

DataCash Group Plc: DATA / Index: AIM / Sector: Support Services

DATACASH GROUP PLC ('DataCash' or 'the Group') FINAL RESULTS

DataCash Group Plc, the AIM listed payments service provider, announces its results for the 12 months to 31 December 2007.

Financial Highlights

- Adjusted Group pre-tax profit* up 43% to £11.2m (2006: £7.8m)
- Adjusted earnings per share of 9.4p (2006: 8.0p)
- Group turnover increased by 25% to £20.45m (2006: £16.41m)
- Cash balance of £17.90m** (19p per issued share) (2006 £15.28m - 17p per issued share)
- Dividend payment increased by 40% to 1.4p per share recommended (2006: 1p)

* before goodwill amortization and impairment, National Insurance provision on share option gain and exceptional items.

** including security deposits of £1.2m.

Operational Highlights

- Acquisition of EuroCommerce call centre solutions Limited to focus on airline and travel sector.
- Transactions with a cash value of over £12bn processed through the Group's systems in 2007 (2006: £7.3bn).
- Investment in key infra-structure projects on track and budget
- Significant expansion in core service offer for 2008 and beyond
- High profile, new contract wins and renewals from existing blue chip clients
- Accelerated marketing efforts into the European, Asian and South American markets.
- The Board looks forward to an interesting and exciting year in 2008.

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Chairman's Statement

2007 was another successful year for DataCash Group. Revenues, profit and cash balances all rose satisfactorily, and we implemented some significant technology enhancements that will provide strong growth opportunities for 2008 and beyond. We also acquired a foothold in the airlines sector through the acquisition of EuroCommerce.

In the year we grew revenues to £20.45m (2006 £16.41m); Adjusted Pre-tax Profits to £11.2m (2006 £7.8m) and adjusted earnings per share from 8p to 9.4p. Having paid our first interim dividend of 0.3p in November, the Board is pleased to announce an increased final dividend of 1.1p per share, making a total dividend increase for the year of 40% to 1.4p (2006 1p).

The Group has a strategy to provide the most comprehensive set of payment and risk management solutions to both UK and international merchants, with a particular focus on domestic and cross-border e-commerce. We made good progress in 2007 towards achieving this.

The value of transactions processed in 2007, for the Group as a whole, rose to some £12bn (2006: £7.3bn), which places us at the forefront of European payment and risk service providers. Our range of products also sets us apart from our competitors. Historically we offered our UK customers only a card processing solution. Now, in addition to the e-commerce payment processing services, we provide card holder present processing for leading UK high street retailers and sportsbook operators, middle and back office processing for international casino and poker operators, risk management services for UK and international e-commerce merchants, access to various alternative payment types such as PayPal, UKash and a wide range of e-wallets as well as international bank account management and reconciliation services for our customers. This provides a deeper and closer relationship with our customers and enables us to better understand and service their individual needs.

One of our objectives for 2007 was to offer the increasingly wide range of service offerings to all our customers, both present and putative, from a single technology platform. This required significant analysis and investment, but is now being deployed, so that we can easily make available our wide range of services to all our clients, and allows us to quickly integrate future acquisitions into our offering. The materially improved functionality that the integration provides will, we believe, provide growth opportunities for many years to come.

The EuroCommerce acquisition, announced in the Autumn, brought important connections to airlines and, in particular, the reservation and booking systems that airlines use. It also provided new connections to European banks and well established financial instruments highly pertinent to our existing customers and prospects. Although it was a small acquisition, and is expected to be loss-making through 2008, we believe that the global opportunities in the travel market are very significant and that by utilising our skills in risk management and in payment types other than credit and debit cards, we can become a global leader in supplying this market sector.

As a result of the uncompleted acquisition of NetGiro Systems AB, a Swedish based Payment service provider, DataCash received an exceptional payment of £941,000, net of costs. The acquisition offered to provide both a European and a North American sales capability. We have since recruited a North American sales resource and the EuroCommerce acquisition has given us access to an internationally focused sales resource.

We continue to explore acquisition opportunities in both geographic and vertical market sectors. We anticipate that most of the consideration for any deals is likely to come from our existing cash resources.

Net Cash (including security deposits) as at December 2007 stood at £17.90m or 19p per share (2006 £15.28m), after sizeable IT expenditure, share purchases in to our Employee Share Ownership Trust as well as the initial EuroCommerce purchase consideration.

However, the Group remains highly cash generative, and we expect cash balances (subject to any acquisition expenditure) to rise considerably in 2008. We are therefore pleased to continue our progressive dividend policy with an overall increase of 40% by announcing a final dividend of 1.1p per share.

The prospects for DataCash for 2008 are good and the first quarter has matched our expectations. Growth in transaction processing in 2007 increased by 28% a trend which has continued into 2008. We see the growth of e-commerce, both in the UK and internationally, will continue to be strong, and that the continued attempts from organised crime to use card fraud as a prime source of income will maintain the heightened demand for our global Risk services offer. UK retailers continue to view the outsource of cardholder present payment services as an increasingly attractive option and we believe the combined strength of our domestic and international product offering will see the Group maintain its position as one of the leading global solution providers of payment and risk services and place it in a premium position to take advantage of the growth in all sectors.

As reported previously, Gavin Breeze, the founder of DataCash, stepped down from the Board at the end of March, although he remains an active consultant to the Group. The Board would like to express our thanks for his contributions.

Andrew Dark, currently the Chief Operating Officer, will become the Chief Executive of the Group with effect from June 1st. Andrew joined the business in January 2006 and has made significant contributions to the integration of our PCS acquisition and the development of our technology platform. We are delighted that he will take the lead in driving the Group towards achieving our goals.

Ashley Head
Chairman

Adoption of IFRS

DataCash Group Plc will be adopting International Financial Reporting Standards as its primary accounting basis for the year ending 31 December 2007. As part of this transition, DataCash is presenting unaudited financial information prepared in accordance with IFRS for the year ended 31 December 2006 and for the year ended 31 December 2007.

The principal changes to the Group's reported financial information under UK GAAP*** arising from the adoption of IFRS are as a result of:

- the recognition of intangible assets from business combinations;
- the related impairment of these intangible assets; and
- the recognition of deferred tax assets and liabilities on a different basis.

For the year ended 31 December 2007 the expected impact of the adoption of IFRS is to reduce profit attributable to equity shareholders by £5.02m, comprising principally the amortisation and impairment of intangible assets, and to reduce net assets for the Group at 31 December 2007 from £90.82m to £77.96m.

*** throughout this statement 'UK GAAP' means the accounting standards and framework in issue at 31 December 2006, which were applied to the financial statements of the Group for the year ended 31 December 2006.

1. BASIS OF PREPARATION

The financial information presented in this documentation has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are applicable for the year ending 31 December 2007

The financial information contained in this document does not constitute statutory financial statements as defined by S240 of the Companies Act 1985. The figures for the year ended 31st December 2006 have been based on the audited financial statements. Those financial statements which were prepared under UK GAAP have been reported on by the Group's auditors and delivered to the registrar of companies. The audit report was unqualified, did not include references to matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2) or (3) of the Companies Act 2005.

The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given below
The financial statements have been prepared under the historical cost basis.

2. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The rules for first-time adoption of IFRS are set out in IFRS 1, which requires that the Group establishes its IFRS accounting policies at its date of transition, 1 January 2006, and applies these prospectively. The standard allows a number of optional exemptions on transition to help companies simplify the move to IFRS. The exemptions selected by the Group are set out below:

(a) Business Combinations (IFRS 3)

The Group has elected to apply IFRS 3 prospectively from the date of transition to IFRS rather than to restate previous business combinations.

(b) Share-based Payment

The Group has previously adopted the provisions of FRS 20 'Share-based payment' in its financial statements for the year ended 31 December 2006. The provisions of FRS 20 are in line with IFRS 2 and no changes to the comparative figures are required.

The Group has adopted the exemption to apply IFRS 2 'Share-based payment' only to awards granted after 7 November 2002 that had not vested by 1 January 2006.

(c) Presentation of financial information

The layout of the primary financial information has been amended in accordance with IAS 1 'Presentation of financial information' from that presented under UK GAAP. This format and presentation may require modification as practice and industry consensus develops.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal IFRS accounting policies adopted by the Group are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) for the year ended 31 December 2007. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(b) Acquisition method of accounting

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

(c) Merger method of accounting

Under IFRS 1, the Group is not required to restate acquisitions or business combinations prior to the date of transition. Therefore, the Group is permitted to retain its historical merger accounting position in the consolidated accounts.

(d) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the goodwill may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising on other acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP net book value subject to being tested for impairment at that date.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Income is recognised when services are delivered to customers.

(f) Operating profit

Operating profit is stated after charging exceptional costs or income, but before finance income and finance costs.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Cost comprises all costs that are directly attributable to bringing the asset into working condition for its intended use. Depreciation is calculated to write down the cost of assets to their residual values on a straight-line basis over the following estimated useful economic lives:

Leasehold improvements	- Over the period of the lease
Plant and machinery	- 33% per annum
Fixtures and fittings	- 20% per annum

No depreciation is provided on land.

(h) Impairment of tangible and intangible assets excluding goodwill

Tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (less disposal costs) and value in use.

Value in use is based on the present value of the future cash flows relating to the asset. For the purpose of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units).

(i) Intangible assets – arising on business combinations

In accordance with IFRS 3 Business Combinations, goodwill arising on acquisitions is capitalised as an intangible asset. Other intangible assets are also then identified and amortised over their useful economic lives. Examples of these are client contracts. Goodwill is not amortised.

(j) Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it was incurred.

An internally generated intangible asset arising from the development of software is recognized only if all of the following conditions have been met:

- It is probable that the asset will create future economic benefits;
- The development costs can be measured reliably;
- Technical feasibility of completing the intangible asset can be demonstrated;
- There is intention to complete the asset and use or sell it; and
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available.

Internally generated intangible assets are amortised over their estimated useful lives which is between three to six years. Where no internally generated intangible asset can be recognized, development expenditure is charged to income statement in the period in which it is incurred.

(k) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less.

(l) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired.

When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and administrative expenses in the income statement.

(m) Trade payables

Trade payables represent the amount of invoices received from suppliers for purchases of goods and services for which payment has not been made. Trade payables are recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax and current tax are charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income tax levies by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In recognizing income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the financial outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in a period in which such a determination is made. The carrying values of income taxes and liabilities are disclosed separately in the Consolidated Balance Sheet.

(o) Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling, which is the functional currency of the company and presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in profit and loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Pounds Sterling using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

(p) Leasing

An operating lease does not transfer the risk or rewards of ownership to the Group. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the original lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(q) Equity share-based employee remuneration

The Group issues options to certain employees. The fair value of options granted is recognised as an employee expense, with a corresponding increase in equity reserves. The fair value is recognised at the grant date and spread over the period until the employees become unconditionally entitled to the options. The fair value of the options granted is measured using either the Black Scholes or Binomial option pricing model, taking into account the terms and conditions on which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options expected to vest and adjusts for the effect of non-market-based vesting conditions.

(r) Retirement benefit costs

Contributions to the Group's defined contribution pension schemes are charged to the income statement in the period in which they become payable.

(s) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(t) Critical accounting estimates and judgments

In preparing the Consolidated Financial Statements, management has to make judgements on how to apply the Group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognized in the Consolidated Financial Statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, as discussed below:

Acquisitions

When acquiring a business, we have to make judgements and best estimates about the fair value of the assets, liabilities and contingent liabilities acquired. We seek appropriate competent and professional advice before making such allocations.

Impairment reviews

The Group tests annually whether goodwill has suffered any impairment. In accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates including discount rates and growth rates.

The transition to international financial reporting standards (“IFRS”)

Key impacts of the transition to IFRS

The analysis below sets out the most significant adjustments arising from the transition to IFRS.

1) Intangible assets

Goodwill and acquired intangible asset amortisation

IFRS 3 Business Combinations requires that, when businesses are acquired, any intangible assets acquired within the business are valued separately and capitalised as an intangible asset. Any residual difference between the consideration paid or payable and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. IFRS 3 also requires that goodwill is not amortised but is instead subject to an annual impairment review, whereas intangible assets are amortised over their useful lives.

The Group has recognised intangible assets on acquisition in relation to contracts. The amount in the Group balance sheet in respect of all intangible assets under IFRS was £58m at 31 December 2006.

Under IFRS, these intangible assets are amortised over their useful lives. Management has assessed their useful lives and the effect of amortising these assets was £15.6 m for the year ended 31 December 2006.

Under IAS 36 Impairment of assets, the carrying values of all intangible assets are reviewed annually for impairment on the basis stipulated in IAS 36 and adjusted to the recoverable amount. Typically, such a review will entail an assessment of the present value of projected returns from the asset. The amount of impairment charged to the income statement was £22m for the year ended 31 December 2006.

2) Deferred and current taxes

The scope of IAS 12 Income Taxes is wider than the corresponding UK GAAP standards, and requires deferred tax to be provided on the majority of temporary differences, rather than just on timing differences as under UK GAAP. In particular this has resulted in deferred tax assets and liabilities being set up in respect of differences between the net book value and the tax base of intangible assets.

A deferred tax liability has been set up on creation of these intangibles and is released over the period over which the assets are amortised. The impact on the income statement of changing elements of the liability is a charge £4.2 m for the year ended 31 December 2006. The deferred tax liability in respect of intangibles stood at £4.4 m at 31 December 2006.

The consolidated cash flow statement presented under IFRS presents substantially the same information as that required under UK GAAP.

DataCash Group

Consolidated Income statement

For the year ended 31 December 2007

	Continuing Operations Year ended 31 December 2007 £000	Acquisitions Year ended 31 December 2007 £000	Total Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Revenue	19,989	462	20,451	16,405
Administrative expenses				
National insurance on share option charge	(191)	-	(191)	(2)
Share option charge	(71)	-	(71)	(34)
Administrative expenses	(9,380)	(809)	(10,189)	(8,933)
Total administrative expenses	(9,642)	(809)	(10,451)	(8,969)
Operating profit before exceptional items	10,347	(347)	10,000	7,436
Exceptional items			(5,022)	(21,801)
Total operating profit/(loss)			4,978	(14,365)
Finance Income			910	351
Compensation for aborted acquisition (net of costs)			941	-
Share of loss in joint venture			(7)	(6)
Profit/(loss) before taxation			6,822	(14,020)
Taxation			(2,508)	174
Profit/(loss) on ordinary activities after taxation			4,314	(13,846)
Basic earnings/(loss) per share			4.73 p	(19.29) p
Diluted earnings/(loss) per share			4.69 p	(19.29) p

Consolidated Balance Sheet

As at 31 December 2007

	31 December 2007	31 December 2006
	£000	£000
Non current assets		
Intangible assets	14,193	15,143
Goodwill	51,517	47,818
Property, plant and equipment	1,790	1,000
Investments in joint ventures	(13)	(6)
Investments	-	163
Deferred tax assets	146	290
	67,633	64,408
Current assets		
Trade and other receivables	6,443	8,380
Cash and cash equivalents	16,716	11,280
	23,159	19,660
Total assets	90,792	84,068
Current liabilities		
Trade and other payables	(5,635)	(2,612)
Current tax liabilities	(1,734)	(1,517)
	(7,369)	(4,129)
Net current assets	15,790	15,531
Non current liabilities	(5,458)	(4,579)
Total liabilities	(12,827)	(8,708)
Net assets	77,965	75,360
Capital and reserves		
Share capital	919	908
Share premium account	10,640	10,192
Own Shares	(685)	-
Foreign currency translation reserve	(224)	(121)
Share option reserve	1,777	1,524
Other reserve	94,676	95,116
Retained earnings	(29,138)	(32,259)
Equity shareholders' funds	77,965	75,360

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Net cash inflow/(outflow) from operating activities		
Net cash inflow from operating activities	10,382	5,911
Interest Received	910	351
Compensation for acquisition	941	-
Tax Paid	(2,890)	(193)
Net cash inflow from operating activities	9,343	6,069
Cashflow from investing activities		
Acquisition of subsidiaries (net of cash)	(875)	694
Investment in joint ventures	(277)	-
Purchase of tangible fixed assets	(1,220)	(432)
Purchase of intangible fixed assets	(116)	-
Net cash inflow from investing activities	(2,488)	262
Cashflow from financing activities		
Net proceeds from issue of share capital	459	391
Redemption of share capital	(685)	-
Equity dividends paid	(1,193)	(337)
Net cash from financing activities	(1,419)	54
Net cash inflow	5,436	6,385
Cash and cash equivalents at start of period	11,280	4,895
Cash and cash equivalents at the end of the period	16,716	11,280

DataCash Group plc
Consolidated Statement of Changes in Equity
For the year ended
31 December 2007

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Share Option Reserve	Own Shares	Other Reserves	Retained earnings	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2006	449	9,811	-	34	-	18,765	(15,551)	13,508
Profit for the period	-	-	-	-	-	-	(13,846)	(13,846)
Exchange differences on translation of overseas operations	-	-	(121)	-	-	-	-	(121)
Total recognised income and expense for 2006	449	9,811	(121)	34	-	18,765	(29,397)	(459)
Share-based payments	-	-	-	1,047	-	-	-	1,047
Merger reserve on acquisition of subsidiary	-	-	-	-	-	76,351	-	76,351
Tax Effect in Equity	-	-	-	443	-	-	(2,525)	(2,082)
Dividends paid	-	-	-	-	-	-	(337)	(337)
Issue of shares	459	381	-	-	-	-	-	840
At 31 December 2006	908	10,192	(121)	1,524	-	95,116	(32,259)	75,360
Profit for the period	-	-	-	-	-	-	4,314	4,314
Exchange differences on translation of overseas operations	-	-	(103)	-	-	-	-	(103)
Total recognised income and expense for 2007	908	10,192	(224)	1,524	-	95,116	(27,945)	79,571
Share-based payments	-	-	-	71	-	-	-	71
Tax Effect in Equity	-	-	-	182	-	-	-	182
Merger reserve on acquisition of subsidiary	-	-	-	-	-	(440)	-	(440)
Dividends paid	-	-	-	-	-	-	(1,193)	(1,193)
Own shares	-	-	-	-	(685)	-	-	(685)
Issue of shares	11	448	-	-	-	-	-	459
At 31 December 2007	919	10,640	(224)	1,777	(685)	94,676	(29,139)	77,965

Earnings per Share From continuing operations

The basic and diluted earnings per share is based on the profit on ordinary activities after tax of £4,314,000 (2006: £13,846,000 loss). The weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share was 91,195,129 (2006: 71,768,371).

The fully diluted earnings per share, which assumes the full exercise of share options, has been calculated on 91,862,448 (2006: 72,033,691) Ordinary Shares.

An adjusted earnings per share figure is presented below. The directors believe that the adjusted earnings per share figure assists in the presentation of the Group's underlying performance.

The calculations of profit/(loss) per share are based on the following profits and numbers of shares:

The adjusted profit/(loss) per share is based on the profit/(loss) after tax before goodwill amortisation and exceptional items.

	Year ended 31 December 2007	Year ended December 2006
Weighted average number of 1p ordinary shares in issue during the period		
For basic earnings per share	91,195,129	71,768,371
Share options	719,171	265,320
For diluted earnings per share	<u>91,914,300</u>	<u>72,033,691</u>
Profit for the financial period	£'000s	£'000s
Profit for adjusted earnings per share	9,598	7,991
Amortisation of intangibles	(5,022)	(21,801)
Share based payments expense	(71)	(34)
NI on share option gains	(191)	(2)
Profit/(loss) for earnings per share	<u>4,314</u>	<u>(13,846)</u>
Basic earnings per share	4.73 p	(19.29) p
Diluted earnings per share	4.69 p	(19.29) p
Headline basic earnings per share	10.52 p	11.13 p
Headline diluted earnings per share	10.44 p	11.13 p

Basic earnings per share has been calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, determined in accordance with IAS33 Earnings per share.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all the potentially dilutive ordinary shares for which all the conditions have been met.

Headline earnings per share is calculated after adjusting earnings for share based payment expenses and National Insurance on share option gains.

DataCash Group plc
Reconciliation of Consolidated Balance Sheet
As at 1 January 2006

	Reported	IFRS 3	IAS 12	Total Effect of	Restated under IFRS
	Under UK GAAP £000	Business Combinations £000	Income taxes £000	Transition to IFRS £000	£000
Non current assets					
Intangible assets	8,337		-	-	8,337
Tangible assets	161			-	161
Investments in joint ventures	-			-	-
Investments	-			-	-
Deferred tax asset	522			-	522
	<u>9,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,020</u>
Current assets					
Debtors	966			-	966
Cash at bank and in hand	4,895			-	4,895
	<u>5,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,861</u>
Current liabilities					
Amounts falling due within one year	(1,225)		34	34	(1191)
Current tax liabilities	-		(34)	(34)	(34)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current assets	<u>4,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,636</u>
Total assets less current liabilities	13,656	-	-	-	13,656
Non-current liabilities	(148)			-	(148)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets	<u>13,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,508</u>

Capital and reserves

Called up share capital	449			-	449
Share premium account	9,811			-	9,811
Foreign Currency Translation Reserve	-			-	-
Share Option Reserve	34			-	34
Other Reserves	18,765			-	18,765
Profit and loss account	<u>(15,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,551)</u>
Total equity	<u>13,508</u>				<u>13,508</u>

Reconciliation of Consolidated Balance Sheet

As at 31 December 2006

	Reported	IFRS 3	IAS 12	Total Effect of	Restated under IFRS
	Under UK GAAP £000	Business Combinations £000	Income taxes £000	Transition to IFRS £000	£000
Non current assets					
Intangible assets	-	15,143	-	15,143	15,143
Goodwill	74,184	(30,766)	4,400	(26,366)	47,818
Tangible assets	1,000			-	1,000
Investments in joint ventures	(6)			-	(6)
Investments	163			-	163
Deferred tax asset	<u>128</u>	<u>162</u>		<u>162</u>	<u>290</u>
	<u>75,469</u>	<u>(15,461)</u>	<u>4,400</u>	<u>(11,061)</u>	<u>64,408</u>
Current assets					
Trade and other receivables	8,380			-	8,380
Cash at bank and in hand	11,280			-	11,280
	<u>19,660</u>	<u>-</u>	<u>-</u>		<u>19,660</u>

Current liabilities

Trade and other payables	(4,129)		1,517	1,517	(2,612)
Current tax liabilities	-		(1,517)	(1,517)	(1,517)

Net current liabilities

15,531	-	-	-	15,531
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Total assets less current liabilities

91,000	(15,461)	-	(11,061)	79,939
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Non-current liabilities

(179)		(4,400)	(4,400)	(4,579)
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Net assets

90,821	(15,461)		(15,461)	75,360
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Capital and reserves

Called up share capital	908		-	908
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Share premium account	10,192		-	10,192
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Foreign Currency Translation Reserve	(121)		-	(121)
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Merger Reserve	-		-	-
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Share Option Reserve	1,081	443	443	1,524
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Other Reserves	95,116		-	95,116
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Profit and loss account	(16,355)	(15,904)	-	(15,904)	(32,259)
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Total equity

90,821	(15,461)	-	(15,461)	75,360
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DataCash Group plc

Reconciliation of Consolidated Income Statement

For the 12 months ended 31 December 2006

	Reported Under UK GAAP £000	IFRS 3 Business Combinations £000	Total Effect of Transition to IFRS £000	Restated under IFRS £000
Revenue: Group and share of joint ventures	16,750			16,750
Less: share of joint venture turnover	(345)			(345)
Revenue	16,405	-	-	16,405
Administrative expenses	(8,933)			(8,933)
Share option charge	(34)			(34)
National Insurance on share option charge	(2)			(2)
Total administrative expenses	(8,969)			(8,969)
Operating profit before goodwill and exceptional items	7,436	-	-	7,436
Goodwill amortisation	(6,178)	(15,623)	(15,623)	(21,801)
Group operating profit	1,258	(15,623)	(15,623)	(14,365)
Share of operating loss in joint venture	(6)			(6)
Total operating profit	1,252	(15,623)	(15,623)	(14,371)
Finance income	351			351
Compensation for aborted acquisition (net of costs)	-			-
Profit on ordinary activities before taxation	1,603	(15,623)	(15,623)	(14,020)
Taxation	(2,070)	2,244	2,244	174
Profit on ordinary activities after taxation	(467)	(13,379)	(13,379)	(13,846)
Basic earnings/(loss) per share	(0.65) p	(18.64) p	(18.64) p	(19.29) p
Diluted earnings/(loss) per share	(0.65) p	(18.64) p	(18.64) p	(19.29) p

Notes to the consolidated cash flow statement

	Year ended	
	31 December 2007 £000	31 December 2006 £000
Profit for the year	4,314	(16,090)
Taxation	2,508	2,070
Finance Income	(910)	(351)
Compensation for loss of acquisition	(941)	-
Impairment of goodwill and intangibles	5,022	21,801
Depreciation	482	282
Loss from sale of fixed assets	5	-
Loss on Joint Venture	7	6
Share option charge	71	34
Exchange movements	(102)	(44)
Changes in trade and other receivables	2,121	(1,052)
Changes in trade and other payables	(2,278)	(776)
Increase in provisions	82	31
Cash generated from continuing operations	10,382	5,911