

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

DATA CASH 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 2009.

Financial Highlights

- Adjusted Group pre-tax profit* up 13.6% to £16.6m (2008: £14.6m).
- Adjusted diluted earnings per share of 12.93p (2008: 11.10p).
- Group turnover increased by 32% to £36.89m (2008: £28.04m).
- Debt free cash balance of £18.6m** (20p per issued share) (2008: £16.6m - 18p per issued share).
- 2nd Interim dividend announced of 1.75p. Annual dividend payment increased by 25% to 2.25p per share (2008: 1.8p)

* before foreign exchange movements on deferred consideration, impairment of goodwill and amortisation of intangible assets.

** including escrow and security deposits of £3.7m (2008: £6.7m).

Ashley Head, Chairman said, "The Board anticipates further growth in revenue, profits and dividends in 2010. We continue to look for acquisitions to expand our geographical reach and/or our product set further."

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Chairmans Statement

The DataCash Group continued its track record of growth in 2009, with revenues for the year up 32% to £36.9m. Adjusted pre-tax profits were up 13.6% to £16.58m, and adjusted diluted earnings per share were up 16.5% to 12.93p. With strong cash balances of £18.6m (including escrow and security deposits of £3.7m) at year end the dividend for the year was increased by 25% (interim dividend in November 2009 of 0.5p, and a second interim to be paid on 1 April 2010 of 1.75p).

Revenue for the year rose by 32% to £36.9m (2008: £28.0m), reflecting good growth in both transaction volumes and revenues from our higher added value product range (notably fraud services and alternative payment products).

Adjusted pre-tax Profits (before amortisation of intangible assets and impairment of goodwill, and foreign exchange movements on deferred consideration payments) rose by 13.6% to £16.58m (2008: £14.6m). As previously reported, the significant strengthening of the South African Rand in the year increased the costs of our Cape Town operations, especially in the second half of the year when our currency hedging position expired.

The cash position of the Group remains strong, with approximately £18.6m in net cash (including escrow and security deposits of £3.7m) at year end (2008: £16.6m). Net cash inflow from operations in the year was £15.4m with £1.7m paid in dividends; £4.1m on corporation tax payments; £4.7m on deferred consideration payments, and £2.4m paid in January 2009 to acquire a controlling interest in The 3rd Man.

Adjusted diluted earnings per share rose by 16.5% to 12.93p per share (2008: 11.21p). On 25 February the Board announced a second interim dividend of 1.75p per share, which is to be paid on 1 April. This, with the interim dividend of 0.5p paid in November 2009, brings the total for the year to 2.25p per share, an overall increase of 25%. As previously stated, the Board is not recommending a final dividend.

The Board anticipates further growth in revenue, profits and dividends in 2010. We continue to look for acquisitions to expand our geographical reach and/or our product set further. The acquisitions made in 2008 made good progress in 2009. Our German business, ExperCash GmbH was particularly notable, increasing revenue and profits considerably. EuroCommerce, focusing on the travel and airline market, moved into profit in the latter part of 2009, helped by our fraud offering which is an important differentiator. We expect further progress in 2010.

On behalf of all the shareholders, I would like to take this opportunity to thank our staff for all their efforts.

Datacash Group PLC
Consolidated Statement of
Comprehensive Income
 For the year ended 31 December 2009

	Unaudited 2009 £000	Audited 2008 £000
Revenue	36,887	28,037
Administrative expenses	(20,967)	(14,205)
Operating profit before impairment and amortisation	15,920	13,832
Impairment and amortisation	(8,619)	(8,013)
Total operating profit	7,301	5,819
Finance Income	727	968
Finance Cost – notional interest on deferred consideration	(49)	(280)
Foreign exchange gains/(losses) on deferred consideration	156	(1,078)
Share of (loss)/profit in joint ventures	(15)	72
Profit before taxation	8,120	5,501
Taxation	(2,901)	(2,861)
Profit for the year	5,219	2,640
Other comprehensive income:		
Exchange differences on translation of overseas operations	(940)	4,259
Tax effect in equity of share options	-	63
Other comprehensive income for the year	(940)	4,322
Total comprehensive income for the year	4,279	6,962
Profit attributable to:		
Owners of the parent	5,153	2,640
Minority interest	66	-
Profit for the year	5,219	2,640
Total comprehensive income attributable to:		
Owners of the parent	4,213	6,962
Minority interest	66	-
Total comprehensive income for the year	4,279	6,962
Basic earnings per share	5.69 p	2.89 p
Diluted earnings per share	5.66 p	2.86 p

DataCash Group PLC
Consolidated Balance Sheet

As at 31 December 2009

	Unaudited 2009 £000	Audited 2008 £000
Non current assets		
Intangible assets	10,879	13,544
Goodwill	55,887	57,672
Property, plant and equipment	2,012	2,357
Investments in joint ventures	72	87
Investments	4,181	3,902
	<u>73,031</u>	<u>77,562</u>
Current assets		
Trade and other receivables	6,123	5,161
Cash and cash equivalents	18,583	16,641
	<u>24,706</u>	<u>21,802</u>
Total assets	97,737	99,364
Current liabilities		
Trade and other payables	(3,698)	(4,555)
Current tax liabilities	(2,744)	(2,304)
Provisions – deferred consideration	(1,592)	(4,280)
	<u>(8,034)</u>	<u>(11,139)</u>
Net current assets	16,672	10,663
Non current liabilities		
Deferred tax liability	(2,620)	(3,196)
Provisions – deferred consideration	(333)	(1,706)
Other liabilities	(26)	(32)
	<u>(2,979)</u>	<u>(4,934)</u>
Total liabilities	(11,013)	(16,073)
Net assets	86,724	83,291
Capital and reserves		
Share capital	923	923
Share premium account	10,986	10,986
Own Shares	(1,512)	(1,512)
Foreign currency translation reserve	3,095	4,035
Share option reserve	1,502	1,365
Merger reserve	63,603	63,603
Retained earnings	7,301	3,891
Equity attributable to owners of the parent	85,898	83,291
Minority interest	826	-
Total equity	86,724	83,291

DataCash Group PLC
Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Unaudited 2009 £000	Audited 2008 £000
Net cash inflow from operations	15,442	16,167
Interest received	727	968
Tax paid	<u>(4,115)</u>	<u>(3,502)</u>
Net cash inflow from operating activities	<u>12,054</u>	<u>13,633</u>
Cashflow from investing activities		
Acquisition of subsidiaries (net of cash acquired)	(2,378)	(4,075)
Payment of deferred consideration	(4,676)	(3,101)
Investments	(279)	(3,902)
Purchase of property, plant and equipment	(680)	(1,253)
Capitalised development expenditure	<u>(874)</u>	<u>(445)</u>
Net cash outflow from investing activities	<u>(8,887)</u>	<u>(12,776)</u>
Cashflow from financing activities		
Net proceeds from issue of share capital	-	350
Purchase of own shares	-	(827)
Equity dividends paid	<u>(1,743)</u>	<u>(1,372)</u>
Net cash outflow from financing activities	<u>(1,743)</u>	<u>(1,849)</u>
Net cash inflow/(outflow) for the year	1,424	(992)
Cash and cash equivalents at start of the year	16,641	17,942
Exchange gains/(losses) on cash and cash equivalents	<u>518</u>	<u>(309)</u>
Cash and cash equivalents at the end of the year	<u>18,583</u>	<u>16,641</u>

DataCash Group plc
Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital £000	Share premium account £000	Own shares £000	Foreign currency translation reserve £000	Share option reserve £000	Merger reserve £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
At 1 January 2008	919	10,640	(685)	(224)	1,152	94,676	(28,513)	77,965	-	77,965
Comprehensive income										
Profit for the year	-	-	-	-	-	-	2,640	2,640	-	2,640
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of overseas operations	-	-	-	4,259	-	-	-	4,259	-	4,259
Tax effect in equity of share options	-	-	-	-	-	-	63	63	-	63
Total other comprehensive income	-	-	-	4,259	-	-	63	4,322	-	4,322
Total comprehensive income for the year	-	-	-	4,259	-	-	2,703	6,962	-	6,962
Transactions with owners										
Share-based payments	-	-	-	-	213	-	-	213	-	213
Own shares acquired	-	-	(827)	-	-	-	-	(827)	-	(827)
Issue of shares	4	346	-	-	-	-	-	350	-	350
Dividends paid	-	-	-	-	-	-	(1,372)	(1,372)	-	(1,372)
Total transactions with owners	4	346	(827)	-	213	-	(1,372)	(1,636)	-	(1,636)
Reserve transfer	-	-	-	-	-	(31,073)	31,073	-	-	-
At 31 December 2008	923	10,986	(1,512)	4,035	1,365	63,603	3,891	83,291	-	83,291
Comprehensive income										
Profit for the year	-	-	-	-	-	-	5,153	5,153	66	5,219
Other comprehensive income:	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of overseas operations	-	-	-	(940)	-	-	-	(940)	-	(940)
Total comprehensive income for the year	-	-	-	(940)	-	-	5,153	4,213	-	4,279
Transactions with owners										
Share-based payments	-	-	-	-	137	-	-	137	-	137
Dividends paid	-	-	-	-	-	-	(1,743)	(1,743)	-	(1,743)
Total contributions by and distributions to owners	-	-	-	-	137	-	(1,743)	(1,606)	-	(1,606)
Changes in ownership interests of subsidiary not resulting in loss of control:										
Minority interest arising on business combinations	-	-	-	-	-	-	-	-	760	760
Total transactions with owners	-	-	-	-	137	-	(1,743)	(1,606)	760	(846)
At 31 December 2009	923	10,986	(1,512)	3,095	1,502	63,603	7,301	85,898	826	86,724

1. Basis of preparation

The financial information does not constitute statutory financial statements as defined by section 435 of the Companies Act 2006 for the years ended 31 December 2009 or 2008.

The statutory financial statements for the year ended 31 December 2009 will be finalised and signed on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial information for the year ended 31 December 2008 is derived from the statutory accounts for that year. The auditor reported on those statutory accounts which have been 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 1985.

This announcement is prepared applying International Financial Reporting Standards and IFRIC interpretations ('IFRS') as adopted by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and using accounting policies that are consistent with those as stated in the previous year's financial statements.

This preliminary announcement was approved by the Board of directors on 19 March 2010. Copies of this announcement are available from the Company at its website, www.datacash.com.

2 Dividends

	Unaudited 2009 £000	Audited 2008 £000
Ordinary :		
Final paid in respect of the year ended 31 December 2008 – 1.4p (2007 – 1.1p)	1,284	1,006
Interim dividend paid in respect of the year ended 31 December 2009 – 0.5p (2008 – 0.4p)	459	366
	<u>1,743</u>	<u>1,372</u>

A second interim dividend of 1.75p per share was been announced on 25 February 2010 and will be paid on 1 April 2010 it has not been included as a liability in these financial statements.

3. Impairment of goodwill and amortisation of intangible assets

In accordance with the Group's accounting policies, intangible assets are amortised over their useful 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 £7.05m (2008: £5.24m) and impairment of goodwill of £1.57m (2008: £2.77m).

The amortisation of intangibles consists of £4,949k in respect of customer relationships, £1,903k software and £201k development costs.

The impairment of goodwill in both years was entirely attributable to EuroCommerce as result of the downturn in the airline industry.

4. Adjusted earnings reconciliation

	Unaudited 2009 £000	Audited 2008 £000
Profit before taxation per the statement of comprehensive income	8,120	5,501
Adjustments:		
Impairment and amortisation	8,619	8,013
Foreign exchange (gain)/loss on deferred consideration	(156)	1,078
Adjusted profit before taxation	<u>16,583</u>	<u>14,592</u>
Taxation per statement of comprehensive income	(2,901)	(2,861)
Tax effect of adjustments detailed above	(1,755)	(1,477)
Adjusted tax	(4,656)	(4,338)
Adjusted profit for the year	<u>11,927</u>	<u>10,254</u>
Adjusted Profit attributable to:		
Owners of the parent	11,861	10,254
Minority interest	66	-
	<u>11,927</u>	<u>10,254</u>

The Directors believe that the adjusted profit for the year assists in the presentation of the Group's underlying performance.

5. Taxation

The group's effective tax rate for the year based on profit before taxation per the income statement is 35.7% (2008: 52.0%).

The group's effective tax rate for the year based on the adjusted profit before taxation, as detailed in note 4 above, is 28.1% (2008: 29.7%).

6. Earnings per share

Weighted average number of 1p ordinary shares in issue during the year

	Unaudited 2009	Audited 2008
For basic earnings per share	91,712,490	91,472,062
Dilutive effect of share options	546,397	788,000
For diluted earnings per share	<u>92,258,887</u>	<u>92,260,062</u>

Basic earnings per share	5.69 p	2.89 p
Diluted earnings per share	5.66 p	2.86 p
Adjusted basic earnings per share	12.93 p	11.21 p
Adjusted diluted earnings per share	12.93 p	11.10 p

The basic and diluted earnings per share are calculated using the profit for the year attributable to owners of the parent as disclosed in the statement of comprehensive income. The adjusted basic and diluted earnings per share are calculated using the adjusted profit for the year attributable to owners of the parent detailed in note 4 above.

Basic earnings per share has been calculated by dividing the earnings attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, 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.

7. Cash and cash equivalents	Unaudited 2009 £000	Audited 2008 £000
Cash and cash equivalents	17,275	14,661
Restricted cash held in escrow	1,308	1,980
	18,583	16,641

Amounts shown as cash and cash equivalents exclude amounts held on behalf of clients for the purposes of facilitating settlements, totaling £8.6m (2008: £13.2m).

Restricted cash held in escrow relates to amounts payable under deferred consideration agreements.

Included in cash and cash equivalents are security cash deposits of £2.3m (2008: £2.3m) and cash held in a solicitors' account of £nil (2008: £2.4m) in relation to the acquisition of the 3rd Man Group plc.

8. Reconciliation of profit for the year to net cash inflow from operations

	Unaudited 2009 £000	Audited 2008 £000
Profit for the year	5,219	2,640

Taxation	2,901	2,861
Finance income	(727)	(968)
Finance costs	49	280
Amortisation and impairment of goodwill and intangibles	8,619	8,013
Depreciation	1,149	860
Loss on disposal of property, plant and equipment	20	1
Loss/(profit) on joint ventures	15	(72)
Share option charge	137	213
Exchange movements	(156)	1,078
Changes in trade and other receivables	(675)	517
Changes in trade and other payables	(1,109)	744
Net cash inflow from operations	15,442	16,167

9. Acquisition

On 21 January 2009, the company acquired 76% of the issued share capital of The 3rd Man Group plc for a cash consideration of £2,388,355. Total goodwill arising on the acquisition is £266,000.

	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	(246)	-	(246)
Deferred tax liabilities	-	(1,078)	(1,078)
Net assets acquired	560	2,610	3,170
Goodwill			266
Minority interest			(760)
Total purchase consideration			2,676
Consideration satisfied by:			
Cash			2,388
Directly attributable costs			288
			2,676

Intangible assets comprise customer relationships of £1,574,000 and software development of £2,276,000.

The goodwill arising on acquisition of The 3rd Man Group Plc represents the value of anticipated future operating synergies from the combination. There is no deferred or contingent consideration payable in respect of this acquisition.

From the date of acquisition to 31 December 2009 the acquisition contributed £1,698k to revenue and £234k in profit.

If the acquisition of The 3rd Man Group plc had been completed on the first day of the financial year, Group revenues for the year would have increased by £91k and group profit attributable to owners of the parent would have increased by £7k.