



DATA CASH GROUP PLC ('DataCash' or 'the Company')

**INTERIM RESULTS
FOR THE SIX MONTHS
ENDED 30 JUNE 2009**

15th September 2009

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

DataCash Group Plc ('the Company')

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of DataCash Group Plc, the payment service provider, is pleased to announce its half yearly results for the six months to 30 June 2009.

Overview:

- Revenues increased to £18.0m (June 2008: £12.2m)
- Adjusted pre-tax profits*, increased to £7.53m (June 2008: £6.15m)
- Adjusted* earnings per share increased to 5.9p (June 2008: 4.0p)
- Cash balances of £13.8m (June 2008: £19.1m) equivalent to 14.9p per share, after acquisition payments of £15.7m for The 3rd Man, ACK, ExperCash and EuroCommerce
- Interim dividend increased by 25% to 0.5p (June 2008:0.4p)

** Before goodwill amortisation and impairment and foreign exchange gains on deferred consideration.*

Commenting on the results, Ashley Head, Chairman of DataCash said:

"DataCash remains in a good position. We have annuity income from a growing base of largely internet merchant accounts. We have a strong balance sheet and cash generation. We have every confidence that we will continue to deliver good growth in revenue, profits and dividends."

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About DataCash

DataCash Group Plc (AIM: DATA), a market leading provider of payment processing solutions, provides merchants with a single interface that allows them to process secure payments, both on and offline, anywhere in the world.

DataCash also provides a range of value added services with its fraud and Risk Management solutions supporting AVS/CV2, 3-D Secure (Verified by Visa and MasterCard Secure Code) together with traditional rules-based screening.

DataCash provides first-class service reliability at a fraction of the price of an in-house solution, servicing clients within the retail, travel, telecommunications and gaming sectors.

DataCash Group Plc Interim Report & Accounts for the six months ended 30 June 2009

Chairman's Statement

The Board of DataCash is pleased to report on another very satisfactory performance for the six month period to 30 June 2009. Headline revenues increased by 47% to £18m (2008 £12.2m) and like-for-like revenues (excluding the acquisitions of ACK Limited, ExperCash GmbH and The 3rd Man plc) increased by 19%. Adjusted Group pre-tax profit (before amortisation and impairment of goodwill and foreign exchange gains on deferred consideration payments) rose by 22% to £7.53m and Adjusted earnings per share grew by 46% to 5.9p per share. The Board is pleased to announce an increase of 25% in the interim dividend to 0.5p per share (2008 0.4p) which will be paid on 20 November 2009 to those shareholders on the register on 23 October 2009. The Group remains confident of future growth driven from e-commerce, new products and international expansion.

In spite of the economic background, e-commerce continued to have strong growth during the period, and the Group saw like-for-like transaction year-on-year growth of approximately 30%. Gaming transactions have seen slower year-on-year growth, as reported by a number of our customers, partly because of the lack of a major summer football event this year. On-line transactions for our retailing customers have shown excellent progression, in spite of, and perhaps partly because of, the economic recession.

A feature of the recession has been to increase the pricing pressures on the basic transaction processing business. We continue to migrate our customers towards higher value added services, products and into long-term contracts, which offsets some of the impact of lower transaction fees.

As previously announced, the margins on several of our recent acquisitions, ACK, ExperCash and The 3rd Man are inherently lower than the margins on our historic business mix. These acquisitions represent approximately 9% of the turnover in the first half of 2009.

EuroCommerce, our business focussed on the airline and travel markets, has continued to grow well, albeit still loss-making in the first half. Although the airline market has been difficult, our innovative risk management product has resulted in new customer wins and strong transaction growth. We remain confident that this business will become profitable during the second half of the year, albeit at lower levels than previously forecast.



The Cardholder Present business has been adversely affected by delays in decision making by some retail prospects, and this is expected to impact on the integration and licensing revenues that we anticipated for the second half.

We have a substantial support operation in Cape Town and the strength of the South African Rand has had an impact on our costs. The Group is working hard to mitigate the effect on the overall costs, while continuing to invest to support the growth of the business.

The Group continues to generate cash, and as at 30 June, cash balances were £13.8m (£19.1m as at 30 June 2008), approximately 14.9p a share. Since June 2008 about £15.7m has been spent on strategic acquisitions and investments, £2.7m in dividends, and £5.1m in corporation tax.

Interest income on our cash holdings has fallen significantly since last year, and is likely to remain lower than previously anticipated until interest rates rise. The Group continues to explore acquisition opportunities with a view to expanding both markets and internationally.

The slowdown in gaming activity and the delayed take up of Card holder present projects will reduce revenue growth in the second half compared to previous expectations, although we expect margins to be higher thanks to an improved product mix. DataCash remains in a good position. We have annuity income from a growing base of largely internet merchant accounts. We have a strong balance sheet and cash generation. We have every confidence that we will continue to deliver good growth in revenue, profits and dividends.

Ashley Head
Chairman
15th September 2009

DataCash Group plc
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 6 months ended 30 June 2009

	6 months ended 30 June 2009 £'000	6 months ended 30 June 2008 £'000	Year ended 31 Dec 2008 £'000
Revenue	18,009	12,228	28,037
Administrative expenses	(10,677)	(6,728)	(14,205)
Operating profit before impairment and amortisation	7,332	5,500	13,832
Impairment	(1,569)	(1,010)	(2,773)
Amortisation	(3,567)	(1,973)	(5,240)
Total operating profit	2,196	2,517	5,819
Finance costs (notional interest on deferred consideration)	(43)	(154)	(280)
Finance income	224	739	968
Foreign exchange gains/(losses) on deferred consideration			
Unsettled gain/(loss)	46	-	(356)
Settled gain/(loss)	236	-	(722)
Share of profit of joint ventures	12	63	72
Profit before taxation	2,671	3,165	5,501
Taxation	(1,187)	(1,625)	(2,861)
Profit on ordinary activities after taxation	1,484	1,540	2,640
Other comprehensive income:			
Exchange differences on translation of overseas operations	(1,983)	(71)	4,330
Total comprehensive income for the period	(499)	1,469	6,970
Attributable to equity holders of Datacash Group Plc	1,472	1,540	2,640
Attributable to the minority interest	12	-	-
	1,484	1,540	2,640
Basic earnings per share	1.61 p	1.68 p	2.89 p
Diluted earnings per share	1.60 p	1.67 p	2.86 p

DataCash Group plc
Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2009

	As at 30 June 2009 £'000	As at 30 June 2008 £'000	As at 31 Dec 2008 £'000
Non current assets			
Intangible assets	13,526	13,494	13,544
Goodwill	54,512	52,095	57,672
Property, plant and equipment	2,231	2,357	2,357
Investments in joint ventures	99	73	87
Investments	3,902	-	3,902
Deferred tax assets	-	108	-
	<u>74,270</u>	<u>68,127</u>	<u>77,562</u>
Current assets			
Trade and other receivables	3,910	5,247	5,161
Cash and cash equivalents	13,785	19,110	16,641
	<u>17,695</u>	<u>24,357</u>	<u>21,802</u>
Total assets	91,965	92,484	99,364
Current liabilities			
Trade and other payables	(3,348)	(3,070)	(4,555)
Deferred consideration	(1,617)	(2,478)	(4,280)
Current tax liabilities	(1,587)	(2,222)	(2,304)
	<u>(6,552)</u>	<u>(7,770)</u>	<u>(11,139)</u>
Net current assets	11,143	16,587	10,663
Non-current liabilities			
Deferred tax liability	(3,110)	(3,298)	(3,196)
Deferred consideration	-	(2,203)	(1,706)
Other liabilities	(44)	(117)	(32)
	<u>(3,154)</u>	<u>(5,618)</u>	<u>(4,934)</u>
Total liabilities	(9,706)	(13,388)	(16,073)
Net assets	82,259	79,096	83,291
Capital and reserves			
Share capital	923	921	923
Share premium	10,986	10,757	10,986
Own shares	(1,512)	(1,268)	(1,512)
Foreign currency translation reserve	2,052	(295)	4,035
Share option reserve	1,356	1,278	1,365
Merger reserve	63,603	63,603	63,603
Retained earnings	4,078	4,100	3,891
Attributable to equity holders of Datacash Group Plc	81,486	79,096	83,291
Attributable to the minority interest	773	-	-
Total equity	82,259	79,096	83,291

DataCash Group plc
Unaudited Condensed Consolidated Cash Flow Statement
For the 6 months ended 30 June 2009

	6 months ended 30 June 2009 £'000	6 months ended 30 June 2008 £'000	Year ended 31 Dec 2008 £'000
Net cash inflow from operations	7,992	6,272	16,167
Interest received	224	739	968
Tax paid	(3,068)	(1,447)	(3,502)
Net cash inflow from operating activities	5,148	5,563	13,633
Cash flow from investing activities			
Acquisition of subsidiary (net of cash)	(2,378)	(1,680)	(4,075)
Payment of deferred consideration	(3,928)	-	(3,101)
Investments	-	-	(3,902)
Purchase of property plant and equipment	(386)	(892)	(1,253)
Purchase of intangible fixed assets	(231)	(134)	(445)
Net cash outflow from investing activities	(6,923)	(2,706)	(12,776)
Cash flow from financing activities			
Net proceeds from issue of share capital	-	119	350
Purchase of own shares	-	(583)	(827)
Equity dividends paid	(1,285)	-	(1,372)
Net cash outflow from financing activities	(1,285)	(464)	(1,849)
Net Cash (outflow)/inflow	(3,060)	2,394	(992)
Cash and cash equivalents at start of period	16,641	16,716	17,942
Exchange gains/(losses) on cash and cash equivalents	204	-	(309)
Cash and cash equivalents at the end of the period	13,785	19,110	16,641

DataCash Group plc
Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6 months ended 30 June 2009

	Share Capital £'000	Share Premium £'000	Foreign Currency Translation Reserve £'000	Share Option Reserve £'000	Own Shares £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000	Minority Interest £'000	Total Equity £'000
At 1 January 2009	923	10,986	4,035	1,365	(1,512)	63,603	3,891	83,291	-	83,291
Exchange differences on translation of overseas operations	-	-	(1,983)	-	-	-	-	(1,983)	-	(1,983)
Net income and expense recognised directly in equity	-	-	(1,983)	-	-	-	-	(1,983)	-	(1,983)
Profit for the period	-	-	-	-	-	-	1,472	1472	12	1,484
Total recognised income and expenses for 6 months to June 2009	-	-	(1,983)	-	-	-	1,472	(511)	12	(499)
Share-based payments	-	-	-	(9)	-	-	-	(9)	-	(9)
Dividends paid	-	-	-	-	-	-	(1,285)	(1,285)	-	(1,285)
Minority interest arising on business combinations	-	-	-	-	-	-	-	-	761	761
At 30 June 2009	923	10,986	2,052	1,356	(1,512)	63,603	4,078	81,486	773	82,259

	Share Capital £'000	Share Premium £'000	Foreign Currency Translation Reserve £'000	Share Option Reserve £'000	Own Shares £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000	Minority Interest £'000	Total Equity £'000
At 1 January 2008	919	10,640	(224)	1,152	(685)	94,676	(28,513)	77,965	-	77,965
Exchange differences on translation of overseas operations	-	-	4,259	-	-	-	-	4,259	-	4,259
Tax effect in equity	-	-	-	-	-	-	63	63	-	63
Net income and expense recognised directly in equity	-	-	4,259	-	-	-	63	4,322	-	4,322
Profit for the period	-	-	-	-	-	-	2,640	2,640	-	2,640
Total recognised income and expense for 2008	-	-	4,259	-	-	-	2,703	6,962	-	6,962
Share-based payments	-	-	-	213	-	-	-	213	-	213
Dividends paid	-	-	-	-	-	-	(1,372)	(1,372)	-	(1,372)
Own shares	-	-	-	-	(827)	-	-	(827)	-	(827)
Issue of shares	4	346	-	-	-	-	-	350	-	350
Reserve transfer	-	-	-	-	-	(31,073)	31,073	-	-	-
At 31 December 2008	923	10,986	4,035	1,365	(1,512)	63,603	3,891	83,291	-	83,291

	Share Capital £'000	Share Premium £'000	Foreign Currency Translation Reserve £'000	Share Option Reserve £'000	Own Shares £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000	Minority Interest £'000	Total Equity £'000
At 1 January 2008	919	10,640	(224)	1,152	(685)	94,676	(28,513)	77,965	-	77,965
Exchange differences on translation of overseas operations	-	-	(71)	-	-	-	-	(71)	-	(71)
Net income and expense recognised directly in equity	-	-	(71)	-	-	-	-	(71)	-	(71)
Profit for the period	-	-	-	-	-	-	1,540	1,540	-	1,540
Total recognised income and expenses for 6 months to June 2008	-	-	(71)	-	-	-	1,540	1,469	-	1,469
Share-based payments	-	-	-	126	-	-	-	126	-	126
Own shares	-	-	-	-	(583)	-	-	(583)	-	(583)
Issue of shares	2	117	-	-	-	-	-	119	-	119
Reserve transfer	-	-	-	-	-	(31,073)	31,073	-	-	-
At 30 June 2008	921	10,757	(295)	1,278	(1,268)	63,603	4,100	79,096	-	79,096

Notes to the Unaudited Condensed Financial Information

For the 6 months to 30 June 2009

1. Basis of Preparation

This Report for the 6 months ended 30 June 2009 was approved by the directors on 15 September 2009.

The current and the comparative 6 months to June have been prepared using accounting policies and practices consistent with those adopted in the accounts for the year ended 31 December 2008 but are unaudited, and are also consistent with those which will be adopted in the 2009 Annual Report and Accounts, which will be in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS.

The financial information contained in this Report does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006.

The figures for the year ended 31 December 2008 have been extracted from the statutory accounts, which have been filed with 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.

Copies of this announcement are available from the company's website, www.datacash.com.

2. Dividend

An interim dividend of 0.5p (interim 2008: 0.4p, Final 2008: 1.4p) per ordinary share will be paid. In accordance with IAS 10 Events after the Balance Sheet date, this dividend has not been recognised in the accounts at 30 June 2009, but will be recognised in the accounting period ending December 2009.

3. Impairment and amortisation of intangible assets

In accordance with the group's accounting policies, intangible assets are amortised over their useful economic lives and goodwill is not amortised. Goodwill is subject to an annual impairment review, or more frequently if there are any indications that goodwill might be impaired.

The charge for the year comprises amortisation of intangible assets of £3.57m (6 months to 30 June 2008: £1.97m, full year 2008: £5.24m) and impairment of goodwill of £1.57m (6 months to 30 June 2008: £1.01m, full year 2008: £2.77m).

The amortisation of intangibles consists of £2,461k customer contracts, £1,069k software and £37k development costs.

The impairment of goodwill during all periods was entirely attributable to EuroCommerce as a result of the downturn in the airline industry.

4. Adjusted earnings reconciliation

	6 months ended 30 June 2009 £000	6 months ended 30 June 2008 £000	Year ended 31 Dec 2008 £000
Profit before taxation per consolidated statement of comprehensive income	2,671	3,165	5,501
Adjustments:			
- Impairment and amortisation	5,136	2,983	8,013
- Unsettled foreign exchange (gain)/losses on deferred consideration	(46)	-	356
- Settled foreign exchange (gain)/losses on deferred consideration	(236)	-	722
Adjusted profit before taxation	<u>7,525</u>	<u>6,148</u>	<u>14,592</u>
Taxation per consolidated statement of comprehensive income	(1,187)	(1,625)	(2,861)
Tax effect of adjustments detailed above	<u>(920)</u>	<u>(835)</u>	<u>(2,545)</u>
Adjusted taxation	<u>(2,107)</u>	<u>(2,460)</u>	<u>(5,406)</u>
Adjusted profit for the period	<u><u>5,418</u></u>	<u><u>3,688</u></u>	<u><u>9,186</u></u>

The Directors believe that the adjusted profit for the period and the adjusted earnings per share figure assists in the presentation of the group's underlying performance.

5. Taxation

The group's effective tax rate for the period based on profit before taxation per the consolidated statement of comprehensive income is 44.4% (6 months to 30 June 2008: 51.3%, Full year 2008: 52.0 %).

The group's effective tax rate for the period based on the adjusted profit before taxation, as detailed in note 4 above, is 28.0% (6 months to 30 June 2008: 40.0%, Full year 2008: 37.0%).

6. Earnings per Share

The basic and diluted earnings per share is calculated using the profit for the year as set out in the income statement. The adjusted earnings per share is calculated using the adjusted profit for the year as detailed in note 4 above.

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 IAS 33 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.

Weighted average number of 1p ordinary shares in issue during the year is set out below:	6 months ended 30 June 2009 Number	6 months ended 30 June 2008 Number	Year ended 31 Dec 2008 Number
For basic earnings per share	92,300,490	91,945,183	91,472,062
Dilutive effect of share options	<u>473,906</u>	<u>337,171</u>	<u>907,728</u>
For diluted earnings per share	<u>92,774,396</u>	<u>92,282,354</u>	<u>92,379,790</u>
Basic earnings per share	1.61 p	1.68p	2.89p
Diluted earnings per share	1.60 p	1.67p	2.86p
Adjusted basic earnings per share	5.87 p	4.01p	11.21p
Adjusted diluted earnings per share	5.84 p	3.99p	11.10p

7. Analysis of net funds

	At 1 January 2009 £000	Cashflow £000	At 30 June 2009 £000
Cash and cash equivalents	13,785	(1,605)	12,180
Restricted cash held in escrow	1,980	(375)	1,605
	15,765	(1,980)	13,785

8. Reconciliation of profit for the period to net cash inflow from operating activities

	6 months ended 30 June 2009 £'000	6 months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Profit for the period	1,484	1,540	2,640
Taxation	1,187	1,625	2,861
Finance income	(224)	(739)	(968)
Finance costs	43	154	280
Impairment and amortisation of goodwill and intangibles	5,136	2,983	8,013
Depreciation	571	309	860
Loss from sale of property, plant and equipment	-	-	1
Profit on joint ventures	(12)	(63)	(72)
Share option charge	(9)	(22)	213
Exchange movements	(282)	(92)	1,078
Changes in trade and other payables	(1,439)	28	744
Changes in trade and other receivables	1,537	549	517
Net cash inflow from operations	7,992	6,272	16,167

9. Acquisitions

On 21 January 2009, the company acquired 76% of the issued share capital of The Third Man Group plc for cash consideration of £2,388,355. Total goodwill arising on the acquisition is £265,000. The fair values of net assets acquired are based on provisional assessments pending final determination of certain assets and liabilities.

	Carrying values pre acquisition £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets	162	3,688	3,850
Property, plant and equipment	59	-	59
Trade and other receivables	287	-	287
Cash and cash equivalents	298	-	298
Trade and other payables	(244)	-	(244)
Deferred tax liabilities	-	(1,078)	(1,078)
Net assets acquired	562	2,610	3,172
Goodwill			265
Minority interest			(761)
Total purchase consideration			2,676
Consideration satisfied by:			
Cash			2,388
Directly attributable costs			288
			2,676

The goodwill arising on acquisition of The Third Man Group Plc represents the value of anticipated future operating synergies from the combination. There is no deferred contingent consideration payable in respect of this acquisition.