



PayPoint plc
Interim Management Statement
14 July 2011

Ahead of PayPoint's annual general meeting to be held tomorrow, the board reports on events, transactions and trading since the last financial year end on 27 March 2011.

Performance¹ for the first quarter period ending 26 June 2011²

Overall transactions processed for the period were 146 million, up 7% compared to 136 million for the same period last year.

Revenues of £47.7 million are up 2% on last year. PayPoint's net revenues³ for the period were up 4% to £20.8 million as a result of the growth in bill payment and retail services, partially offset by a decline in mobile top-ups.

Established business streams

UK and Irish bill and general payment transactions were 3% up on last year, in line with our expectations. Retail services transactions from ATMs, debit / credit cards, parcels and mobile phone SIM cards were up 29% on last year. Mobile top-ups continue to be adversely affected by the reduction in the prepaid sector. UK and Irish retail sites (including virtual terminals which are being rolled out to two UK national convenience retailers in over 1,500 sites) at 26 June numbered 23,851, up 338 since the financial year end.

Internet transactions increased 37% to 17 million over last year, driven by new and existing merchants.

Developing Businesses

In Romania, we have processed 4 million bill payments in the period, up 74% on last year. We have increased our terminal estate since the year end by 378 sites to 6,373. Encouragingly, our Romanian business has reached breakeven over the last two months.

PayByPhone transactions processed in the period were 4 million, up 24% on last year.

Collect+ volumes have more than quadrupled to over 617,000 transactions in the period compared to 135,000 last year. We have increased the number of sites offering Collect+ since the year end by 193 to 3,861.

Balance sheet

The group has maintained a strong balance sheet. Net cash at 26 June was £23 million (excluding client cash of £2.8 million), compared to £20.3 million (excluding client cash of £6.1 million) at 27 March 2011. The final dividend of £10.6 million is due for payment on 22 July 2011, subject to approval at our annual general meeting on 15 July.

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

² Comparative data is given for the similar 13 week period last year (i.e. 29 March to 27 June 2010)

³ Net revenue is revenue less 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.



Outlook

Dominic Taylor, PayPoint's Chief Executive, said:

“Overall trading for the period to 26 June 2011 was in line with market expectations, taking seasonality of trading into account. We are pleased with the continuing growth of our established business streams this year. The momentum in our developing businesses is also encouraging and we have reached breakeven in Romania over the last two months. We look forward to improving returns on our invested capital in these businesses.”

Ends...

Enquiries

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ABOUT PAYPOINT

PayPoint is a leading international provider of convenient payments and value added services to major consumer service organisations in the utility, housing, water, telecoms, media, financial services, transport, retail, e-commerce, gaming and public sectors.

PayPoint delivers payments and services through a uniquely strong combination of local shops, internet and mobile distribution channels and handles over £10 billion from 590 million transactions annually for more than 6,000 clients and merchants.

Retail networks

The PayPoint branded retail network in the UK is located in over 23,000 local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, One Stop, Londis and thousands of independents). Its ATM network numbers 2,500 'LINK' branded machines across the UK, mainly in the same sites as PayPoint terminals. Collect+, a joint venture with Yodel, provides a parcel collection and drop off service at nearly 4,000 PayPoint retailers.

In Romania, the branded retail network numbers over 6,000 terminals located in local shops, processing cash bill payments for utilities and mobile phone top-ups. In Ireland, over 500 outlets in shops and credit unions process 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 5,300 web merchants. It offers a comprehensive set of products ranging from a transaction gateway through to a bureau service and FraudGuard, an advanced service to mitigate the risk of fraud.

PayByPhone

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, France, Canada and the USA.

PayPoint is widely recognised for its leadership in prepayment systems, smart technology and consumer service.