



PayPoint plc
Interim Management Statement
5 February 2009

The board is pleased to report on events, transactions and trading since the half yearly financial report.

In the UK, bill and general payment volumes continue to run ahead of plan. As previously reported, the beneficial impact of this is mitigated by lower mobile top-ups volumes in the UK and Ireland as mobile networks offer more competitive pre-pay tariffs.

In Romania, we have launched the second phase of bill payment clients and now have nine bill payment clients live and transacting.

On 9 January, we purchased the freehold of our operational base in Welwyn Garden City for £6m funded from existing bank resources. The annual rental thereby eliminated represents in excess of 9% of the purchase price.

Today, we have formed a joint venture between PayPoint plc and Home Delivery Network Limited (HDNL), the UK's largest dedicated home delivery and collection service, to provide a nationwide network for consumers to collect and return parcels at selected PayPoint convenience stores.

The UK market volume for business to consumer parcel deliveries and returns is in excess of 400 million annually. Sending parcels, collecting parcels following failed delivery to home addresses and the vast majority of returns require consumers to visit Post Offices or courier depots which have restricted opening hours and can be in distant locations. PayPoint's unrivalled convenience network in close proximity to consumers' homes and with long opening hours, combined with HDNL's leading logistics and parcels delivery network will deliver a highly attractive new consumer service, to be launched later this calendar year.

PayPoint expects to spend £3million to £4million in the first two years to develop this venture. We expect that this will dilute PayPoint's earnings next financial year by 3p to 4p per share, reducing in the following year but should be profitable thereafter.

Performance¹ for the period from 29 September 2008 to 29 December 2008² and financial position¹ as at 29 December 2008

Terminal sites have increased by 1,159 since the 28 September 2008 from 25,515 (including 4,743 in Romania) to 26,674 (including 5,467 in Romania). Transactions processed for the period were 148 million, up 12% compared to 132 million for the same period last year. Revenues for the period were £58m, up 12%.

Earnings are in line with market expectations.

After the payment of the interim dividend of £4 million, but before the purchase of the freehold at Welwyn for £6 million, net cash at 29 December was £39 million (including client cash of £13 million) compared to £28 million (including client cash of £8 million) at 28 September 2008.

Other than as disclosed in this release, there have been no material events or changes in the financial position between 29 December and the current date.

Enquiries

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

² Comparative data is given for the similar 13 week period last year (1 October to 30 December)