

4th September 2008

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

DataCash Group Plc ('the Company')

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

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 2008.

Overview:

- Revenues increased to £12.2m (June 2007: £9.86m)
- Adjusted* pre-tax profits, increased to £6.3m (June 2007: £5.3m)
- Adjusted* earnings per share increased to 5.04p (2007: 4.07p)
- Cash balances of £19.1m (June 2007: £19.2m) equivalent to 20.7p per share, after acquisition payments for ACK and EuroCommerce.

** Before goodwill amortisation and impairment, National Insurance provision on share option gain and notional interest on deferred consideration.*

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

"Overall, the Board is pleased with the progress of implementing our strategy to both broaden our product range and international coverage. Despite the current pessimism regarding the UK economy, the Board is confident of achieving its full year outlook."

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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 2008
Chairman's Statement

The Board of DataCash Group Plc is pleased to report that the Group had a very satisfactory first six months trading. Revenues increased by 24% to £12.2m, adjusted pre-tax profits (before goodwill amortization and impairment, National Insurance provision on share option gain and notional interest on deferred consideration) rose by 18.5% to £6.3m and underlying earnings rose by 23.8% to 5.04 pence per share. The prospects for the second half are good, and with strong cash generation an ongoing feature of the business, the Board is pleased to announce an increase in the interim dividend of one third, to 0.4p per share to be paid on 28th November 2008 to those shareholders on the register on 24 October 2008

The Group saw continued strong transaction volume growth, but also started to reap the benefits of broadening our historically UK centric product and service set into more international, added value areas. DataCash's increased range of new and different types of payment and new services (PayPal; European Debit Payments; Dynamic Currency Conversion; Local Acquiring Services etc) is providing new income streams and improving our competitiveness. In addition our focus into new geographies and vertical sectors is starting to show results. We have signed sizeable deals in Ireland, taken our first contracts for delivering services into Europe for US based entities and increased the numbers of clients taking our broadened range of localised products outside of the UK.

The recently announced acquisition of ACK is already generating enhanced opportunities in the UK and Irish retail markets, and EuroCommerce, the Dublin-based business targeted at the airline industry, has made good progress, albeit losing more than forecast as a consequence of the airline industry facing some well-documented challenges. We remain confident that the opportunities in this area are significant, as indicated by the successful implementation of our risk system to a number of EuroCommerce's customers.

We have completed the development of the DataCash Universal Gateway that allows clients to connect to any of the functionality contained within the Group's diverse platforms through a single interface. This is both live and with transactions being successfully processed. The pipeline of clients developing links into the DataCash Universal Gateway continues to grow, demonstrating the demand for the broader range of functionality and services that we have developed or acquired. Our major overhaul of infrastructure is close to completion, ensuring that we have the capacity on demand to continue to meet our customers' and prospects' needs.

As mentioned above, DataCash is a naturally cash generative business and, despite acquisition payments, we finished the half year with cash balances (including business related deposits) of £19.1m, 20.7p per share. We continue to seek earnings accretive strategic acquisitions to develop the business and to evaluate the opportunities that m-commerce and pre-pay may provide in the future.

Overall, the Board is pleased with the progress of implementing our strategy to both broaden our product range and international coverage. Despite the current pessimism regarding the UK economy, the Board is confident of achieving its full year outlook.

Ashley Head
Chairman
4th September 2008

DataCash Group plc

Consolidated Income Statement

For the 6 months ended 30 June 2008

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 Dec 2007 £'000
Revenue	12,228	9,860	20,451
	-		
Administrative expenses	(6,750)	(4,898)	(10,189)
Share option charge	22	(74)	(262)
Total administrative expenses	(6,728)	(4,972)	(10,451)
Operating profit before impairment and amortisation	5,500	4,888	10,000
Impairment and amortisation	(2,983)	(2,672)	(5,022)
Total operating profit	2,517	2,216	4,978
Finance costs (notional interest on deferred consideration)	(154)	-	-
Finance income	739	343	910
Other gains	-	-	941
Share of profit/(loss) in venture	63	(8)	(7)
Profit before taxation	3,165	2,551	6,822
Taxation	(1,625)	(1,581)	(2,508)
Profit on ordinary activities after taxation	1,540	970	4,314
Basic earnings per share	1.68 p	1.07 p	4.73 p
Diluted earnings per share	1.67 p	1.06 p	4.69 p

DataCash Group plc

Consolidated Balance Sheet

As at 30 June 2008

	Unaudited As at 30 June 2008 £'000	Unaudited As at 30 June 2007 £'000	Audited As at 31 Dec 2006 £'000
Non current assets			
Intangible assets	13,494	23,173	14,193
Goodwill	52,095	32,695	51,517
Property, plant and equipment	2,357	873	1,790
Investments in joint ventures	73	(14)	(13)
Investments	-	163	-
Deferred tax assets	108	140	146
	<u>68,127</u>	<u>57,030</u>	<u>67,633</u>
Current assets			
Trade and other receivables	5,247	6,262	6,443
Cash and cash equivalents	19,110	18,187	16,716
	<u>24,357</u>	<u>24,449</u>	<u>23,159</u>
Total assets	92,484	81,479	90,792
Current liabilities			
Trade and other payables	(3,070)	(4,472)	(3,510)
Deferred consideration	(2,478)	-	(2,125)
Current tax liabilities	(2,222)	(535)	(1,734)
	<u>(7,770)</u>	<u>(5,007)</u>	<u>(7,369)</u>
Net current assets	16,587	19,442	15,790
Total assets less current liabilities	84,714	76,472	83,423
Non-current liabilities			
Deferred tax liability	(3,298)	-	(3,434)
Deferred consideration	(2,203)	-	(1,762)
Other liabilities	(117)	(291)	(262)
	<u>(5,618)</u>	<u>(291)</u>	<u>(5,458)</u>
Total liabilities	(13,388)	(5,298)	(12,827)

Net assets	79,096	76,181	77,965
Capital and reserves			
Share capital	921	917	919
Share premium	10,757	10,479	10,640
Own shares	(1,268)	-	(685)
Foreign currency translation reserve	(295)	(63)	(224)
Share option reserve	1,278	1,082	1,152
Other reserves	94,676	94,774	94,676
Retained earnings	(26,973)	(31,008)	(28,513)
Total equity	79,096	76,181	77,965

DataCash Group plc
Cash flow statement
For the 6 months ended 30 June 2008

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 Dec 2007 £'000
Net cash inflow from operations	6,272	7,990	13,371
Interest received	739	343	910
Compensation for loss of acquisition	-	-	941
Tax paid	(1,447)	(1,581)	(2,890)
Net cash inflow from operating activities	5,563	6,752	12,332
Cash flow from investing activities			
Acquisition of subsidiary (net of cash)	(1,680)	-	(875)
Investment in joint ventures	-	-	(277)
Purchase of property plant and equipment	(892)	(141)	(1,220)
Purchase of intangible fixed assets	(134)	-	(116)
Net cash outflow from investing activities	(2,706)	(141)	(2,488)
Cash flow from financing activities			
Net proceeds from issue of share capital	119	296	459
Repayment of loan	-	-	(2,989)
Purchase of own shares	(583)	-	(685)
Equity dividends paid	-	-	(1,193)
Net cash (outflow)/inflow from financing activities	(464)	296	(4,408)
Net Cash inflow	2,394	6,907	5,436
Cash and cash equivalents at start of period	16,716	11,280	11,280
Cash and cash equivalents at the end of the period	19,110	18,187	16,716

DataCash Group plc

Consolidated Statement of Changes in Equity

For the 6 months ended 30 June 2008

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Share Option Reserve	Own Shares	Other Reserves	Retained Earnings	Total equity attributable to the equity holders of the parent.
At 1 January 2007	908	10,192	(121)	1081	-	95,116	(31,816)	75,360
Exchange differences on translation of overseas operations	-	-	58	-	-	-	-	58
Tax effect in equity	-	-	-	-	-	-	(162)	(162)
Net income and expense recognised directly in equity	-	-	58	-	-	-	(162)	(104)
Profit for the period	-	-	-	-	-	-	970	970
Total recognised income and expense for 6 months to June 2007	-	-	58	-	-	-	808	866
Share-based payments	-	-	-	1	-	-	-	1
Merger reserve on acquisition of subsidiary	-	-	-	-	-	(342)	-	(342)
Issue of shares	9	287	-	-	-	-	-	296
At 30 June 2007	917	10,479	(63)	1,082	-	94,774	(31,008)	76,181
Exchange differences on translation of overseas operations	-	-	(161)	-	-	-	-	(161)
Tax effect in equity	-	-	-	-	-	-	344	344
Net income and expense recognised directly in equity	-	-	(161)	-	-	-	344	183
Profit for the period	-	-	-	-	-	-	3,344	3,344
Total recognised income and expense for 2007	-	-	(161)	-	-	-	3,688	3,527
Share-based payments	-	-	-	70	-	-	-	70

Merger reserve on acquisition of subsidiary	-	-	-	-	-	(98)		(98)
Dividends paid	-	-	-	-	-	-	(1,193)	(1,193)
Own shares	-	-	-	-	(685)	-	-	(685)
Issue of shares	2	161	-	-	-	-	-	163
At 31 December 2007	919	10,640	(224)	1,152	(685)	94,676	(28,513)	77,965
Exchange differences on translation of overseas operations	-	-	(71)	-	-	-	-	(71)
Tax effect in equity	-	-	-	-	-	-	-	-
Net income and expense recognised directly in equity	-	-	(71)	-	-	-	-	(71)
Loss for the period	-	-	-	-	-	-	1,540	1,540
Total recognised income and expenses for 6 months to June 2008	-	-	(71)	-	-	-	1,540	1,469
Share-based payments	-	-	-	126	-	-	-	126
Dividends paid	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	(583)	-	-	(583)
Issue of shares	2	117	-	-	-	-	-	119
At 30 June 2008	921	10,757	(295)	1,278	(1,268)	94,676	(26,973)	79,096

Notes to the Financial Statements

For the 6 months to 30 June 2008

1. Basis of Preparation

This Report for the 6 months ended 30 June 2008 was approved by the directors on 4 September 2008.

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 2007 but are unaudited, and are also consistent with those which will be adopted in the 2008 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 1985 that remain applicable to companies reporting under IFRS.

The financial information contained in this Report does not contribute statutory accounts as defined by Section 240 of the Companies Act 1985.

The figures for the year ended 31 December 2007 have been extracted from the statutory accounts which have been filed with the Registrar of Companies.

2. Earnings per Share

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

The adjusted profit per share based on the profit after tax before impairment and amortisation of intangibles and goodwill and other items as noted below:

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 Dec 2007
Weighted average number of 1p ordinary shares in issue during the period			
For basic earnings per share	91,945,183	90,670,958	91,195,129
Share options	337,171	524,171	719,171
For diluted earnings per share	<u>92,282,354</u>	<u>91,195,129</u>	<u>91,914,300</u>
	£'000	£'000	£'000
Profit for earnings per share	1,540	970	4,314
Impairment and amortisation of intangibles and goodwill	2,983	2,672	5,022
Notional interest on deferred consideration	154	-	-
Share based payments expense	59	2	71

NI on share option gains	(81)	72	191
Profit for adjusted earnings per share	4,655	3,716	9,598
Adjusted basic earnings per share	5.06 p	4.10 p	10.52 p
Adjusted diluted earnings per share	5.04 p	4.07 p	10.44 p
Basic earnings per share	1.68 p	1.07 p	4.73 p
Diluted earnings per share	1.67 p	1.06 p	4.69 p

3. Dividend

An interim dividend of 0.4p (2007: 0.3p) per ordinary share is recommended. In accordance with IAS 10 Events after the Balance Sheet date, this dividend has not been recognised in the accounts at 30 June 2008, but will be recognised in the accounting period ending December 2008.

4. Analysis of Net Funds

	At 1 January 2008 £'000	Cash Flow £'000	At 30 June 2008 £'000
Cash in hand and at bank	3,462	5,882	9,344
Short term bank deposits	13,254	(3,488)	9,766
	16,716	2,394	19,110

5. Reconciliation of profit for the year to net cash inflow from operating activities

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Profit for the year	1,540	970	4,314
Taxation	1,625	1,581	2,508
Finance income	(739)	(343)	(910)
Finance costs	154	-	-
Compensation for loss of acquisition	-	-	(941)
Impairment and amortisation of goodwill and intangibles	2,983	2,672	5,022
Depreciation	309	221	482
Loss from sale of property, plant and equipment	-	-	5
(Profit)/loss on joint ventures	(63)	8	7
Share option charge	(22)	2	71

Exchange movements	(92)	(283)	(102)
Changes in trade and other payables	28	878	794
Changes in trade and other receivables	549	2,284	2,121
Net cash inflow from operations	6,272	7,990	13,371

6. Acquisitions

On 12 June 2008, the company acquired 100% of the issued share capital of ACK Limited for cash consideration of £2,451,259 deferred consideration of £177,000 and a deferred contingent consideration of £462,950. Total goodwill arising on the acquisition is £1,404,000. The fair values of net assets acquired are based on provisional assessments pending final determination of certain assets and liabilities.

	Carrying values pre acquisition	Fair value adjustments	Fair value
	£000	£000	£000
Intangible fixed assets	-	1,142	1,142
Property, plant and equipment	19	-	19
Trade and other receivables	188	-	188
Cash and cash equivalents	786	-	786
Trade and other payables	(113)	-	(113)
Deferred tax liabilities	-	(320)	(320)
Net assets acquired	880	822	1,702
Goodwill			1,404
Consideration			3,106
Consideration satisfied by cash			2,451
Directly attributable costs			15
Deferred cash contingent consideration			463
Deferred cash consideration			177
			3,106

The goodwill arising on acquisition of ACK Limited represents the value of anticipated future operating synergies from the combination.

Deferred consideration has been discounted at 6%. The range of potential contingent consideration is from £700k to £nil.