-ups accounted for £8.2 million (2012: £8.9 million) or only 15.2% of total net revenues. The Simple Payment service for the DWP has contributed to growth in transactions and net revenue, but the number of transactions has not been as high as originally anticipated, as a proportion of the cheque volume replaced had already been migrated to other payment methods. In addition to signing up new retail sites in the UK, our field force has driven sales of retail services to increase our retail yield.

Collect+, our joint venture with Yodel, has been profitable since 31 March 2013. Although Collect+ will benefit from seasonal volume increases in the second half of this year, profit growth will be more modest than revenue growth, as we will incur marketing expenditure moved from the first half. Parcel transactions have increased by 72.2% to 5.7 million (2012: 3.3 million) and since the period end, the number of sites has increased to over 5,500. Collect+ has increased the number of clients served to over 260 from 212 at 31 March 2013. Transactions have grown in all services. We have introduced a new standard two day delivery service in addition to the economy 3-5 day service and continue to invest in service improvements to encourage growth.

In e&m commerce (internet, trading as PayPoint.net, and mobile, trading as PayByPhone) transaction growth was 22.2% and net revenue growth 7.6%, with strong growth in PayByPhone net revenue offset by weaker performance in internet payments. Transaction growth in large internet merchants, which generated lower net revenues, dominated and together with reduced parking call centre income caused net revenue growth to be lower than transaction growth. New management is providing greater focus in our e&m commerce businesses as they look to exploit potential synergies in both revenue and efficiency. Although costs in internet payments are lower than expected in the first half, reorganisation costs in the second half will bring costs into line with plans for the year as a whole. Through PayByPhone, we gain valuable insight into the development of mobile commerce and although we have continued to win new clients and grow net revenues, this remains an early stage venture. Extension to other mobile commerce areas offers further potential, but will require expenditure in development and marketing.

We have continued to invest in technology. We are in the process of migrating services to the two new data centres we fitted out last financial year. Our objective is to move all systems and transaction processing to the new data centres over the next two years. We have introduced single daily settlement to our retailers, reducing retailer banking costs and our exposure to retail agent debt. In e&m commerce, we are planning to replace and upgrade our internet gateway platform over the next two years. In PayByPhone, we are developing our technology which will over time open the platform to services other than parking.

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

Bill and general

		26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Increase %	Year ended 31 March 2013
Transactions	'000	**195,686**	191,371	2.3	432,793
Transaction value	£000	**3,670,194**	3,471,606	5.7	7,751,965
Revenue	£000	**37,514**	33,425	12.2	79,783
Net revenue[1]	£000	**23,723**	20,101	18.0	48,104

Bill and general transactions were ahead of the same period last year as a result of a 40.9% increase in Romanian bill payment transactions. UK transactions were in line with last year with the growth being supressed by the impact of an extra week of trading last year and the warmer weather when compared to the prior period. Simple Payment service transactions continue to be lower than originally expected as a proportion of the cheque volume it replaced had already migrated to other payment methods. The strong growth in Romania, where we processed 16.5 million transactions (2012: 11.7 million) was due to increasing market share and adding new clients.

Revenue growth was exceeded by net revenue which increased 18.0% mainly as a consequence of the introduction of the Simple Payment service management fee from September 2012, offset by a reduction in the set up fees; the renewal of a utility contract at better margins; and a richer transaction mix from other clients.

Top-ups

		26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Decrease %	Year ended 31 March 2013
Transactions	'000	**49,550**	65,494	(24.3)	118,270
Transaction value	£000	**443,282**	539,651	(17.9)	1,006,234
Revenue	£000	**36,010**	43,904	(18.0)	80,390
Net revenue[1]	£000	**9,940**	11,522	(13.7)	21,855

Top-up transactions decreased over last year as a result of the continued decline in mobile top-up volumes in the UK and Ireland of 19.4%. Other transactions were also lower than last year. The reduction in UK and Irish mobile transactions was only partly offset by a small increase in Romanian mobile top-ups, where the impact of a larger network has offset market decline.

The reduction in top-up transaction value followed the trend of prepay mobile market decline. The average transaction and revenue values are relatively low for the other transactions reported in top-ups, resulting in a less severe decrease in transaction value and revenue than in the number of transactions.

The decline in net revenue was driven by fewer transactions in the UK and Ireland, offset by an increase in Romanian mobile top-ups. The rate of net revenue decline was less than in revenue, because mobile commission reductions are borne by retailers, particularly multiples, where our net revenue is based on a fixed rate per transaction. Mobile net revenues were down 7.7%.

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

		26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Increase %	Year ended 31 March 2013
Transactions	'000	**43,486**	36,201	20.1	73,785
Transaction value	£000	**314,496**	252,691	24.5	522,929
Revenue	£000	**16,868**	14,481	16.5	27,707
Net revenue	£000	**9,727**	8,636	12.6	16,817

Retail services volumes have increased across all products except for receipt advertising. ATM transactions increased by 17.7%, credit and debit transactions by 13.3%, SIM card sales by 26.2%, money transfer transactions by 59.1% and parcels by 72.2% over last year.

Higher average ATM transaction values have driven the increase in total transaction value more than the increase in volume.

Net revenue growth was 12.6%, driven by strong increases in credit and debit, parcels, and SIMs, but held back by a flat ATM performance and the impact of an extra week of trading last year. ATM net revenues were broadly flat compared to the first half of last year, which included an extra week and £0.3m of one off net revenue. Link rates for cash withdrawals and balance enquiries declined and service income declined as the ATMs to which they relate reach the end of their lives. Prospects for the second half look better, as the contribution from more than 400 free to use ATMs placed in the first half should increase as they reach maturity (generally about six months after installation) and the introduction of the new, broadband enabled ATM, which widens the addressable market.

Internet payments

		26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Increase/ (decrease) %	Year ended 31 March 2013
Transactions	'000	**48,467**	41,416	17.0	91,739
Transaction value	£000	**2,433,962**	2,339,699	4.0	4,733,078
Revenue	£000	**4,786**	4,936	(3.0)	9,933
Net revenue	£000	**4,786**	4,936	(3.0)	9,933

Internet transactions of 48 million were up 17.0% on the first half of last year as PayPoint.net continues to add large merchants and grow organically in existing merchants.

Average transaction values have decreased by 11.1% to £50.22 (2012: £56.49).

Revenue and net revenue have fallen in the first half due the impact of an extra week of trading and one off charges for software development in the prior year. Revenue growth was also less than transaction and value growth due to higher transaction growth in some larger merchants who benefit from lower pricing.

PayByPhone

		26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Increase %	Year ended 31 March 2013
Transactions	'000	**14,687**	10,262	43.1	22,404
Transaction value	£000	**51,076**	38,596	32.3	81,217
Revenue	£000	**3,644**	2,751	32.5	5,846
Net revenue	£000	**2,605**	1,930	35.0	4,081

Transactions increased by 43.1%. PayByPhone continues to win key contracts with councils and parking authorities across the UK, North America and France as they provide a more convenient and cost effective method for collecting parking charges.

PayByPhone transaction values have increased by less than volume growth, with average transaction value down over the prior year as new clients' parking charges were lower than existing clients.

Revenues and net revenues have grown increasingly strongly, justifying the continued expenditure in technology, product development, sales and marketing to take this early stage venture forward.

Other

		26 weeks ended 30 September 2013	27 weeks ended 30 September 2012	Increase %	Year ended 31 March 2013
Transactions	'000	**-**	-	-	-
Transaction value	£000	**-**	-	-	-
Revenue	£000	**3,350**	2,225	50.6	4,867
Net revenue	£000	**3,350**	2,225	50.6	4,867

Other revenue includes the recharge of development costs and other fees and the increase is unlikely to be sustained in the second half of the year.

Network growth

Retail sites have increased by 1,487 to 33,896 since March 2013. In the UK and Ireland, retail sites increased by 1,059 whilst increasing the average retail yield per site. We increased the number of sites offering our Collect+ parcels service by 189, bringing the total to 5,444 and which, since the period end, has risen to over 5,500 sites. In Romania, we have increased our sites by 428.

We added over 340 new merchants for internet payments during the period and the overall reduction in merchants, since 31 March 2013, is largely the result of the churn of low volume merchants.

Analysis of sites/internet merchants **Sites**	**At 30 September 2013**	At 30 September 2012	Increase/ (decrease) %	At 31 March 2013
UK and Ireland	**26,129**	24,552	6.4	25,070
Romania	**7,767**	7,002	10.9	7,339
Total sites	**33,896**	31,554	7.4	32,409
Internet merchants	**5,351**	5,611	(4.6)	5,511
Collect+ sites	**5,444**	4,896	11.2	5,255

Financial review

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

Gross profit was £46.0 million (2012: £41.9 million), up 9.7% and the gross profit margin improved to 45.0% (2012: 41.2%) predominantly as a result of the reduction in the cost of mobile top-ups, lower retail commission and the benefit of the Simple Payment service management fee from September 2012.

Operating costs (administrative expenses) increased by 8.8% (2012: 19.4%) to £25.1 million (2012: £23.1 million). This increase was lower than expected as some one-off costs have been delayed to the second half of the current financial year. The main reasons for the increase in costs this year are:

- the increasing cost of IT operations and development required to support new products and improve the efficiency of IT delivery; and
- the continued investment in e&m commerce to support our focus on these fast moving markets.

Operating profit was £20.9 million (2012: £18.9 million), up 10.9%, excluding PayPoint's share of results of Collect+. The operating margin[1] increased to 38.7% (2012: 38.2%).

Our share of the profit in our parcels joint venture, Collect+, was £0.2 million (2012: loss of £0.7 million).

Profit before tax was £21.3 million (2012: £18.3 million), up 16.6% on the same period last year. The tax charge was £4.9 million (2012: £4.6 million) and the effective tax rate was 23.2% (year ended 31 March 2013: 25.0%). The reduction in tax rates reflects the decrease in the UK corporate tax rate and the use of past losses to be offset from current and future profits in Romania.

1 Operating margin is operating profit (which excludes Collect+) as a percentage of net revenue.

Operating cash flow was £12.1 million (2012: £13.5 million), after corporation tax payments of £5.0 million (2012: £5.2 million). Capital expenditure of £5.5 million (2012: £4.8 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). Collect+ funding was £0.2 million (2012: £0.7 million). Equity dividends paid were £23.9 million (2012: £12.1 million) which included a 15.0p per share special dividend which amounted to £10.2 million. Net cash and cash equivalents at the period end were £23.5 million including client cash of £3.3 million, lower than £46.6 million (including client cash of £7.0 million) at 31 March 2013, mainly because of: the payment of the special dividend previously announced; the increased cost of the share incentive schemes which vested in the period; the reduction in client cash as a consequence of moving the reporting date to 30 September from the last Sunday in the month; 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 22 and 23.

Dividend

We have declared an interim dividend of 11.4p per share (2012: 10.2p) to be paid on 19 December 2013 to shareholders on the register at 6 December 2013. The final dividend (20.2p per share) and the special dividend (15.0p per share) for the year ended 31 March 2013 totalling £23.9 million (35.2p per share) were paid during the period.

Liquidity and going concern

The group had cash of £23 million at the period end and an undrawn £35 million revolving term credit facility expiring in May 2016. Cash and borrowing capacity is adequate to meet the foreseeable needs of the group, taking account of any risks (pages 22 and 23). The financial statements have therefore been prepared on a going concern basis.

Economic climate

Bill and general payments, accounting for 46.8% (2012: 41.2%) of our annual 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 will have a beneficial impact on our transaction volumes. The internet 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. PayByPhone 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, our retail networks in the UK and Romania should continue to deliver profitable growth from our strong client base and breadth of services. We will continue to invest in network expansion, innovative technology and new services to improve the quality of these retail networks. This should enhance their competitive advantages and our retail yield. e&m commerce is an essential element of our strategy to provide multi-channel payments and services, providing us with a foothold in fast growing markets and a bridge from cash to electronic payments.

Trading is in line with the company's expectations taking into account the moving of expenditure into the second half of the financial year, which has benefitted our first half results.

CONDENSED CONSOLIDATED INCOME STATEMENT

Continuing operations	Note	**Unaudited 26 weeks ended 30 September 2013 £000**	Unaudited 27 weeks ended 30 September 2012 £000	Audited year ended 31 March 2013 £000
Revenue	2	**102,172**	101,723	208,526
Cost of sales	2	**(56,163)**	(59,799)	(118,876)
Gross profit		**46,009**	41,924	89,650
Administrative expenses		**(25,077)**	(23,057)	(47,670)
Operating profit		**20,932**	18,867	41,980
Share of profit / (loss) of joint venture		**241**	(705)	(965)
Investment income		**140**	140	314
Finance costs		**(9)**	(25)	(62)
Profit before tax		**21,304**	18,277	41,267
Tax	3	**(4,946)**	(4,569)	(10,316)
Profit for the period		**16,358**	13,708	30,951
Attributable to:				
Equity holders of the parent		**16,370**	13,729	30,979
Non-controlling interest		**(12)**	(21)	(28)
		16,358	13,708	30,951
Earnings per share				
Basic	4	**24.1p**	20.2p	45.7p
Diluted	4	**24.0p**	20.2p	45.3p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Unaudited 26 weeks ended 30 September 2013 £000**	Unaudited 27 weeks ended 30 September 2012 £000	Audited year ended 31 March 2013 £000
Items that may subsequently be reclassified to the consolidated income statement:				
Exchange differences on translation of foreign operations	8	**(273)**	(109)	1,054
Tax effect thereof		**-**	-	-
Other comprehensive (loss) / income for the period		**(273)**	(109)	1,054
Profit for the period		**16,358**	13,708	30,951
Total comprehensive income for the period		**16,085**	13,599	32,005
Attributable to:				
Equity holders of the parent		**16,097**	13,620	32,033
Non-controlling interest		**(12)**	(21)	(28)
		16,085	13,599	32,005

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 September 2013 £000**	Unaudited 30 September 2012 £000 (restated)*	Audited 31 March 2013 £000
Non-current assets				
Goodwill		**55,286**	55,542	56,570
Other intangible assets		**5,521**	3,605	4,637
Property, plant and equipment		**19,838**	16,682	17,729
Investment in joint venture		**510**	33	43
Deferred tax assets		**1,794**	947	2,208
Investment	5	**435**	435	435
		83,384	77,244	81,622
Current assets				
Inventories		**782**	1,925	1,161
Trade and other receivables		**103,066**	138,284	198,803
Cash and cash equivalents	7	**23,498**	31,048	46,618
		127,346	171,257	246,582
Total assets		**210,730**	248,501	328,204
Current liabilities				
Trade and other payables		**112,615**	150,822	216,821
Current tax liabilities		**5,042**	4,356	5,339
		117,657	155,178	222,160
Non-current liabilities				
Other liabilities		**109**	211	169
		109	211	169
Total liabilities		**117,766**	155,389	222,329
Net assets		**92,964**	93,112	105,875
Equity				
Share capital	8	**226**	226	226
Share premium	8	**408**	298	297
Share based payment reserve	8	**3,020**	2,533	3,265
Translation reserve	8	**421**	(469)	694
Retained earnings	8	**89,006**	90,622	101,498
Total equity attributable to equity holders of the parent company		**93,081**	93,210	105,980
Non-controlling interest		**(117)**	(98)	(105)
Total equity		**92,964**	93,112	105,875

* The September 2012 consolidated statement of financial position has been restated. Details of the restatement are explained in note 1, Accounting Policies – Restatement of September 2012 consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Investment in own shares £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 26 March 2012		**226**	**25**	**(216)**	**3,138**	**(360)**	**88,629**	**91,442**	**(77)**	**91,365**
Profit/(loss) for the period		-	-	-	-	-	13,729	13,729	(21)	13,708
Dividends paid	6	-	-	-	-	-	(12,051)	(12,051)	-	(12,051)
Movement in investment in own shares	8	-	-	216	-	-	-	216	-	216
Exchange differences on translation of foreign operations	8	-	-	-	-	(109)	-	(109)	-	(109)
Movement in share based payment reserve	8	-	-	-	(605)	-	-	(605)	-	(605)
Share premium arising on issue of shares	8	-	273	-	-	-	-	273	-	273
Adjustment on share scheme vesting	8	-	-	-	-	-	315	315	-	315
Closing equity 30 September 2012		**226**	**298**	**-**	**2,533**	**(469)**	**90,622**	**93,210**	**(98)**	**93,112**
Profit/(loss) for the period		-	-	-	-	-	17,250	17,250	(7)	17,243
Dividends paid	6	-	-	-	-	-	(6,906)	(6,906)	-	(6,906)
Movement in investment in own shares	8	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	8	-	-	-	-	1,163	-	1,163	-	1,163
Movement in share based payment reserve	8	-	-	-	732	-	-	732	-	732
Share premium arising on issue of shares	8	-	(1)	-	-	-	-	(1)	-	(1)
Adjustment on share scheme vesting	8	-	-	-	-	-	(373)	(373)	-	(373)
Deferred tax on share based payments	8	-	-	-	-	-	905	905	-	905
Closing 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)
Movement in investment in own shares	8	-	-	-	-	-	-	-	-	-
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	8	-	-	-	-	-	(430)	(430)	-	(430)
Closing equity 30 September 2013		**226**	**408**	**-**	**3,020**	**421**	**89,006**	**93,081**	**(117)**	**92,964**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Unaudited 26 weeks ended 30 September 2013 £000**	Unaudited 27 weeks ended 30 September 2012 £000	Audited year ended 31 March 2013 £000
Net cash flow from operating activities	9	**12,056**	13,458	40,060
Investing activities				
Investment income		**140**	66	187
Purchase of property, plant and equipment and technology		**(5,536)**	(4,841)	(9,700)
Proceeds from disposal of property, plant and equipment		**68**	28	54
Loan to joint venture	5	**(225)**	(680)	(950)
Net cash used in investing activities		**(5,553)**	(5,427)	(10,409)
Financing activities				
Cash settled share based remuneration		**(5,329)**	-	-
Dividends paid:				
- Final and interim		**(13,711)**	(12,051)	(18,957)
- Special		**(10,182)**	-	-
Net cash used in financing activities		**(29,222)**	(12,051)	(18,957)
Net (decrease)/increase in cash and cash equivalents		**(22,719)**	(4,020)	10,694
Cash and cash equivalents at beginning of period		**46,618**	35,487	35,487
Effect of foreign exchange rate changes		**(401)**	(419)	437
Cash and cash equivalents at end of period		**23,498**	31,048	46,618

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, with the exception of the following standards which have been newly adopted for the period:

IFRS 10 - ‘Consolidated Financial Statements’
IFRS 11 - ‘Joint Arrangements’
IFRS 12 - ‘Disclosure of Interests in Other Entities’
IFRS 13 - ‘Fair Value Measurement’
‘Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)’ (IAS 1(R))
IAS 27 - ‘Amendments to IAS 27 Separate Financial Statements’
IAS 28 - ‘Investments in Associates and Joint Ventures (2011)’
‘Improvements to IFRSs 2011’

These have had no impact on the financial statements with the exception of IAS1 (R) which has changed the presentation of statement of comprehensive income.

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 24. The information shown for the year ended 31 March 2013, 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 2013, 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 September 2012 consolidated statement of financial position

As disclosed in our annual report for the year ended 31 March 2013, following the conclusion of correspondence with the Financial Reporting Council’s Conduct Committee (FRCCC), the directors concluded that the accounting policy in respect of client settlement amounts should be amended, together with a restatement of the comparative consolidated statements of financial position, to reflect the obligation to pay clients, which arises as soon as retailers collect cash from consumers, giving rise to a financial liability and a corresponding asset as set out in IAS 32.

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 2012 or 2011 half yearly results or annual reports.

Historically, the group has not recognised a receivable in respect of amounts collected by retail agents and, correspondingly, has not recognised a liability for the associated amounts payable to the client. The rationale for not recognising these balances in the consolidated statement of financial position was that PayPoint acts as a disclosed agent in the transaction, transferring cash, between the retail agents and clients. PayPoint does not bear credit risk for the majority of this cash flow, nor does the majority of the cash pass through accounts to which PayPoint has title.

Accordingly, the consolidated statement of financial position for 30 September 2013 has also been restated.

The affected balances are as follows:

	30 September 2012	
	Restated £000	As originally stated £000
Trade and other receivables	138,284	26,725
Trade and other payables	150,822	39,263

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 PayByPhone clients.

Net revenue

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £000
Revenue - transaction processing	**101,708**	101,159	207,437
- service charge income from ATMs	**464**	564	1,089
Revenue	**102,172**	101,723	208,526
less:			
Commission payable to retail agents	**(31,187)**	(34,335)	(69,099)
Cost of mobile top-ups and SIM cards as principal	**(15,815)**	(17,217)	(32,004)
Card scheme sponsors' charges and call centre charges	**(1,039)**	(821)	(1,766)
Net revenue	**54,131**	49,350	105,657

Cost of sales

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £000
Cost of sales			
Commission payable to retail agents	**31,187**	34,335	69,099
Cost of mobile top-ups and SIM cards as principal	**15,815**	17,217	32,004
Card scheme sponsors' charges and call centre charges	**1,039**	821	1,766
Depreciation and amortisation	**2,493**	1,890	4,071
Other	**5,629**	5,536	11,936
Total cost of sales	**56,163**	59,799	118,876

Depreciation has risen as a consequence of the increase in capital expenditure. Commission payable to retail agents has fallen due to the introduction of a new retailer commission fee structure following the introduction of the single daily settlement system which reduced retailers' banking costs.

Geographical information:

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £000
Revenue			
UK	**81,456**	80,597	167,294
Ireland	**5,698**	7,970	14,880
Romania	**13,568**	12,218	24,288
North America	**1,450**	938	2,064
Total	**102,172**	101,723	208,526
Non-current assets (excluding deferred tax)			
UK	**80,024**	74,419	77,660
Romania	**1,007**	1,502	1,450
North America	**559**	376	304
Total	**81,590**	76,297	79,414

3. Tax on profit of ordinary activities

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £000
Current tax	**4,962**	4,615	10,718
Deferred tax	**(16)**	(46)	(402)
Total	**4,946**	4,569	10,316

4. Earnings per share

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

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £000
Profit for basic and diluted earnings per share is the net profit attributable to equity holders of the parent	**16,370**	13,729	30,979
	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares in issue (for basic earnings per share)	**67,891,335**	67,823,776	67,847,512
Potential dilutive ordinary shares:			
Long-term incentive plan	**312,532**	-	488,772
Deferred share bonus	**89,337**	265,081	82,787
Diluted basis	**68,293,204**	68,088,857	68,419,071

5. Related party transactions

PayByPhone

During the period, the company subscribed £749,000 for additional share capital in PayByPhone Mobile Technologies Inc..

Collect+

During the period, PayPoint loaned Drop and Collect Limited (its 50/50 joint venture with Yodel, which trades as Collect+) £225,000, bringing the total amount of the loan outstanding to £6,025,000 (31 March 2013: £5,800,000). This has been treated as part of the investment in the joint venture.

Investment in OB10

OB10 specialises in electronic invoicing. PayPoint's shareholding at 30 September 2013 represented 1.02% of the issued capital of OB10 (31 March 2013: 1.02%).

	30 September 2013 £000	30 September 2012 £000	31 March 2013 £000
Investment at cost	**435**	435	435

In the view of the directors, the aggregate cost of £435,000 is not more than the fair value of the investment in the shares at 30 September 2013.

Subsequent to 30 September 2013, OB10 has been acquired by Tungsten Corporation plc which has purchased the shares of the business for a combination of cash and shares in the combined entity. The value received in cash for the shares is in excess of £435,000.

David Newlands, Dominic Taylor, George Earle, Eric Anstee and Nick Wiles hold shareholdings in OB10 as follows:

Directors' shareholding in OB10	**30 September 2013 %**	30 September 2012 %	31 March 2013 %
David Newlands	2.87	2.87	2.87
Dominic Taylor	1.44	1.44	1.44
George Earle	0.40	0.40	0.40
Nick Wiles	1.02	1.02	1.02
Eric Anstee	0.08	0.08	0.08

Share based payments

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

6. Dividend

The interim dividend of 11.4p (2012: 10.2p) was declared on 21 November 2013 and, accordingly, has not been recorded as a liability at 30 September 2013. The total dividend in respect of the year ended 31 March 2013 was 45.4p per share. The final dividend (20.2p per share) and the special dividend (15.0p per share) for the year ended 31 March 2013 totalling £23.9m (35.2p per share) were paid during the period.

7. Cash and cash equivalents

Included within cash and cash equivalents is £3.3 million (September 2012: £5.4 million, March 2013: £7.0 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 2013, the group's cash was £23.5 million (31 March 2013: £46.6 million).

8. Share capital and reserve

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £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			
67,899,642 ordinary shares of 1/3p each	**226**	226	226
Investment in own shares			
At start of period	**-**	(216)	(216)
Used on share scheme vesting	**-**	216	216
At end of period	**-**	-	-
Share premium			
At start of period	**297**	25	25
Arising on issue of shares	**111**	273	272
At end of period	**408**	298	297
Share based payment reserve			
At start of period	**3,265**	3,138	3,138
Additions in period	**662**	600	1,332
Released in period	**(907)**	(1,205)	(1,205)
At end of period	**3,020**	2,533	3,265
Translation reserve			
At start of period	**694**	(360)	(360)
Movement in the period	**(273)**	(109)	1,054
At end of period	**421**	(469)	694
Retained earnings			
At start of period	**101,498**	88,629	88,629
Profit for the period	**16,358**	13,708	30,951
Non-controlling interest loss for period included in above	**12**	21	28
Dividends paid	**(23,893)**	(12,051)	(18,957)
Adjustment on share scheme vesting	**(4,539)**	315	(58)
Deferred tax	**(430)**	-	905
At end of period	**89,006**	90,622	101,498

9. Notes to the cash flow statement

	26 weeks ended 30 September 2013 £000	27 weeks ended 30 September 2012 £000	Year ended 31 March 2013 £000
Profit before tax	**21,304**	18,277	41,267
Adjustments for:			
Depreciation on property, plant and equipment	**2,181**	1,800	3,891
Amortisation of intangible assets	**312**	90	180
Share of (profits)/losses in joint venture	**(241)**	705	965
Net interest income	**(131)**	(115)	(252)
Share based payment charge	**662**	600	1,332
Operating cash flows before movements in working capital	**24,087**	21,357	47,383
Decrease/(increase) in inventories	**352**	(641)	123
Decrease/(increase) in receivables	**2,376**	(5,331)	(5,378)
(Decrease)/increase in payables			
- client cash	**(3,682)**	289	1,878
- other payables	**(6,083)**	2,997	6,662
Cash generated by operations	**17,050**	18,671	50,668
Corporation tax paid	**(4,985)**	(5,197)	(10,559)
Interest and bank charges paid	**(9)**	(16)	(49)
Net cash from operating activities	**12,056**	13,458	40,060

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 26 weeks and description of principal risks and uncertainties for the remaining 26 weeks 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.

David Newlands
Chairman

Dominic Taylor
Chief Executive

21 November 2013

RISKS

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 reviewed regularly 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. The group's agents which offer money transfer are licensed as Money Service Businesses by HMRC. Our internet and mobile phone distribution channels are 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 or regulation including 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 lawmakers, 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. 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. The group maintains full duplication of all information contained in databases and runs back-up data centres. 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.	Recruitment programmes are on-going 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
Exposure to materially adverse litigation	The group contracts with a number of large service organisations and on behalf of government 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 where possible but this not practicable when contracting for services provided for government. 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 which offers some protection 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 8% of the group's net revenue, which reduces the probability of this potential risk having a significant impact on the group's business.
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 extensive post-acquisition reviews to ensure, as far as is possible, that performance remains consistent with the acquisition business plan.
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 focuses on the unpredictability of financial markets and 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. 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 the group's intellectual property rights successfully, our competitive position may suffer, which could harm our operating results.	The group, in the limited applications 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 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated 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 2013 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, United Kingdom
21 November 2013

DIRECTORS & KEY CONTACTS

Directors	Dominic Taylor (Chief Executive) George Earle (Group Finance Director) Tim Watkin-Rees (Business Development Director) Eric Anstee* David Morrison* David Newlands* (Chairman) Andrew Robb* Stephen Rowley* 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 a leading international service provider of convenient payments and value added services to major consumer service organisations in the utility, telecoms, media, financial services, transport, retail, gaming and public sectors. We handle over £14 billion from 750 million transactions annually for more than 6,000 clients and merchants. We deliver payments and services through a unique combination of local shops, internet and mobile distribution channels.

Retail networks

PayPoint operates branded retail networks in the UK, Ireland and Romania. The network in the UK numbers over 25,600 terminal sites in local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, Tesco Express, One Stop, Asda, Londis and thousands of independent outlets) and is growing. Our terminals process energy meter prepayments, bill payments, mobile phone top-ups, transport tickets, BBC TV licences, cash withdrawals and a wide variety of other payments for most leading utilities and many telecoms and consumer service companies.

In Romania, the branded retail network numbers nearly 8,000 terminals located in local shops across the country and is expanding. Our terminals process cash bill payments for utilities, money transfers and mobile phone top-ups. In the Republic of Ireland, we have 500 terminal sites in shops and Credit Unions processing mobile top-ups and bill payments.

We also supply added value services to our retail agents to improve the yield from our network. In the UK, we have a consumer parcel drop off and collection service using PayPoint's retail network through Collect+, a joint venture with Yodel. This service is available in over 5,500 of our convenience retail agents. Clients include Amazon, eBay, ASOS, New Look, Boden, John Lewis, House of Fraser, Asda Direct and Very. In addition, in the UK, we have over 3,000 LINK branded ATMs, mainly located in the same sites as our terminals, and over 7,700 of our terminals provide debit and credit card acceptance for our retailers.

e&m commerce

PayPoint.net is an internet payment service provider, linking into 16 major acquiring banks in the UK, Europe and North America, delivering secure online credit and debit card payments for over 5,350 web merchants, including Hungry House, Moonpig, WHSmith, Lovestruck, London and Zurich Insurance, Moneysupermarket.com and British Gas. We offer a comprehensive set of products ranging from a bureau service, in which we take the merchant credit risk and manage settlement for the merchants, to a transaction gateway. We offer real-time reporting for merchant transactions and FraudGuard, an advanced service to mitigate the risk of fraud for card not present transactions. We are introducing real-time transaction management and optimisation products for sale to our merchants.

PayByPhone enables consumers to make payments using their mobile phones. It is a leading international provider of services to parking authorities, enabling consumers to use their mobile phones to pay for their parking by credit or debit card. It has contracts in the UK, Canada, USA, France and Australia.

PayPoint is widely recognised for its leadership in payment 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.

PayPoint maintains its competitive differentiation by serving a range of clients' needs, through a wide spectrum of payments, products and services that span different channels. For example, PayCash enables cash payment for internet transactions at PayPoint retail agents and our home vending solutions allow consumers to pay across the internet as well as through our retail network.