

CASHBOX PLC



Placing and Admission to AIM
Nominated Adviser and Broker Seymour Pierce Limited

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This document, which comprises an AIM Admission Document, has been drawn up in accordance with the AIM Rules and has been issued in connection with the application for admission to trading of the entire issued and to be issued share capital of the Company on AIM. This document does not constitute a prospectus and a copy of it has not been, and will not be, approved by the Financial Services Authority pursuant to section 85 of the Financial Services and Markets Act 2000. This document contains no offer to the public within the meaning of Section 85 of the Financial Services and Markets Act 2000, EU Directive 2003/71/EC or otherwise.

Application has been made for the ordinary shares of 1p each in the capital of Cashbox plc (“Ordinary Shares”), issued and to be issued pursuant to the Placing, to be admitted to AIM. AIM is a market designed primarily for emerging or smaller companies, to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List. Neither the London Stock Exchange plc nor the United Kingdom Listing Authority have examined or approved the contents of this document.

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada, no document in relation to the Placing has been, or will be, lodged with, or registered by, The Australian Securities and Investments Commission, and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia or Japan or offered or sold to a person within the United States or a resident of Canada, Australia or Japan.

Prospective investors should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Prospective investors should carefully consider the section entitled “Risk factors” in Part II of this document. All statements regarding the Company’s business, financial position and prospects should be viewed in the light of the risk factors set out in Part II of this document.

Cashbox plc

(Incorporated in England and Wales with Registered Number 5621143)

Admission to trading on AIM and

Placing of 22,500,000 Ordinary Shares at 20p per share

Nominated Adviser and Broker

Seymour Pierce Limited

Seymour Pierce Limited, which is regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting as nominated adviser and broker exclusively for the Company in connection with the Placing and Admission. Its responsibilities as the Company’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person in respect of his decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document for which the Directors of the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Seymour Pierce Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Seymour Pierce Limited has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Seymour Pierce Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Other than in accordance with the Company’s obligations under the AIM Rules or otherwise required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company, its directors or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document. The information on the Company’s website does not form a part of this document.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Anthony Christopher John Sharp (<i>Chairman</i>) Carl John Thomas (<i>Chief Executive</i>) Darren Woolsgrove (<i>Finance Director</i>) Matthew John Thomas (<i>Operations Director</i>) Charles Leonard Hallett (<i>Sales Director</i>) Robin Elizabeth Saunders (<i>Non-executive Director</i>) Stephen Landesman Brown (<i>Non-executive Director</i>)
Registered Office	Windriver House Meridian Office Park Osborn Way Hook Hampshire RG27 9HY United Kingdom
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Nominated Adviser and Broker	Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London EC4N 8EL United Kingdom
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Solicitors to the Nominated Adviser and Broker	Field Fisher Waterhouse 35 Vine Street London EC3N 2AA United Kingdom
Reporting Accountants and Auditors	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL United Kingdom
Public Relations	(i) Abchurch Communications Limited (financial PR) 100 Cannon Street London EC4N 6EU; and (ii) Beattie Communications (corporate PR) 4 Great James Street Holborn London WC1N 3BD
Registrars	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

STATISTICS RELATED TO THE PLACING

Placing Price of Ordinary Shares	20p
Number of existing Ordinary Shares prior to Admission	38,052,000
Number of Ordinary Shares being placed by the Company	22,500,000
Number of Ordinary Shares in issue following the Placing	60,927,000
Market capitalisation at the Placing Price	£12.2 million
Percentage of enlarged issued share capital subject to the Placing	36.9
International Securities Identification Number (ISIN)	GB00B0ZL4V64

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and commencement of dealings in Ordinary Shares on AIM	29 March 2006
CREST accounts credited	29 March 2006
Despatch of definitive Share Certificates in respect of the Placing Shares	by 5 April 2006

DEFINITIONS AND GLOSSARY OF TERMS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act” or “Companies Act”	the Companies Act 1985, as amended
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies as published by the London Stock Exchange
“APACS”	Association for Payment Clearing Services, the trade association for institutions delivering payments services to end customers
“Articles”	the Articles of Association of the Company
“ATM”	Automated Teller Machine, an automated unmanned device which allows customers of a bank to make cash withdrawals
“Avantra”	the UK’s leading provider of outsourced ATM acquiring and card issuing transaction management services and a wholly owned subsidiary of LINK
“Broker”	Seymour Pierce Limited
“Cashbox”	the Company’s wholly-owned subsidiary and principal trading subsidiary, Cashbox ATM Systems Limited
“Chip & PIN”	the name of a government-backed initiative in the United Kingdom to implement the EMV standard for secure payments
“CIT”	cash in transit
“Combined Code”	the common “Combined Code on Corporate Governance” published in July 2003 by the Financial Reporting Council
“Company”	Cashbox plc
“Convenience Fee” or “Transaction Fee”	the fees that the owner of an ATM charges a cardholder for using its machine
“CREST”	the computerised settlement system (as defined in the CREST Regulations) in the UK operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form (as defined in the CREST Regulations)
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“DES”	the Data Encryption Standard (an algorithm using a key system for encryption; both the sender and receiver of a message encrypted with DES must have the same private key – data in transit cannot be deciphered without the appropriate key)

“Directors” or “Board”	the board of directors of the Company, whose names are set out on page 3 of this document
“EMV”	the Europay-Mastercard-Visa specifications for chip-based payment cards
“FSMA”	the Financial Services and Markets Act 2000
“Fully Managed Model”	the deployment model based on Cashbox providing the ATM to the Merchant and Cashbox being responsible for providing and replenishing the cash and maintaining these ATMs
“Group”	the Company and its subsidiaries
“Hanco”	Hanco ATM Systems Limited, now owned by Royal Bank of Scotland plc
“IAD”	Independent ATM Deployer, an operator of surcharging ATMs not affiliated with a financial institution
“Interchange Fee”	fees for non-branch ATMs paid by card issuers to ATM deployers when a customer withdraws cash without the ATM charging a fee, performs a balance enquiry or if a transaction is rejected. The fees are 30.8p for a non-surcharged transaction and 18.2p for a balance enquiry or rejected transaction. The values of these payments are set annually by the LINK board following an independent review by KPMG
“LINK”	LINK Interchange Network Ltd, the company that operates the LINK ATM network and provides switching and settling services for shared transactions for that network. LINK is owned by 22 financial institutions
“Lock-In Agreement”	the conditional agreement governing the disposal of Ordinary Shares by the Directors and others, details of which are set out in paragraph 13 of Part V of this document
“London Stock Exchange”	the London Stock Exchange plc
“Merchant”	the owner or occupier of a site within which an ATM is or may be situated
“Merchant-Fill”	where the Merchant takes responsibility for cash provision and cash replenishment (from their takings)
“NCR”	NCR Corp., which recently acquired the ATM business of Tidel
“Nominated Adviser”	Seymour Pierce Limited
“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“PED”	Pin Encryption Devices
“Placement Model”	the deployment model based on Cashbox providing the ATM for the Merchant’s use. The Merchant is responsible for filling the machine with cash and Cashbox provides transaction processing and maintenance services to these ATMs

“Placing”	the placing of 22,500,000 new Ordinary Shares at the Placing Price as described in this document
“Placing Agreement”	the conditional agreement dated 23 March 2006 between the Company, Seymour Pierce and the Directors relating to the Placing, a summary of the principal terms and conditions of which is set out in paragraph 10.1 of Part V of this document
“Placing Price”	20 pence per new Ordinary Share
“Placing Shares”	the 22,500,000 new Ordinary Shares issued pursuant to the Placing (including the 3,000,000 Ordinary Shares to be issued to Annenberg Investment Management S.A. as described in this document) and Placing Share shall be construed accordingly
“Sale Model”	the model based on the sale of the ATM to the Merchant and where Cashbox provides transaction processing and maintenance services in respect of such ATM. The Merchant takes responsibility for cash provision, cash replenishment (from their takings) and telecommunications
“Shareholders”	the holders of Ordinary Shares
“Sterling” or “£”	the legal currency of the UK
“Tidel”	Tidel Engineering, LP, Cashbox’s US-based former ATM supplier, who have recently sold their ATM business to NCR
“Triple DES”	an enhanced version of DES that allows for more security than DES alone. Triple DES uses three keys and encrypts three times
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority, acting through the United Kingdom Listing Authority, in its capacity as the competent authority for the purposes of Part VI of FSMA
“US” or “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Dollar” or “US\$”	the legal currency of the USA

PART I

INFORMATION ON THE COMPANY

The financial information contained in this Part I has been extracted without material adjustment from Part IV of this document. Prospective investors should read the whole of this document and not rely solely on the information contained in this Part I.

1. Introduction

Cashbox began trading in September 2003 and, as at 31 December 2005, owned and/or operated an estate of 845 independent ATMs in the UK. The Directors anticipate that Cashbox will have further ATM installations, and the Directors believe there is potential for further installations (where considered viable and subject to any landlord or other third-party consent), as shown in the table below:

<i>LINK designated category</i>	<i>ATMs installed at 31 December 2005</i>	<i>Anticipated ATM installations</i>	<i>Potential further ATM installations</i>
Convenience (includes off licenses, convenience stores)	265	400	3,500
Leisure (cinemas, bowling, holiday parks, race courses, amusement arcades etc)	20	3	357
Motoring (petrol forecourts, motorway services, car park operators)	15	0	500
Services (University Student Unions, Colleges)	9	0	0
Social (pubs, bars, nightclubs)	433	85	1,153
Supermarket	2	0	0
Workplace (offices, canteens etc)	4	0	0
Processing (contracts won for migration of existing ATM estates to Cashbox network)	97	108	0
	845	596	5,510

Cashbox generates revenue in the following ways:

1. Transaction revenues

- Convenience Fees incurred by the cardholder at the time of withdrawing cash from an ATM; and
- Interchange Fees paid to Cashbox by the cardholder's bank or building society on ATM balance enquiries and rejected transactions and transactions where no Convenience Fee is charged.

2. Sales of ATMs

- ATM sales to Merchants under the *Sale Model*.

Cashbox's sales strategy is based on selecting amongst three models (*Sale Model*, *Placement Model* and *Fully Managed Model*) to aim to maximise the profit potential of each ATM site. The Directors intend that the *Placement Model* will become Cashbox's main basis for deploying self-fill ATMs, whereby the ATM is placed with and replenished by the Merchant, eliminating the need for third party cash handling costs. 95 transacting *Placement Models* were in place at 31 December 2005. The Directors believe that they have shown this model, using their detailed site surveys, will enable Cashbox to place ATMs profitably in lower footfall areas, which the Directors believe effectively expands the market available to Cashbox. The Directors intend that for sites with higher footfall, the *Fully Managed Model* (whereby ATMs are replenished by third party cash handling firms) will be used.

Only sites where Cashbox's detailed survey shows an ATM is expected to generate a gross profit contribution will be selected for ATM deployment.

2. History and Background of Cashbox

Cashbox was founded by Carl and Matthew Thomas in 2003. Prior to founding Cashbox, Carl Thomas was in charge of corporate sales at Hanco. During Carl's time at Hanco, Hanco increased the ATM installed

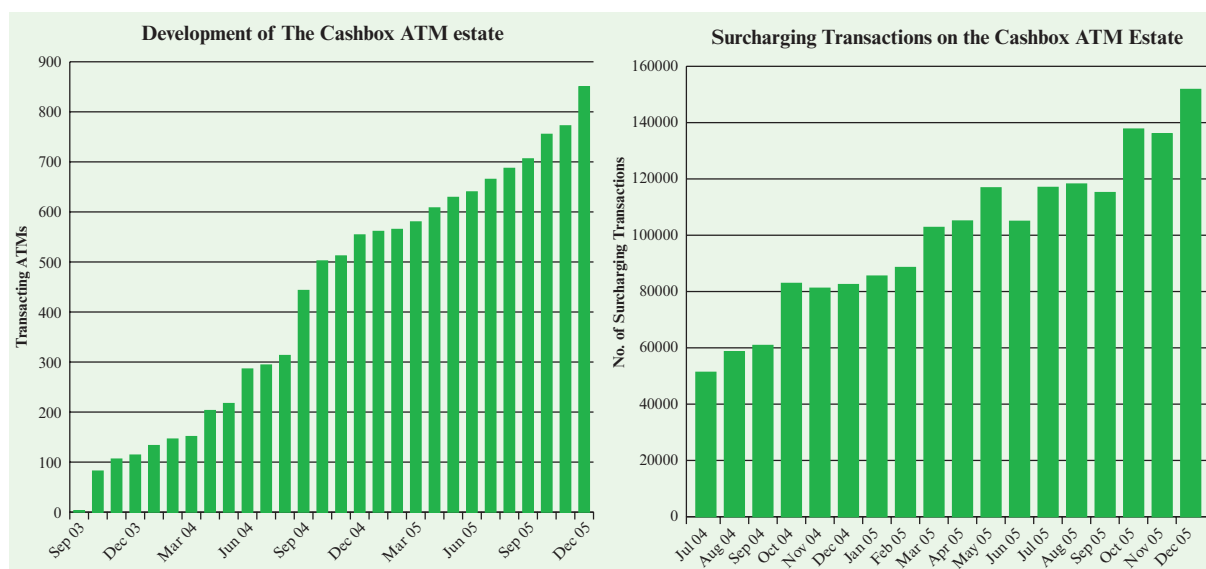
base to over 3,600 ATMs as at the end of June 2003, making Hanco the largest IAD in terms of numbers of ATMs in the UK at this time.

Since 2003 Cashbox's ATM estate has grown from zero to 845 as at 31 December 2005. It won its first contract with the drinks merchant Thresher Group, and in September 2003, Cashbox installed its first ATM. Cashbox installed its 50th ATM during October 2003 and its 100th ATM during November 2003. The following month, Cashbox installed its first machine for the pub group Greene King.

Cashbox was granted membership of LINK in March 2004, allowing Cashbox to incorporate its ATMs in the LINK network. Cashbox became the first IAD in the UK to become completely compliant with the Triple DES security standard in June 2004. Cashbox installed its 500th ATM in October 2004.

In January 2005, Cashbox introduced the *Placement Model* on a selected test basis and subsequently signed contracts with companies such as Scottish & Newcastle Pub Enterprises and Nisa Today's which, when combined, offer a significant number of potential ATM sites. In addition, with regard to the *Fully Managed Model*, Cashbox has negotiated agreement to proceed to trial installations with an operator with over 70 potential sites. The trial installation commenced in the first quarter of 2006.

Development of the Cashbox ATM estate and transactions



Source: Cashbox

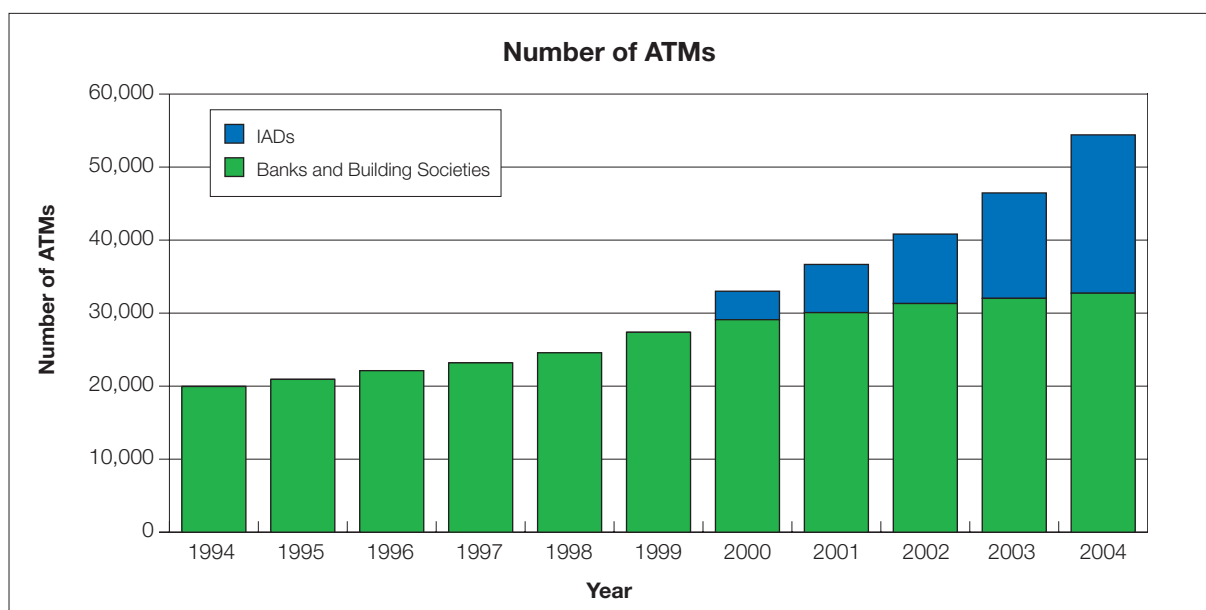
3. Industry Overview

Over the five years ended 31 December 2004, the number of ATMs in the UK has nearly doubled, with 80% of the ATMs deployed during those years being installed in locations other than banks and building societies. By the end of 2004, 54,412 ATMs were in operation. More than 90% of new ATMs deployed during 2004 were supplied by an IAD.

Transaction volumes have grown in line with ATM deployment; 1.3 billion transactions took place in 1994 growing to 2.5 billion in 2004. Average Convenience Fees are currently around £1.50. The Directors believe Convenience Fees will rise with some ATM sites already charging close to £2.00.

Currently, 50% of cash in circulation is sourced in the UK from ATMs and APACS predicts this will rise to 75% by 2011.

The UK is the third largest ATM market in Western Europe, representing 16% of installations and the eighth largest ATM market in the world. In 2004, the UK was the fastest growing ATM market in Western Europe, largely driven by the increase in remote locations due to IADs.



Source: Association for Payment Clearing Services (APACS)

The Directors believe there are many different opportunities for growth and additional sources of revenue for the surcharging ATM sector, driven by a number of factors:

- demographic preference for younger customers to withdraw cash from ATMs;
- growth in non-bank ATM locations, resulting from the greater commercial viability of surcharging ATMs compared with non-charging ATMs in low footfall areas;
- the sale of ATM estates by financial institutions, which could in certain cases prove profitable if run by an IAD;
- trend for the payment of state benefits directly into bank accounts; and
- introduction of additional services provided by ATMs, including on-screen advertising, voucher and coupon dispensing, and mobile phone top-ups.

Treasury Select Committee Report

In March 2005, the Treasury Select Committee appointed by the UK Government to investigate ATM Convenience Fees released its findings. A memorandum submitted by HM Treasury to the Select Committee stated that it “welcomes the changes [to access, pricing and transparency of charges in the ATM industry] because they have made the industry more competitive, with clear benefits for consumers”. The memorandum also mentioned the liberalisation of LINK membership criteria in a positive light, attributing the increased competition in the market to the introduction of independent ATM operators and noting that ATMs are now available in locations such as pubs, shops and garages, thereby increasing consumer choice.

The memorandum acknowledged that “there are costs to supplying an ATM service and it would not be commercially viable for an ATM operator to offer the service if these costs could not be recovered”. It goes on to state that “in the majority of cases, the surcharge would seem to be commercially justified”.

The memorandum also stated that “the Government believes that charges are a commercial matter for ATM operators”, with specific warnings against the introduction of direct regulation of retail prices. The main recommendation of the Select Committee was that ATM charges should be transparent.

Competition

The Directors believe that the competition can be broadly categorised as follows:

- high street banks and building societies; and
- other IADs such as Hanco (now owned by Royal Bank of Scotland plc), Cardpoint plc (including Moneybox plc), TRM Corporation and Bank Machine Limited.

The Directors believe that the Cashbox ATM installation team is efficient, that its ATMs have low cost and relatively high specification, that Cashbox focuses on customer service and that these factors, combined with management's knowledge of the ATM market offer significant advantages in securing ATM estates.

The Directors believe that the following factors represent deterrents to new entrants to the market:

- membership of LINK is critical to any independent ATM operator. Requirements for membership include:
 - strict accreditation controls including conformity with LINK's technical and security standards;
 - the need to operate a dispute resolution service; and
 - the meeting of minimum performance standards.
- In the Directors' opinion it is not currently economically viable for either the ATM owner or the key ATM suppliers to service a small estate of ATMs. In particular, the requirement for initial capital, the initial cost of LINK membership and the ongoing fees are proportionally higher per ATM for operators with a small number of ATMs.

4. Business Overview

Cashbox installs and operates ATMs, generally on five to seven year processing contracts, at sites, in the Directors' opinion where there is demand for cash withdrawal services and where customers are willing to pay a Convenience Fee. The Directors believe that generally, such sites are not of interest to banks or building societies nor would economically support the type of non-fee charging ATMs deployed by banks or building societies due to the relatively low number of transactions they generate. Once an ATM is deployed, and its fixed monthly costs are covered by Convenience Fee revenue, the marginal cost of an additional transaction at an ATM is low, giving a high level of operational gearing.

Cashbox shares the Convenience Fees with the ATM site owners (the proportion retained by Cashbox being determined by the business model under which the ATM is deployed) and keeps all Interchange Fees.

Cashbox has the following ATM deployment models:

- Merchant-Fill Sale Model;
- Merchant-Fill Placement Model; and
- Fully Managed Model.

As at 31 December 2005, 88.8% of Cashbox's ATMs have been deployed using the *Sale Model*. In future, the Directors intend to use the *Placement Model* and *Fully Managed Model* as Cashbox's main methods for deploying ATMs. The Directors intend that Cashbox will only use the *Fully Managed Model* in locations where higher transaction levels are predicted.

The following table shows the comparison between Cashbox's ATM deployment models:

	<i>Sale Model</i>	<i>Placement Model</i>	<i>Fully Managed Model*</i>
Footfall of locations	Low/medium	Medium/high	High
Cash replenishing	Merchant	Merchant	Outsourced CIT
Typical gross Convenience Fee	£1.50	£1.50	£1.75
Average percentage of Convenience Fee retained by Cashbox	29.3%	64.8%	65.7%
Average percentage of Convenience Fee retained by Merchant	70.7%	35.2%	34.3%
Interchange Fee for balance inquiry/rejection	£0.182	£0.182	£0.182
Percentage of Interchange Fee retained by Cashbox	100%	100%	100%
Typical contract length in months	60-84	84	84
Minimum monthly transaction volume to achieve gross profit contribution	16	69	696

* Note: these are expected terms, as Cashbox currently only has fully managed ATMs under a trial agreement.

The Directors recognise that, as Cashbox now focuses on offering ATMs predominantly on the Placement and Fully Managed Model, site selection is of the utmost importance and Cashbox will continue to undertake detailed in depth surveys of potential new sites prior to placing ATMs in new locations.

Merchant-Fill Models (both Placement and Sale Models)

Under the Merchant-Fill models (both Placement and Sales Models) the Merchant takes responsibility for cash provision, cash replenishment and telecommunications. Cashbox provides transacting, processing and maintenance services to these ATMs. Once cash is withdrawn from the ATM by the customer, funds are returned via the Bank of England to the Merchant by electronic funds transfer from Cashbox on a three-day cycle. This reduces the daily booking needs of a Merchant thus providing a saving in bank fees for the Merchant.

Under the Placement Model the ATM is provided for the Merchant's use. Cashbox retains a larger proportion of the gross Convenience Fee that is the case with the Sale Model. Under the Placement Model, Cashbox retains the right to remove and relocate an ATM at its own discretion. The Directors intend that the Placement Model will become Cashbox's main basis for deploying self-fill ATMs. 87% of contracts signed by Cashbox since 1 August 2005 are for the Placement Model.

Under the Sale Model, Cashbox sells the ATM to the Merchant. Consequently the Merchant receives a greater proportion of the gross Convenience Fee than is the case under the Placement Model. The Directors intend that Cashbox will not actively pursue the Sale Model.

Fully Managed Model

Under the Fully Managed Model, it is the Directors' intention that the ATM is provided for the Merchant's use. Cashbox would be responsible for providing and replenishing the cash (outsourced to a cash provider and CIT) and maintaining these ATMs. The Merchant therefore would have no need to intervene with the operation of the ATM at any time. The costs associated with this model would make it appropriate for locations projected to generate high transaction levels. It is the Directors' intention that under the Fully Managed Model, Cashbox would retain the right to remove and relocate at ATM at its own discretion.

Benefits of an ATM to Merchants

In addition to the transaction-based revenue that Merchants can earn by installing an ATM, there are the following benefits of an ATM for Merchants, as research shows:

- *Increased footfall* – a Merchant site will typically experience an increase of customer footfall following the installation of an ATM.
- *Customer retention* – ATM users will typically visit premises that have an ATM more frequently.

- *Increased cash spend* – Merchant’s customers will typically spend 11% more in-store if they have withdrawn cash from an on-site ATM.
- *Increased turnover* – where the Merchant is a pub operator, increases in turnover of up to 17% have been reported.
- *Bank charge savings* (relevant to merchant-fill models) – once this cash is withdrawn from the ATM, the Merchant’s bank account is credited with the funds electronically three days later. This saves on banks’ cash handling fees for the Merchant.

Customers

Cashbox’s customers fall into three categories:

1. *Corporate estates* – relationships with Merchants with multiple sites (20+) gives Cashbox access to a potential pipeline of future locations. Cashbox currently has ATMs installed in only a small proportion of the locations operated by many of its existing customers. The Directors expect that the number of ATMs deployed on these corporate estates will increase. Examples of Cashbox’s corporate estate customers include Thresher, Greene King, Belhaven Breweries, Nisa Today’s, Scottish & Newcastle and Union Pub Company. Certain of these customers have sites numbered in the thousands.
2. *Commercial estates* – Commercial estates are classified by Cashbox as those which have a potential of 2-20 ATM sites and include independent chains of petrol/service stations, nightclubs, health clubs and pub operators and owners.
3. *Independents* – Independents comprise single site opportunities.

Of the 845 ATMs installed by Cashbox at 31 December 2005, some 89% are located in corporate estates.

The Directors intend that Cashbox’s growth strategy be based on a segmented market approach involving three sales teams covering “Corporate”, “Commercial” and “Independent” opportunities.

Key suppliers and relationships

Set out below are the key suppliers used by Cashbox and the services they provide:

- *LINK* – LINK Interchange Network Ltd services the UK ATM network by providing the central hub, the telecommunications and IT infrastructure and the settlement and management information to its members. It allows the cardholders of every member financial institution or card issuer to use the ATM of any LINK member and equivalent overseas organisations. In March 2004, Cashbox became a full member of LINK;
- *NCR* – NCR is a manufacturer of ATMs, and recently acquired the ATM business of Tidel, which provides hardware, software and services to Cashbox for its estate of merchant-filled ATMs;
- *Avantra* – Avantra, formerly known as ATMOS, provides outsourced ATM acquiring and card issuing transaction management services and is a trading division of LINK; and
- *Bank of England* – Bank of England provides settlement of transactions.

Save for LINK and the Bank of England, the Directors are aware of alternative suppliers for each of the above functions.

Cashbox has agreed a five year leasing agreement with General Capital Venture Finance Limited, a UK-based specialist asset finance provider (the “Asset Finance Provider”), to provide funding for all Placement and Fully-Managed Model ATMs during the next 12 months. Further details of this agreement and the related security arrangements are set out at paragraph 10.12 in Part V. The Asset Finance Provider will also be issued with warrants to subscribe for 2,000,000 Ordinary Shares, at the Placing Price, in four tranches (two of 400,000 and two of 600,000 warrants each), one series to be issued within three days of each drawdown pursuant to the agreement.

Technology

The current Cashbox ATM specification (*Sale Model* and *Placement Model*), manufactured by Tidel, delivers secure cash delivery and incorporates a large (10.4 inch) high definition screen. The ATM is designed for straightforward, reliable operation and as such is intended for replenishment by non-specialist personnel, enabling Merchants to keep the machine operational and ready for use by its customers.

Cashbox's in-house designed database system, built on a Microsoft Access and Microsoft SQL 2005 databases, Databox, and diagnostic software platform licensed to Cashbox by Tidel, AIMS, allows Cashbox remotely to manage and update its ATMs. Features of AIMS include system diagnostics, machine software and graphics management without the need to visit the ATM.

Cashbox was the first IAD in the UK to implement successfully the latest ATM encryption standard, Triple DES, and was among the first to implement Chip & PIN technology across its entire estate of ATMs.

5. Strategy

Cashbox's sales strategy is based on selecting amongst three models (*Sale Model*, *Placement Model* and *Fully Managed Model*) to maximise the profit potential of each ATM site. The Directors expect that the majority of new installations will use a *Placement Model* whereby the ATM is placed with the Merchant and replenished by the Merchant, eliminating the need for third party cash handling costs. The Directors believe this model, using their detailed site surveys, will enable Cashbox to place ATMs profitably in lower footfall areas which effectively expands the market available to Cashbox. For sites with higher footfall, the *Fully Managed Model* (whereby ATMs are replenished by third party cash handling firms) will be used.

The Directors believe that Cashbox's sales process, which includes Cashbox's fully employed survey team undertaking detailed site analysis before recommending to the Merchant the appropriate deployment model (including rejecting sites with poor prospects), provides a strong platform for growth.

The Directors are confident of the organic growth potential of Cashbox's ATM business. The Directors also believe that there are a number of current opportunities in the sector which could result in the management of other ATM estates being outsourced or, in certain cases, ATM estates being sold.

Over the next 18 months, Cashbox intends:

- to market actively Cashbox's *Placement* and *Fully Managed* ATM deployment models;
- to expand significantly its ATM estate organically; and
- to explore opportunities to acquire or manage further ATM estates.

6. Reasons for the Flotation and Use of Proceeds

The proceeds of the Placing, net of the total anticipated costs and expenses of the Placing and Admission, receivable by the Company are approximately £3.51 million. The net proceeds will be principally used to re-pay trade and other creditors, re-pay debt and fund Cashbox's expansion of the ATM estate to exploit the *Placement* and *Fully Managed* sales pipeline and to strengthen the balance sheet of Cashbox.

The Directors believe that the Company's AIM status will benefit the Company in a number of ways which include: raising the Company's corporate profile, providing the Company with a more flexible capital structure, and allowing the Company to capitalise on consolidation opportunities in the sector.

7. Current Trading and Prospects

In the second half of 2005, Cashbox increased its ATM estate from 643 to 845 ATMs and the Directors are encouraged by the strength of the Group's sales pipeline.

The Directors intend to continue to expand Cashbox's ATM estate with the funds available from the Placing. Over 450 new sites have already been identified and surveyed. The Directors believe that current market demand will accommodate an installed portfolio of approximately 3,600 ATMs in its chosen locations over the period to 30 June 2007.

8. Summary Financial Information

The following summary consolidated financial information relating to Cashbox has been extracted from, and should be read in conjunction with, the Accountants Report and financial information set out in Part IV of this document:

	15 months ended 31 August 2004 £'000	10 months ended 30 June 2005 £'000
Turnover	1,410	2,420
Gross profit	240	658
Operating loss	(2,006)	(1,807)

The summary shows that turnover for the 10-month period to 30 June 2005 has grown compared to the 15-month period to 31 August 2004. In the Directors' opinion this has been achieved through a combination of increasing the number of ATMs deployed and increasing the withdrawal fee.

There has been an improvement in gross profit and gross margin. Once an ATM is deployed, and its fixed monthly costs are covered by Convenience Fee revenue, the marginal cost of an additional transaction at an ATM is low, giving a high level of operational gearing.

Cashbox incurred significant losses during its initial development phase but, in the Directors' opinion, has made progress and in the 10 months ended 30 June 2005 reported gross profit of approximately £0.7 million. In the Directors' opinion operations have not yet achieved the critical mass number of ATMs required to support their infrastructure costs.

9. The Placing

The Company is issuing 22,500,000 new Ordinary Shares pursuant to the Placing at the Placing Price, representing approximately 36.9% of the enlarged issued share capital on Admission, for the purposes referred to in paragraph 6 of this Part I. The Placing Shares will be issued as fully paid and will, on issue, rank *pari passu* with the Ordinary Shares already in issue at Admission. Application has been made for the Placing Shares to be admitted to trading on AIM and Admission is expected to occur on Wednesday, 29 March 2006.

10. Directors, Senior Management and Employees

Brief biographies of the Directors are set out below. Paragraph 4 of Part V contains further details of current and past directorships and certain other important information regarding the Directors.

Anthony Sharp, aged 43 – Non-Executive Chairman

Anthony has been involved in helping and investing in growing businesses since he was 17 years of age. He has owned and managed businesses in sectors as diverse as pubs and electronic publishing, from the 1980s to the present day and in the UK and the United States. As part of a syndicate he has invested, at an early stage, in companies such as lastminute.com and GoAmerica.

Anthony lived in New York City for 10 years assisting in building a publishing business (MAID) which was later floated on the London Stock Exchange with a secondary offering of ADRs on the NASDAQ. Latterly, he invested in and was appointed Chairman of NMTV, also known as Silicon.com, which was sold to CNet in 2002.

Carl Thomas, aged 41 – Chief Executive and Founder

Carl established Cashbox in 2003. Carl has many years' experience in the UK ATM sector having joined Hanco in 2001 to set up the Corporate Sales Department. Over the two years that Carl spent at Hanco, Hanco increased the ATM installed based to over 3,600 machines as at the end of June 2003, making Hanco the largest IAD in the UK.

Carl's career has spanned a number of disciplines beginning with five years working in the retail sector. Carl moved into his first sales role in the late 1980s working for Dairy Crest and ultimately assumed responsibility for sales training. He subsequently spent a number of years in consumer and brand marketing roles which led to his appointment as UK Trade Marketing Manager for The Prestige Group.

Returning to the sales arena in the mid 1990s, Carl joined the Sony Corporation where he used his fast moving consumer group skills and experience to establish Sony Media products within the multiple retail sector, a new sector for the company.

Carl worked for Bristol Myers and Revlon International in the late 1990s handling their largest European accounts (Boots and Tesco), before joining Hutamaki Van Leer where he headed up the UK and European prepared food packaging division.

His last role prior to joining the ATM industry was as European Sales Director for Datamonitor, a fast growing market analysis and research company and now a publicly quoted business.

Darren Woolsgrove, aged 35 – Finance Director

Prior to his involvement in Cashbox, Darren spent two years as an independent management consultant advising companies on financial and strategic issues. During this time he spent 15 months as Acting Chief Executive of The Fresh Olive Company of Provence Limited, a specialist food manufacturer, importer and distributor. This role involved a full review of strategic direction and an analysis and redesign of all internal systems and controls.

Before this, Darren was a founder and Finance and Operations Director of an online media company, Silicon Media Group Limited which published an online news service for IT professionals called silicon.com. Silicon was formed in 1998 and went through a private funding and two VC funding rounds before being successfully sold to CNet Networks in Sept 2002. At its peak, the company employed 150 people in three locations and had group turnover equivalent to £10 million per year. Darren led the fundraising processes and had full responsibility for all financial, legal and operational functions across the group, including HR.

Prior to this, Darren spent 4 years at Ideal Hardware Plc, his final role being that of Group Financial Controller, a year as Accountant at Anglo Nordic Burner Products and four years as Trainee Accountant at Carton Garrigan.

Matthew Thomas, aged 34 – Operations Director

Matthew joined Cashbox in 2003 as one of the founding directors. As Operations and IT Director Matthew has been responsible for putting together the engineering and support teams across the Company and has developed and implemented Cashbox's IT infrastructure.

Prior to Cashbox, Matthew held a board position with Seetech Computing Ltd, an IT company specialising in leading edge network infrastructure and thin client technology. Matthew focused on project management and successfully delivered a number of large IT solutions to key accounts across the UK.

Before Seetech, Matthew worked in the entertainment industry for Stage Electrics Ltd, a technical services Company to the entertainment industry. At the time Stage Electrics employed 12 people and was run from its head office in Exeter. Matthew worked closely with the management team and helped to expand the company to the largest such technical services company in Europe ultimately employing almost 400 people with turnover of £22 million. During Matthew's 12 years with Stage Electrics, he set up and managed the service operation across the company's six offices and managed the technical design commissioning and software delivery of the company's projects, overseeing projects for customers such as The Millennium Stadium Cardiff, The Royal Court Theatre London, The Millennium Dome and a large number of major West End shows and theatre installations across the country.

Charles Hallett, aged 33 – Corporate Sales Director

Charles began his career as a Recruitment Consultant with Reed Employment. He subsequently joined Rentokil Initial's Management Development Programme, gaining experience across a number of divisions throughout the UK. Following his time at Rentokil Initial, Charles set up a consultancy business where he advised a range of businesses from small enterprises to large corporations including First Choice Holidays, Business Post, Hyster and QS plc on growth strategies.

Charles entered the ATM industry in March 2001 when he joined Hanco as Corporate Sales Manager where he had responsibility for new business development and key account management. Charles secured numerous important contracts, including deals with Thresher Group, Budgens, Unwins and Unique Pub Company.

Robin Saunders, aged 43 – Non-executive Director

Robin Saunders is a London based financier who has specialised in securitisation, capital markets and private equity for nearly 20 years. In 2004, she launched a Private Equity boutique, Clearbrook Capital Partners LLP, with the support of high net worth investors and financial institutions across Europe and the US. Clearbrook Capital Partners has since completed nine acquisitions across three platform companies. Until 2004, she was Managing Director of the Principal Finance Group at WestLB AG. She has specialised in acquisition and securitisation financing of strong cashflow businesses in a variety of sectors: Broadcasting Rights, Real Estate, (pubs, cinemas, sports grounds), Utilities, (water, telecom, electricity), Consumer Services (environmental, food analysis), Intellectual Property, Mortgages, Leases, Banking Assets and others. Some of her investee companies and clients have included Odeon, Wembley National Football Stadium, Whyte & MacKay, Pubmaster, Formula 1, British Home Stores, and Telecom Italia and Olivetti Spa.

Robin has previously or currently serves on the boards of Formula One Holdings, Pubmaster, British Home Stores, Mid Kent Water, Whyte & MacKay, Odeon Limited, and The Office of the Rail Regulator.

Stephen Brown, aged 67 – Non-executive Director

Stephen Brown has over 30 years of experience in the investment banking industry. In 1983 he founded S.L. Brown & Company, a private investment partnership engaged in acquisition and merchant banking activities as principal. The firms primary investments included the acquisition of Excelsior Truck Leasing Company, Inc. a former subsidiary of Conrail, and the acquisition of a control position in Franklin Capital, an American Stock Exchange listed investment company where Mr. Brown served as Chairman and CEO from 1987 to 2004.

Mr. Brown presently is Chairman of Brimco LLC, a private investment firm in New York, and serves on the board of directors of Copley Financial Services, advisor to the Copley Fund Inc., a publicly traded mutual fund as well as a director of U.S. Energy Systems, a NASDAQ Small Cap listed independent producer of alternative fuels.

Mr. Brown is a graduate of New York University School of Law, LLB 1965, Brown University, BA 1961 and the Peddie School 1957, where he has served as a Trustee since 1991.

Employees

Cashbox currently employs 18 people, of whom 11 are based at Cashbox's corporate headquarters in Hook. Cashbox employs 3 sales staff, 2 surveyors and 6 engineers. 7 administration and support staff provide a central resource for Cashbox. The 4 executive directors are employed by the Company.

11. Dividend Policy

The Directors currently intend to apply the Company's cash resources to invest in the growth of its operations and therefore do not anticipate paying dividends in the near future. They will reconsider the Company's dividend policy as and when the Company is in a position to pay dividends. The declaration and payment by the Company of any dividends will depend on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

12. Share Options

The Board believes that the retention of senior management and employees will be a key factor in the success of the Company. Consequently, the Company intends to adopt an Enterprise Management Incentive Plan together with an Unapproved Share Option addendum, details of which are set out in paragraph 14 of Part V of this document. It is intended that options will be granted following Admission at

market value. Options will be granted to all employees and executive directors. Where appropriate, options will be subject to performance targets to be determined by the Board.

Under the rules of the plan, the aggregate number of Ordinary Shares that may be placed under option will not exceed 10% of the issued ordinary share capital of the Company in any 10 year period.

The above summary excludes options over 2,400,000 Ordinary Shares which will be granted to Darren Woolsgrove, Charles Hallett and Andrew Wilmott. These options will not be subject to performance conditions, will be exercisable at any time and will have an exercise price of 1p per Ordinary Share. The Company will be responsible for the employer's National Insurance Contributions arising on the exercise of these options. The three option holders will agree that they will not sell, transfer or otherwise dispose of any Ordinary Shares acquired through the exercise of these options for a period of one year from the date of Admission.

13. Lock-in and orderly market arrangement

The Directors, who are interested in aggregate 73.5 per cent. of the Ordinary Shares in issue at the date of this document, have each agreed with Seymour Pierce and the Company not to dispose of any of the Ordinary Shares held by them at the date of this document for a period of one year from the date of Admission and, for a further one year, to be subject to an orderly market arrangement between themselves and Seymour Pierce. These undertakings do not apply in certain specified circumstances, including acceptance of an offer for the share capital of the Company that would result in the offeror obtaining or consolidating control of the Company (as defined in the City Code on Takeovers and Mergers) or the execution of an irrevocable commitment to accept such an offer.

In addition certain other shareholders, who hold in aggregate 17.3 per cent. of the Ordinary Shares in issue at the date of this document, have also agreed with Seymour Pierce and the Company not to sell, transfer or otherwise dispose of any Ordinary Shares held by them, other than in certain specified circumstances, for a period of one year from the date of Admission.

Further details of these undertakings given to Seymour Pierce and the Company are set out in paragraph 13 of Part V of this document.

14. Corporate governance

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Company. The Directors intend to comply with the main provisions of the Combined Code on Corporate Governance and Code of Best Practice as appended to the existing listing rules of the UKLA, insofar as possible and appropriate given the Company's size and the constitution of the Board.

An audit committee, comprising Stephen Brown and Anthony Sharp, has been established to determine the application of the financial reporting and internal control principles, including reviewing the effectiveness of the Company's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee is chaired by Anthony Sharp.

A remuneration committee, comprising Stephen Brown and Robin Saunders, has been established to review the performance of the executive directors and will set their remuneration and consider bonus and share options schemes. No Director will take part in discussions concerning their own remuneration. The remuneration committee is chaired by Stephen Brown.

The Company has adopted a model code for Directors' and key employee share dealings which is appropriate for a company whose shares are traded on AIM. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees as well.

15. Additional information

Your attention is drawn to the Risk Factors set out in Part II and to the information contained in Parts III to V of this document.

PART II

RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. This Part II contains what the Directors believe to be the principal risk factors associated with an investment in the Company. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results of future operations could be materially adversely affected. In such circumstances, the value of the Company's shares could decline and an investor may lose all or part of his investment. There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company. This document contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

Legislative and regulatory change

The future of Cashbox's ATM business depends on a continued ability to charge a Convenience Fee. There is no guarantee that future legislation or industry regulation will not seek to limit or eliminate Convenience Fee charging. In this event, Cashbox's ability to pursue the business model described in Part I of this document would be undermined. The 2005 Treasury Select Committee report did not recommend any constraints on Convenience Fee charging.

From time to time technical upgrades to ATMs and ATM software may be required to comply with industry regulations relating amongst other things to security, encryption and access and usability. Any such requirements could lead to temporary disruption and unbudgeted expenditure.

Changes in ATM technology and consumer trends

New technology in the ATM sector may result in the existing machines in the Cashbox network becoming obsolete, requiring Cashbox, or the Merchants in Cashbox's network who own their machines, to either replace or upgrade existing machines. Any replacement or upgrade programme to machines that the Group owns or must upgrade or replace under contracts with Merchants would involve substantial expense. A failure either to replace or upgrade obsolete machines could result in customers using other ATM networks that have newer technology, thereby reducing Cashbox's sales and margins.

The willingness of consumers to pay Convenience Fees for withdrawing cash or the frequency with which they withdraw cash from ATMs could lessen in future. Any such occurrence would have a materially adverse impact on Cashbox's ability to operate its business and on its future financial results.

Markets and competition

Cashbox's business is based on ATMs and their supporting network infrastructure, which are common technologies that could be exploited by others. The markets in which Cashbox operates are competitive and may become more competitive. Although the Directors believe Cashbox will compete favourably in these markets, there can be no assurance that Cashbox can maintain its competitive position against current, and any future, competitors, especially those with greater financial, sales and marketing and personnel resources than Cashbox. In the future the Group may experience pricing pressures from competitors and customers which may adversely affect sales levels and/or gross margins.

Reliance upon key suppliers and partnerships

Cashbox enjoys good relationships with its suppliers, including its historical supplier Tidel, which (until recently) supplied all the Company's ATMs. Tidel has recently sold its ATM manufacturing business to NCR. While the Directors currently expect that NCR will continue to supply Cashbox with ATMs on terms no less favourable than those which applied between Cashbox and Tidel, there can be no guarantee that this will continue to be the case. If the relationship were to cease, Cashbox would be obliged to make alternative arrangements and could suffer business disruption.

Cashbox is dependent on LINK both for its ability to receive transaction revenues and to process transactions. LINK could choose to raise the charges that it levies on Cashbox and its competitors. In addition, Cashbox's revenues rely upon the operation of the LINK network. A failure of the network would have a materially adverse effect on Cashbox's ability to generate revenue.

Loss of key customer contracts

Although Cashbox has five or seven year agreements to locate ATMs with a number of site owners, certain of those agreements are more material than others due to the number of ATMs and transactions represented by those agreements. The loss of any agreement covering a material number of sites could have an adverse impact on revenues and profits.

A significant proportion of Cashbox's revenues come from a relatively small number of customers. The loss or failure of one of these large customers would have a significant impact on Cashbox's revenues.

Dependence on key personnel

The success of Cashbox and its business strategy are dependent on its ability to attract and retain key management, technical, sales, marketing and other personnel with the relevant expertise and experience. The loss of one or more key employees could have a material adverse effect on Cashbox. Although Cashbox has entered into contracts with, and endeavoured to incentivise, key personnel, there can be no assurance that it will be able to retain its personnel.

Limited operating history

Cashbox is at an early stage of its development and has generated revenues from a small group of customers. At present Cashbox is loss making and the Directors intend to use the proceeds of the Placing to create a substantially larger profitable business. Cashbox's ability to achieve profitability is dependent on a number of factors including the ability to place ATMs with customers delivering satisfactory transaction volumes. Cashbox has a limited trading history upon which its future performance and prospects can be evaluated.

Working capital requirements

Whilst the Directors have no current plans for raising additional capital after Admission and are of the opinion that the working capital available to the Company will be sufficient for the next twelve months, there may be a need to raise extra capital in the future to exploit fully any opportunities presented to it. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or its Shareholders.

If required funds are not available, the Company may have to reduce expenditure on the maintenance, establishment and development of its business which could have material adverse effect on the Company's business, financial condition and prospects.

Share price volatility

The trading prices of the Company's Ordinary Shares may fluctuate. The Ordinary Share price may fluctuate as a result of a variety of factors, including the operating and share price performance of other companies in the industries and markets in which the Company operates; speculation about the Company's business in the press, media or the investment community; changes to the Company's sales or profit estimates; the publication of research reports by analysts; and general market conditions. Investors may not be able to recover their original investment as a result thereof.

Securities traded on AIM

AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. Neither the London Stock Exchange nor the UKLA have examined this document for the purposes of the Admission.

An investment in the Ordinary Shares of the Company is highly speculative and subject to a high degree of risk. Only those who can bear the risk of the entire loss of their investment should invest.

Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be quoted on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

Litigation

As referred to at paragraph 12 in Part V of this document, Cashbox is party to litigation brought by Hanco ATM Systems Limited. Although, as mentioned in such paragraph, indemnification arrangements have been put in place in favour of the Company and Cashbox in relation to such litigation, the efficacy of such arrangements depends upon a range of factors, most notably:

- (i) the financial ability of the parties thereto to perform their respective indemnification obligations (which are unsecured) when called upon;
- (ii) the fact that the Further Indemnity (as defined in such paragraph 12) is, as regards Carl Thomas and Annenberg Investment Management S.A., by way of sole recourse to their respective shareholdings;
- (iii) the fact that the entering into of the Further Indemnity is dependent on unconditional finance in respect thereof being put in place to the satisfaction of the Directors and Seymour Pierce (which may or may not be achieved);
- (iv) the fact that the liability of KKR Investment Management S.A. under the Further Indemnity is capped at £1,500,000; and
- (v) the fact that the indemnification arrangements apply only to damages, settlement and legal costs of the plaintiff, not those of Cashbox or the Company (and not those incurred on or prior to 28 March 2006).

The impact of any one or more of these factors could reduce or negate the efficacy of the indemnification arrangements as regards any award of damages or settlement, with consequential adverse effects on the balance sheet and earnings of the Group.

PART III

ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON CASHBOX PLC

Section A – Accountant's report on Cashbox plc



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

The Directors
Cashbox plc
Windriver House
Meridian Office Park
Osborn Way
Hook
Hampshire RG27 9HY

24 March 2006

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

Dear Sirs

CASHBOX PLC (THE "COMPANY")

Introduction

We report on the financial information on the Company for the period from 14 November 2005, being the date of incorporation, to 31 December 2005, as set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 24 March 2006 of Cashbox plc (the "Admission Document") based on the balance sheet of the Company as at 31 December 2005. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with the AIM Rules and for no other purpose.

Since incorporation, the Company has not traded, nor has it received any income, incurred any expenses or paid any dividends. Consequently, no profit and loss account is presented. No financial statements have been drawn up.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with generally accepted accounting principles in the United Kingdom.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 December 2005.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

Section B – Financial information on the Company

The Directors are responsible for the financial information on the Company set out in this Section B of Part III.

Balance sheet as at 31 December 2005

	<i>As at 31 December 2005 £</i>
Current assets	
Cash in hand	2
Total assets	<u>2</u>
Capital and reserves	
Called up share capital	2
Shareholders' equity	<u>2</u>

Notes to the financial information

1. Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

2. Shareholders' equity

The Company was incorporated with an authorised share capital of £50,000, divided into 50,000 Ordinary Shares of £1 each. On incorporation, Instant Companies Limited and Swift Incorporations Limited each subscribed at par for one Ordinary Share of £1.

On 17 January 2006, the subscribed shares of £1 each were sub-divided into 100 Ordinary Shares of 1 pence each. The remaining 49,998 authorised unissued shares of £1 each were reclassified as redeemable shares of £1 each and, on 20 January 2006 issued at par to Annenberg Investment Management S.A. for a consideration of an undertaking to pay up the nominal value thereof in full in cash on or prior to 31 December 2006.

On 17 January 2006, the authorised share capital of the Company was increased to £1,500,000 by the creation of 145,000,000 Ordinary Shares.

3. Post balance sheet events

On 23 March 2006, the Company acquired the entire issued share capital of Cashbox ATM Systems Limited for a consideration, which was satisfied by the issue and allotment of 38,051,800 Ordinary Shares, each of which was credited as fully paid.

PART IV

ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON CASHBOX ATM SYSTEMS LIMITED

Section A – Accountant's report on Cashbox ATM Systems Limited



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

The Directors
Cashbox plc
Windriver House
Meridian Office Park
Osborn Way
Hook
Hampshire RG27 9HY

24 March 2006

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

Dear Sirs

CASHBOX ATM SYSTEMS LIMITED (“CASHBOX LIMITED”)

We report on the financial information on Cashbox Limited set out in Part IV Section B. This financial information has been prepared for inclusion in the admission document dated 24 March 2006 of Cashbox plc (the “Admission Document”) on the basis of the accounting policies set out in note 4 of the financial information. This report is required by Section Two of the AIM Rules and is given for the purpose of complying with the AIM Rules and for no other purpose.

Responsibilities

As set out in note 1 to the financial information, the directors of Cashbox plc are responsible for preparing the financial information on the basis of preparation set out in the financial information and in accordance with generally accepted accounting principles in the United Kingdom.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Cashbox Limited as at the dates stated and of its losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in the financial information and in accordance with applicable UK accounting standards as described in note 4 to the financial information.

Declaration

For the purposes of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

Section B – Financial Information on Cashbox ATM Systems Limited

Profit and loss accounts

		<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
	<i>Notes</i>		
Turnover	5	1,410	2,420
Cost of sales		<u>(1,170)</u>	<u>(1,762)</u>
Gross profit		240	658
Administration expenses		(2,247)	(2,465)
Other operating income		<u>1</u>	<u>–</u>
Operating loss	6	(2,006)	(1,807)
Other interest receivable and similar income		3	6
Interest payable and similar charges	9	<u>(9)</u>	<u>(86)</u>
Loss on ordinary activities before and after taxation for the financial period	10	(2,012)	(1,887)
Accumulated loss brought forward		<u>–</u>	<u>(2,012)</u>
Accumulated loss carried forward		<u><u>(2,012)</u></u>	<u><u>(3,899)</u></u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

Balance sheets

	<i>Notes</i>	<i>As at 31 August 2004 £'000</i>	<i>As at 30 June 2005 £'000</i>
Fixed assets			
Tangible assets	11	85	128
Current assets			
Stocks	12	20	211
Debtors	13	466	198
Cash at bank and in hand		443	51
		<u>929</u>	<u>460</u>
Creditors: amounts falling due within one year	14	<u>(3,026)</u>	<u>(3,633)</u>
Net current liabilities		<u>(2,097)</u>	<u>(3,173)</u>
Total assets less current liabilities		<u>(2,012)</u>	<u>(3,045)</u>
Capital and reserves			
Called up share capital	16	–	4
Share premium account	17	–	850
Profit and loss account	17	<u>(2,012)</u>	<u>(3,899)</u>
Equity shareholders' deficit		<u>(2,012)</u>	<u>(3,045)</u>

Cash flow statements

		<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Cash flow from operating activities	22	313	(1,447)
Returns on investment and servicing of finance			
Interest received		3	6
Interest paid		<u>(9)</u>	<u>(86)</u>
Net cash outflow from returns on investments and servicing of finance		(6)	(80)
Capital expenditure			
Payments to acquire tangible fixed assets		<u>(117)</u>	<u>(81)</u>
Cash inflow/(outflow) before use of liquid resources and financing		190	(1,608)
Financing		<u>241</u>	<u>1,228</u>
Increase/(decrease) in cash	23, 24	<u><u>431</u></u>	<u><u>(380)</u></u>

Notes to the financial information

1. Responsibility

The Directors are responsible for the financial information on Cashbox ATM Systems Limited set out in this Section B of Part IV.

2. Incorporation

The company was incorporated as Cashbox ATM Systems Limited on 8 June 2003.

3. Basis of preparation

The financial information of Cashbox Limited has been prepared in accordance with UK GAAP.

The significant accounting policies applied in the financial information are consistently applied.

4. Accounting policies

The financial information has been prepared under the historical cost convention.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	– Straight line over 3 years.
Office equipment	– Straight line over 3 years.
Automated teller machines	– Straight line over 3 years.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that Cashbox Limited anticipates making suitable taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

5. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

6. Operating loss

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
This is arrived at after charging:		
Depreciation of tangible fixed assets	32	38
Auditor's remuneration for audit services	4	13
Exchange differences	–	(114)
	<u> </u>	<u> </u>

7. Employees

Staff costs (including directors) consist of:

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Wages and salaries	1,086	898
Social security costs	120	87
Other pension costs	19	37
	<u>1,225</u>	<u>1,022</u>

The average number of employees (including directors) during the period was as follows:

	<i>15 months ended 31 August 2004 Number</i>	<i>10 months ended 30 June 2005 Number</i>
Sales	5	4
Engineering	6	8
Head office	10	11
	<u>21</u>	<u>23</u>

8. Directors' remuneration

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	170	458
Company contributions to money purchase pension schemes	<u>3</u>	<u>2</u>

There were three directors in the company's defined contribution pension scheme during the period (2004: 1)

The total amount payable to the highest paid director in respect of emoluments was £115,080 (2004: £170,000). Company pension contributions of £1,238 (2004: £3,094) were made to a money purchase scheme on his behalf.

9. Interest payable and similar charges

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Interest	<u>9</u>	<u>86</u>

10. Taxation on loss on ordinary activities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Loss on ordinary activities before tax	<u>(2,012)</u>	<u>(1,887)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	(603)	(566)
Effect of:		
Expenses not deductible for tax purposes	5	91
Depreciation in excess of capital allowances	9	11
Unrelieved tax losses and other deductions arising in the period	589	467
Adjustment to tax charge in respect of previous periods	–	21
Other short term timing differences	–	(3)
Other	–	(21)
Current tax charge for the period	<u>–</u>	<u>–</u>

The company has tax losses of £3,632,156 (2004: £2,078,027) available for offset against future trading profits, subject to the agreement of HM Revenue and Customs.

The company has a deferred tax asset of £681,522 (2004: £380,767) which has not been recognised in the financial statements as there is currently insufficient evidence that it will be recoverable.

11. Tangible fixed assets

	<i>Fixtures and fittings</i> £'000	<i>Office equipment</i> £'000	<i>Other fixed assets</i> £'000	<i>Total</i> £'000
Cost				
As at 8 June 2003	–	–	–	–
Additions	–	117	–	117
As at 31 August 2004	–	117	–	117
Additions	14	7	60	81
As at 30 June 2005	14	124	60	198
Depreciation				
As at 8 June 2003	–	–	–	–
Provided for the period	–	32	–	32
As at 31 August 2004	–	32	–	32
Provided for the period	2	33	3	38
As at 30 June 2005	2	65	3	70
Net book value				
As at 31 August 2004	–	85	–	85
As at 30 June 2005	12	59	57	128

12. Stocks

	<i>As at</i> <i>31 August</i> <i>2004</i> £'000	<i>As at</i> <i>30 June</i> <i>2005</i> £'000
Finished goods and goods for resale	20	211

There is no material difference between the replacement cost of stocks and the amounts stated above.

13. Debtors

	<i>As at</i> <i>31 August</i> <i>2004</i> £'000	<i>As at</i> <i>30 June</i> <i>2005</i> £'000
Trade debtors	275	57
Director's loan accounts	83	0
Other debtors	86	61
Prepayments and accrued income	22	80
	466	198

All amounts shown under debtors fall due for payment within one year.

At 30 June 2005, included within other debtors is an amount of £Nil (2004: £83,451) owed to Cashbox Limited by Carl Thomas, a director of the company. The maximum loan amount outstanding during the period ended 30 June 2005 was £126,595 (2004: £126,500).

14. Creditors: amounts falling due within one year

	<i>As at</i> 31 August 2004 £'000	<i>As at</i> 30 June 2005 £'000
Bank overdraft	11	–
Director's loans	241	578
Other loans	–	36
Payments received on account	693	74
Trade creditors	879	1,585
Taxation and social security	247	155
Other creditors	782	407
Accruals	173	798
	<u>3,026</u>	<u>3,633</u>

15. Financial instruments

Cashbox Limited does not treat debtors and creditors as financial assets or financial liabilities.

16. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>31 August</i>	<i>30 June</i>	<i>31 August</i>	<i>30 June</i>
	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	£	£	£	£
Equity share capital				
1,000 ordinary shares of £1 each	1,000	–	101	–
400 "A" ordinary shares of £1 each	200	400	–	–
2,800 "B" ordinary shares of £1 each	800	2,800	–	2,800
1,800 "C" ordinary shares of £1 each	–	1,800	–	1,550
	<u>2,000</u>	<u>5,000</u>	<u>101</u>	<u>4,350</u>

On 21 September 2004, Cashbox Limited entered into a warrant agreement with Tidel Engineering L.P. The warrant allowed Tidel Engineering L.P. to subscribe for 5% of the ordinary share capital of the company. The warrant was exercised by Tidel Engineering L.P. on 31 August 2005 with the issue of 337 C ordinary shares as settlement of US\$300,000 of trade creditors balance.

On 25 November 2004, a special resolution was passed to increase the authorised ordinary share capital of Cashbox Limited from 2,000 to 5,000 ordinary shares. The 1,000 authorised ordinary shares were re-designated as C ordinary shares. A ordinary shares, B ordinary shares and C ordinary shares rank *pari passu* in all respects.

At the same time, 2,800 B ordinary shares and 1,299 C ordinary shares were allotted with a nominal value of £1 each. The total consideration received was £653,799.

On 2 June 2005 £200,000 in loans from Mr & Mrs Reddington were converted into 150 C ordinary shares.

Changes in the share capital of the company since 30 June 2005 are set out in paragraphs 2.2.7 and 2.2.8 of Part V.

17. Reserves

	<i>15 months ended 31 August 2004</i>		<i>10 months ended 30 June 2005</i>	
	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>
Opening reserves	–	–	–	(2,012)
Premium on shares issued during the period	–	–	850	–
Loss for the period	–	(2,012)	–	(1,887)
Closing reserves	<u>–</u>	<u>(2,012)</u>	<u>850</u>	<u>(3,899)</u>

18. Reconciliation of movements in shareholders' funds

	<i>As at 31 August 2004 £'000</i>	<i>As at 30 June 2005 £'000</i>
Loss for the period	(2,012)	(1,887)
Issue of shares	–	4
Premium on shares issued during the period	–	850
Net deductions from shareholders' funds	(2,012)	(1,033)
Opening shareholders' deficit	–	(2,012)
Closing shareholders' deficit	<u>(2,012)</u>	<u>(3,045)</u>

19. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £28,682 (2004: £35,213). There were no outstanding or prepaid contributions at either the beginning or end of either financial period.

20. Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	<i>As at 31 August 2004 Land and buildings £'000</i>	<i>As at 30 June 2005 Land and buildings £'000</i>
Operating leases which expire: After five years	<u>96</u>	<u>96</u>

21. Related party disclosures

As at the 30 June 2005, Carl Thomas owed Cashbox Limited £Nil (2004: £83,451).

During the period the company entered into transactions to the value of £3,410 (2004: £114,803) with See Tech Limited (a company part owned by Matthew and Carl Thomas' brother) and £10,759 (2004: £Nil) with Earthshine Limited (a company owned by Anthony Sharp). As at the 30 June 2005 there was no balance with See Tech Limited (2004: £18,609) and the company owed Earthshine Limited £12,642 (2004: £Nil).

At 30 June 2005, the company owed Matthew Thomas £48,445 (2004: £123,695) and was paid interest during the period of £8,975.

At 30 June 2005, the company owed Anthony Sharpe £530,000 (2004: £117,000) via Annenberg Investment Management SA and paid interest during the period of £61,000.

22. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Operating loss	(2,006)	(1,807)
Depreciation charges	32	38
Movement in working capital	–	83
Increase in stock	(20)	(191)
(Increase)/decrease in debtors	(466)	185
Increase in creditors	2,773	245
Net cash inflow/(outflow) from operating activities	<u>313</u>	<u>(1,447)</u>

23. Analysis of changes in net debt

	<i>Cash in hand and at bank £'000</i>	<i>Bank overdrafts £'000</i>	<i>Total £'000</i>	<i>Debt due within one year £'000</i>	<i>Total £'000</i>
At 8 June 2003	–	–	–	–	–
Cash flows	443	(12)	431	(241)	190
Non-cash flows	–	–	–	–	–
At 31 August 2004	443	(12)	431	(241)	190
Cash flows	(392)	12	(380)	(373)	(753)
Non-cash flows	–	–	–	–	–
30 June 2005	<u>51</u>	<u>–</u>	<u>51</u>	<u>(614)</u>	<u>(563)</u>

24. Reconciliation of net cash flow to movement in net debt

	<i>15 months ended 31 August 2004 £'000</i>	<i>10 months ended 30 June 2005 £'000</i>
Decrease in cash in the period	431	(380)
Cash flow from changes in debt	(241)	(373)
Movement in net debt in the period	<u>190</u>	<u>(753)</u>
Net debt at start of period	<u>–</u>	<u>190</u>
Net debt at end of period	<u><u>190</u></u>	<u><u>563</u></u>

25. Ultimate controlling party

Mr Anthony Sharp, a director, is the ultimate controlling party by virtue of his interest in Annenberg Investment Management SA, which holds 2,800 B ordinary shares in Cashbox Limited.

26. Post balance sheet events

Since 30 June 2005 the company has been involved in significant fund raising and conversion of existing loans to equity, in preparation for the institutional placing on the Alternative Investment Market. This fund raising has secured an additional £1,063,000 in cash from existing shareholders and certain other parties and the conversion of £644,000 of loans into shares. The converted loans were in respect of a number of parties and included £346,070 of amounts outstanding at 30 June 2005. The impact of this has been to reduce the existing shareholders' deficit and to strengthen the company's financial position.

Also see note 16 for post balance sheet events relating to share capital.

PART V
ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered as a public limited company in England and Wales under the Act on 14 November, 2005 with the name CashBox PLC and with registered number 5621143. On 23 January 2006, the Company received a certificate under section 117 of the Act to allow it to trade.
- 1.2 The liability of the members is limited.
- 1.3 The head and registered office of the Company is at Windriver House, Meridian Office Park, Osborn Way, Hook, Hampshire RG27 9HY. The Company's telephone number is 0870 126 2274.
- 1.4 The principal legislation under which the Company operates is the Act and regulations made thereunder.

2. Share capital and options

- 2.1 The following changes have occurred in the share capital of the Company:
- 2.1.1 On incorporation, the authorised share capital of the Company was £50,000 divided into £50,000 Ordinary Shares of £1 each.
- 2.1.2 On incorporation, Instant Companies Limited and Swift Incorporations Limited each subscribed at par for one Ordinary Share of £1.
- 2.1.3 On 14 November 2005, one subscriber share was transferred to each of Carl Thomas and Anthony Sharp.
- 2.1.4 On 17 January 2006:
- (a) an ordinary resolution was passed to subdivide each of the subscriber shares of £1 each in issue into 100 Ordinary Shares of 1p each and to reclassify the remaining authorised but unissued Ordinary Shares of £1 each as Redeemable Shares of £1 each, having the rights set out in respect thereof in the new Articles of Association of the Company referred to at 8.2 below;
 - (b) an ordinary resolution was passed to increase the authorised share capital of the Company from £50,000 to £1,500,000 by the creation of an additional 145,000,000 Ordinary Shares, ranking *pari passu* in all respects with the existing Ordinary Shares;
 - (c) an ordinary resolution was passed authorising the directors generally and unconditionally, pursuant to section 80 of the Act, to allot relevant securities (as defined in the Act) up to an aggregate nominal amount of £49,998, representing all of the Redeemable Shares, such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2006;
 - (d) a special resolution was passed approving and adopting new Articles of Association of the Company (a summary of which is set out in paragraph 8 below);
 - (e) a special resolution was passed empowering the Directors, pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority referred to sub-paragraph (c) above as if section 89(1) of the Act (which contains statutory pre-emption procedures in favour of existing shareholders which would otherwise apply) did not apply in respect of the allotment of the Redeemable Shares.
- 2.1.5 On 20 January 2006 the Redeemable Shares were issued at par to Annenberg Investment Management S.A. ("Annenberg") in consideration of the giving by such company of an undertaking to pay up the nominal value thereof in full in cash on or prior to 31 December 2006. Such Redeemable Shares are intended to be redeemed by the Company in full out of the proceeds of the Placing.

2.1.6 On 24 January 2006, an ordinary resolution was passed authorising the directors generally and unconditionally, pursuant to section 80 of the Act, to allot relevant securities (as defined in the Act) up to an aggregate nominal amount of £380,518, representing up to 38,051,800 Ordinary Shares issued as consideration for the acquisition by the Company of the entire issued share capital of Cashbox pursuant to an offer (“the Share Exchange Offer”) posted to the shareholders of Cashbox on 26 January 2006, such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2006;

2.1.7 On 23 March 2006:

(a) an ordinary resolution was passed authorising the directors generally and unconditionally, pursuant to section 80 of the Act, to allot relevant securities (as defined in the Act) up to an aggregate nominal amount of £576,760, representing in aggregate:

- (i) the aggregate nominal amount of the Placing Shares;
- (ii) the aggregate nominal amount of 1,500,000 Ordinary Shares to be issued on exercise of options (the “Darren Woolsgrove Options”) to be granted to Darren Woolsgrove, at an exercise price of the nominal value thereof;
- (iii) the aggregate nominal amount of 600,000 Ordinary Shares to be issued on exercise of options (the “Charles Hallett Options”) to be granted to Charles Hallett, at an exercise price of the nominal value thereof;
- (iv) the aggregate nominal amount of 300,000 Ordinary Shares to be issued on exercise of options (the “Andrew Wilmott Options”) to be granted to Andrew Wilmott, at an exercise price of the nominal value thereof;
- (v) 2,000,000 Warrants (the “Finance Provider Warrants”), each to subscribe for one Ordinary Share at an exercise price of no less than the Placing Price, to be issued to the Asset Finance Provider;
- (vi) 500,000 Warrants (the “Robin Saunders Warrants”), each to subscribe for one Ordinary Share at the Placing Price, to be issued to Robin Saunders; and
- (vii) an amount of £302,760 being approximately 50% of the nominal value of the Ordinary Share capital of the Company in issue immediately following the Placing;

such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2006; and

(b) a special resolution was passed empowering the Directors, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority referred to sub-paragraph (a) above as if section 89(1) of the Act did not apply in respect of:

- (i) the Placing Shares;
- (ii) the Finance Provider Warrants;
- (iii) the Robin Saunders Warrants;
- (iv) the Darren Woolsgrove Options;
- (v) the Charles Hallett Options;
- (vi) the Andrew Wilmott Options;
- (vii) equity securities otherwise than pursuant to sub-paragraphs (i) to (vi) above, in connection with any issue by way of rights or other offer where the number of equity securities to be allotted to holders of Ordinary Shares of the Company on a fixed record date is proportionate (as nearly as may be) to the number of Ordinary Shares then held by such Shareholders, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of, any regulatory or stock exchange authority in any jurisdiction or in relation to fractional entitlements; and

- (viii) the allotment of Ordinary Shares for cash having a nominal value of up to £90,828 (representing approximately a further 15% of the nominal value of the issued Ordinary Share capital of the Company immediately following the Placing).

2.1.8 on 23 March 2006, pursuant to the Share Exchange Offer, the Company resolved that 38,051,800 Ordinary Shares be issued to the following persons in the following amounts in consideration of the transfer by such persons to the Company of their holdings of ordinary shares in Cashbox:

<i>Name of Shareholder</i>	<i>Cashbox Shares</i>	<i>PLC Shares</i>
Agoh, Henry	26	156,000
Annenberg Investment Management S.A.	3062	18,372,000
Artemis Trustees	10	60,000
Brown, Andrew	13	78,000
Brown, Stephen	26	156,000
Cairns, Catriona	21	126,000
Cairns, Hugh	10	60,000
Cairns, Margaret	10	60,000
Docter, Alan	67	402,000
Drummond, Patrick	15	90,000
French Blake, Martin	10	60,000
Flynn, Vernon	256	1,536,000
Grangeleigh Limited	52	312,000
Green, Andrew	46	276,000
Green, Patrick	26	156,000
Green, Robin	26	156,000
Hallett, Charles	5	30,000
Howard, Philip	25	150,000
Israel, Robert	14	84,000
Knatchbull Communications Limited	26	156,000
Napolitano, Nicolo	7	42,000
Newton, Oliver	4	24,000
Nightingale, Russell	5	30,000
Onorato, M	8	48,000
The PAT Pension Scheme	26	156,000
Reddington, David	123	738,000
Reddington, Karen	122	732,000
Ricciardi, Maria	16	96,000
Rimpton Limited	67	402,000
Roscoe, Nicholas	7	42,000
Sharp, Anthony	161	965,900
Sharp, John	104	624,000
Sharp, Sara	52	312,000
Teichman, Mark	15	90,000
Thomas, Mr and Mrs M J	5	30,000
Thomas, Carl	910	5,459,900
Thomas, Darren	31	186,000
Thomas, Matthew	490	2,940,000
Thomas, Rebecca	60	360,000
Tidel Engineering LP	337	2,022,000
Walker, Joe	31	186,000
Warrington, Patrick	5	30,000
Woolsgrove, Darren	10	60,000
	6,342	38,051,800

Note: Carl Thomas and Anthony Sharp received 100 fewer Ordinary Shares each than their entitlement, since each already held 100 Ordinary Shares arising on subdivision of the subscriber shares which were transferred to them.

2.2 The following changes have occurred in the capital of Cashbox:

- 2.2.1 on incorporation on 8 June, 2003, the authorised share capital of Cashbox was £2,000 divided into 200 A ordinary shares, 200 B ordinary shares, 200 C ordinary shares, 200 D ordinary shares, 200 E ordinary shares and 1,000 ordinary shares, all of £1 each;
- 2.2.2 on incorporation, 1 ordinary share was issued to Kristina Ball as Cashbox's initial subscriber on 8 June 2003;
- 2.2.3 also on incorporation, 99 ordinary shares and 1 A ordinary share were allotted to Carl John Thomas;
- 2.2.4 by resolutions passed on 25 November 2004:
- (a) each of the 101 issued shares in the capital of Cashbox were redesignated as 101 C ordinary shares;
 - (b) 1,699 of the unissued shares in the capital of Cashbox were redesignated as C ordinary shares;
 - (c) 200 of the unissued shares in the capital of Cashbox were redesignated as B ordinary shares;
 - (d) the capital of Cashbox was increased from £2,000 to £5,000 by the creation of 400 A ordinary shares and 2,600 B ordinary shares;
- 2.2.5 on 25 November 2004, 2,800 B ordinary shares were allotted to Annenberg and 1,299 C ordinary shares were allotted to Carl John Thomas. Accordingly as at 25 November 2004, the authorised share capital of Cashbox was £5,000 divided into 400 A ordinary shares, 2,800 B ordinary shares and 1,800 C ordinary shares. Of those shares, 2,800 B ordinary shares and 1,400 C ordinary shares had been allotted;
- 2.2.6 on 2 June 2005, 150 C ordinary shares were allotted to Mr and Mrs Reddington (75 C ordinary shares each);
- 2.2.7 by resolutions passed on 1 September 2005:
- (a) 400 of the A ordinary shares were converted into 400 C ordinary shares; and
 - (b) the share capital of Cashbox was increased from £5,000 to £6,742 by the creation of 1,742 C ordinary shares;
- 2.2.8 On 1 September 2005, 1,992 C ordinary shares were allotted to both existing and new members.

2.3 The Company's authorised and issued share capital is, at the date of this document, and is expected to be, immediately following Admission, as follows:

	<i>At the date of this document</i>				<i>Following Admission</i>		
	<i>Amount represented by Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Amount represented by Redeemable Preference Shares</i>	<i>Number of Redeemable Preference Shares of £1 each</i>	<i>Amount</i>	<i>Number of Ordinary Shares</i>	<i>Number of Redeemable Preference Shares of £1 each</i>
Authorised	£1,450,002	145,000,200	£49,998	49,998	£1,500,000	150,000,000	0
Issued and fully paid	£380,520.00	38,052,000	£49,998	49,998	£609,270	60,927,000	0

Note: it is intended that the redeemable shares will be redeemed in full at par out of the proceeds of the Placing.

- 2.4 The Placing Shares represent 59.1% of the existing Ordinary Shares and their issue will result in a corresponding level of dilution.
- 2.5 The new Ordinary Shares will be issued in reliance on the authority and power referred to in subparagraph 2.1.7(a) and (b) above. On Admission the Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the issued share capital.

- 2.6 The provisions of section 89(1) of the Act (to the extent not disapplied pursuant to section 95 of the Act) confer on the Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions are disapplied to the extent set out in sub-paragraph 2.1.7(b) above.
- 2.7 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.
- 2.8 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to CRESTCo for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 5 April 2006.
- 2.9 The Placing Price includes a premium of 19p over the nominal value per Ordinary Share and is payable in full on Admission under the terms of the Placing.
- 2.10 Save as referred to in this document:
- 2.10.1 no share or loan capital of the Company or any subsidiary is under option or (save as referred to at paragraph 6.1.4 in Part V and paragraph 12 in Part I of this document) has been agreed, conditionally or unconditionally, to be put under option;
- 2.10.2 no persons have preferential subscription rights in respect of any authorised but unissued share or loan capital of the Company or any subsidiary; and
- 2.10.3 other than pursuant to the Placing (or pursuant to the exercise of share options pursuant to the share option scheme which the Company proposes to establish, as referred to at paragraph 12 of Part I of this document) there is no present intention to issue any of the authorised but unissued share capital of the Company, save that:
- (a) the Company has agreed to issue 375,000 Ordinary Shares, taken at the Placing Price and pursuant to the Placing, to its solicitors, Bryan Cave, in consideration of Bryan Cave's releasing the Company from its obligation to pay fees amounting to £75,000;
- (b) the Company has agreed to issue the Annenberg Loan Shares (as defined in paragraph 10.5 below) to Annenberg at the Placing Price in consideration of Annenberg's releasing the Company from its obligations pursuant to the guarantee of the loan agreement summarised at 10.5 below; and
- (c) the Company has agreed to issue the Finance Provider Warrants and the Robin Saunders Warrants.
- 2.10 There are no listed or unlisted securities issued by the Company not representing share capital.

3. Cashbox

The Cashbox Group consists of and will, on Admission, consist of the following companies (in addition to the Company):

<i>Name</i>	<i>Status</i>	<i>Business</i>	<i>Place of incorporation</i>
The Company	Holding company	Holding company	England and Wales
Cashbox (Company number: 04791275)	Wholly-owned by the Company	Principal trading company	England and Wales
Cashbox Finance Limited (Company number: 05586220)	Wholly-owned by Cashbox	Dormant	England and Wales

4. Directors

4.1 The Directors of the Company and their respective functions are set out in paragraph 11 of Part I of this document.

4.2 Details of any directorship or partnership that is or was in the last five years held by each of the Directors, in addition to their directorships of any member of the Group are set out below:

<i>Name</i>	<i>Current directorships</i>	<i>Previous directorships</i>
Carl Thomas	None	None
Anthony Sharp	Earthshine Limited Earthshine International Limited The Busoga Trust Dust Entertainment Limited Amatus B.V. Annenberg Investment Management S.A.	Silicon Media Group Limited RLI Limited
Matthew Thomas	None	Seetech Limited
Darren Woolsgrove	Malmesbury Publishing Limited New Media Television Limited Smedial Limited (solvent liquidation as at 20 June 2005)	New Media Television Services Limited NMTV Silicon Media Group GmbH Silicon Media Group SARL
Charles Hallett	Tidy Street Tenants Limited	None
Robin Saunders	Air Scientifics Finance Limited Air Scientifics Limited Clearbrook Capital Limited Clearbrook Scotland GP Limited Lanterndrive Limited Eclipse Scientific Group Limited Linen Select Limited Hawk Group S.A. Harbourmaster Capital (Holdings) Limited	Shapeburst Limited Skin – The Rejuvenation Clinic Limited Punch Taverns (PM) Limited BHS Limited Formula One Holdings Limited Whyte and Mackay Group Limited BHS Group Limited Swan Capital Investments Swan Capital Nominees Limited Swan Capital Holdings Limited Swan Capital Group Limited Swan Group Odeon Equity Co Limited Odeon Bridge Co Limited Odeon DDB Co Limited Odeon Operational Co Limited Odeon Acquisition Co Limited Odeon Limited
Stephen Brown	The Copley Fund U.S. Energy Corporation S.L. Brown & Company, Inc	Franklin Capital Corporation

4.3 Save as set out below, as at the date of this document, none of the Directors named in this document:

4.3.1 has any unspent convictions in relation to indictable offences;

4.3.2 has been declared bankrupt or has entered into an individual voluntary arrangement;

4.3.3 was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;

4.3.4 was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

- 4.3.5 has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- 4.3.6 has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.3.7 Darren Woolsgrove was a director of Silicon Media Group Sarl (France) from July 2000 to August 2002 and NMTV Silicon Media Group GmbH (Germany) from July 2000 to July 2002. Both of these companies were put into liquidation in August 2002 and July 2002 respectively in their respective jurisdictions after their UK parent company withdrew its financial support.
- 4.3.8 Robin Saunders was a director of Skin – The Rejuvenation Clinic Limited from 15 July 2000 to 8 February 2001. An administrative receiver was appointed in respect of this Company on 11 December 2001 and it subsequently went into compulsory liquidation on 29 May 2002.

5. Directors' interests

- 5.1 The interests of the Directors in the issued share capital of the Company (all of which, save where stated otherwise in the notes below, are beneficial interests) as at the date of this document and immediately following Admission are and will be as follows:

Name	23 March 2006			Immediately following Admission		
	No of Redeemable Shares	No. of Ordinary Shares	Percentage of issued share capital	No of Redeemable Shares	No. of Ordinary Shares	Percentage of issued share capital
Carl Thomas	0	5,460,000	14.35	0	5,460,000	8.96
Anthony Sharp ¹	49,998	19,338,000	50.82	49,998	22,338,000	36.67
Matthew Thomas	0	2,940,000	7.73	0	2,940,000	4.83
Darren Woolsgrove	0	60,000	0.16	0	60,000	0.10
Charles Hallett	0	30,000	0.08	0	30,000	0.05
Robin Saunders ²	0	0	0	0	0	0
Stephen Brown	0	156,000	0.41	0	156,000	0.26

Notes:

- Anthony Sharp is interested in 18,372,000 Ordinary Shares and 49,998 redeemable shares through his control of Annenberg. The redeemable shares will be redeemed from the proceeds of the Placing. It is also proposed that Annenberg will be issued the Annenberg Loan Shares (as defined in paragraph 10.5 below) at the Placing Price in consideration of releasing the Company from its obligations pursuant to the guarantee of the loan summarised at 10.5 below.
- It is proposed to issue the Robin Saunders Warrants to Robin Saunders.

- 5.2 As at the date of this document no Director held any option to subscribe for Ordinary Shares. However, as mentioned at paragraph 6.1.4, the service agreements of Darren Woolsgrove and Charles Hallett provide that options will be granted to them over the numbers of shares specified in such paragraph.
- 5.3 Anthony Sharp controls Annenberg and is thereby interested in the Annenberg Investment Agreement and Annenberg Loan Agreement (and guarantee in respect thereof) summarised at paragraphs 10.4 and 10.5 of this Part V respectively below and the Further Indemnity referred to at paragraph 12 below and will be interested in the payment in respect thereof to KKR referred to at 12 below, by virtue of his expected minority shareholding in KKR.
- 5.4 Save as disclosed in 5.3 above, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 5.5 There are no outstanding loans or guarantees provided by the Company or any of its subsidiary undertakings to or for the benefit of any of the Directors, save that the Company has guaranteed the obligations of Cashbox pursuant to the Annenberg Loan Agreement summarised at paragraph 10.5 below.

5.6 Carl Thomas and Anthony Sharp are parties to the indemnity referred to at paragraph 12 below.

5.7 Carl Thomas is party to the Further Indemnity referred to at paragraph 12 below.

6. Directors' remuneration and service agreements

6.1 Service agreements exist between the Company and the following executive Directors of the Company: Carl Thomas, Matthew Thomas, Darren Woolsgrove and Charles Hallett. Each service agreement is in similar terms, save as to the matters (where material) stated in the summary of principal terms set out at sub-paragraphs 6.1.1 to 6.1.7 of this Part V below. The principal terms of these service contracts are as follows:

6.1.1 Each of the Directors works under an indefinite term service agreement. Carl Thomas and Matthew Thomas are entitled to 12 months' written notice of termination of employment and each must give the Company the same length of written notice. Mr Woolsgrove and Mr Hallett are entitled to 12 months' written notice of termination of employment and must give the Company 6 months' written notice. The normal retirement age for each director is 65. The Directors have been continuously employed by either the Company or Cashbox since the following dates: Carl Thomas (1 August 2003); Matthew Thomas (1 September 2003); Mr Woolsgrove (4 October 2004); Mr Hallett (14 August 2003).

6.1.2 Annual gross salaries are as follows: Carl Thomas £150,000; Matthew Thomas £90,000; Darren Woolsgrove £90,000; Charles Hallett £75,000. The salary of each Director is reviewed 12 months from the commencement of employment date and annually thereafter. Increases are discretionary. The salaries stated above are inclusive of all directorship fees.

6.1.3 The service agreements of each director provide that they are entitled to an annual bonus to be calculated in such manner as the Company shall notify to them. The bonus reference period is the Company's financial year. The Company reserves the right to vary the basis of the calculation from time to time and any bonus would be payable early in the following calendar year. To be eligible, the Directors must still be in employment and not under notice of termination on the last day of the bonus reference period.

6.1.4 The service agreements of Mr Woolsgrove and Mr Hallett provide that they will be granted options over, respectively, 1,500,000 and 600,000 shares in the Company on terms to be agreed, at par value.

6.1.5 The Directors' service agreements provide that they are covered by Cashbox's "Executive Pension Plan" – a money purchase pension plan and the Company contributes an amount equal to each Director's contributions up to a maximum of 7.5% of basic annual salary before deduction of tax and National Insurance.

6.1.6 Each of the Directors is entitled to private medical insurance for himself, his spouse and any dependent children under the age of 21 or up to the age of 24 whilst they remain in full-time education or until they are married, if earlier. Entitlements are subject to the insurance provider agreeing to provide cover. The Directors' service agreements also provide that they are entitled to be provided with a company car of a type deemed appropriate. The Company bears responsibility for all costs relating to a company car, including private mileage.

6.1.7 Each of the Directors is subject to confidentiality and intellectual property clauses. The restrictions in relation to confidential information and intellectual property apply pre-termination and post-termination. The Directors are also subject to post-employment restrictive covenants. Under these covenants, the Directors agree not to (i) directly or indirectly be employed, engaged or interested in any business in the United Kingdom (except that they can hold shares not amounting to more than 3% of total issued share capital of any company) which is in competition or about to be in competition with the business of the Company or any group company; (ii) have any business related dealings with any person, firm, company or any other entity that was a prospective client or a client of the Company or any group company; or (iii) solicit from the Company or any group company any clients or employees or former clients or employees of the Company. The duration of Carl Thomas' and Matthew Thomas' restrictive covenants are 12 months and Darren Woolsgrove's and Charles Hallett's restrictive covenants last for six months post-termination.

- 6.2 Anthony Sharp was appointed as a non-executive Director by letter agreements. The terms of his engagement are as follows:
- 6.2.1 Anthony Sharp's services are provided by Annenberg. The basic remuneration is £50,000 per annum, and Annenberg will receive £1,000 per day for each day of service beyond two calendar days per month, capped at £120,000 per annum.
- 6.2.2 Anthony Sharp will not participate in any share, bonus, pension schemes or any fringe benefit arrangements or be entitled to compensation for loss of office.
- 6.2.3 Anthony Sharp's appointment is terminable if he resigns from office or is removed from office; Mr Sharp is subject to post-termination confidentiality restrictions whilst a non-executive Director and for a period of one year from the date on which he ceases to be a non-executive Director. Mr Sharp is not permitted (without the prior written consent of the Company) to (i) be engaged or interested in any business competing in the United Kingdom with the Company's business or of any subsidiary of the Company (except as the holder for investment purposes of securities dealt on a recognised stock exchange) or (ii) solicit the custom of any person in the United Kingdom who during the preceding 12 months was a customer of the Company or any subsidiary for the purpose of offering such customers goods or services similar to or competing with the Company's business or (iii) solicit any director, employee or former director or employee of the Company or any subsidiary of the Company.
- 6.3 Robin Saunders and Stephen Brown were appointed non-executive directors by way of agreements dated 23 March 2006. Their agreements with the Company provide, *inter alia*, as follows:
- 6.3.1 Their appointments are for an initial term of one year, unless terminated earlier by either the Company or the non-executive giving to the other three months' prior written notice. The appointments are subject to the articles of association of the Company and are to be approved by the Company's shareholders at annual general meeting. Continuation of their appointments will be subject to continued satisfactory performance and re-election by the shareholders. If the non-executive is not re-elected as a director of the Company his or her appointment as non-executive director will terminate automatically.
- 6.3.2 Notwithstanding this, the Company may terminate the appointment with immediate effect if, *inter alia*, the non-executive has: (i) committed any serious or repeated breach or non-observance; (ii) been guilty of any fraud or dishonesty or acted in any manner which, in the opinion of the Company, brings or is likely to bring the non-executive or the Company into disrepute; (iii) been declared bankrupt; or (iv) been disqualified from acting as a director.
- 6.3.3 The non-executives are expected to work two days a month on work for the Company. This includes attendance at monthly board meetings, the AGM and one annual board away day a year. They are also required to serve on the audit and remuneration committees of the board and attend all committee meetings and comply with the terms of the code of practice issued by the Company from time to time relating to dealing in the Company's securities.
- 6.3.4 The non-executives are each to be remunerated with a fee of £20,000 a year, payable in monthly equal installments, subject to an annual review by the board.
- 6.3.5 The non-executives are subject to confidentiality restrictions (both during and post their appointment).
- 6.4 Save as disclosed in this document, there are no service agreements or agreements for the provision of services, existing or proposed, between the Directors and the Company or any member of the Cashbox Group.
- 6.5 In the accounting period ended 30 June 2005, the aggregate remuneration paid including pension contributions, bonus and benefits in kind granted to the Directors (in their capacity as directors of Cashbox) was £460,968.
- 6.6 On the basis of the arrangements in force at the date of this document, it is estimated that the aggregate remuneration payable including pension contributions, bonus and benefits in kind to be granted to the Directors (in their capacity as directors of the Company) for the year ending 30 June 2006 will be £540,000.

7. Substantial shareholders

- 7.1 In addition to the interests of the Directors set out in paragraph 5.1 above, as at 23 March 2006, insofar as is known to the Company, the following persons are, or will immediately following Admission be, directly or indirectly interested (within the meaning of Part VI of the Act) in 3% or more of the issued share capital of the Company:

Name	23 March 2006		Immediately following Admission	
	No. of Ordinary Shares	Percentage of issued share capital	No. of Ordinary Shares	Percentage of issued share capital
Tidel Engineering, LP	2,022,000	5.31	2,022,000	3.32
Vernon Flynn	1,536,000	4.04	2,786,000	4.57

- 7.2 Save as disclosed in paragraph 7.1 above, the Company is not aware of any person who will, immediately following Admission, be interested (for the purposes of section 198 of the Companies Act) directly or indirectly in 3% or more of the issued share capital of the Company or who would directly or indirectly, alone or jointly or severally with any other person, exercise control over the Company.
- 7.3 The person referred to in paragraph 7.1 above does not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.
- 7.4 Neither the Company nor the Directors are aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

8. Summary of the Memorandum and Articles of Association of the Company

8.1 Memorandum of Association

The Memorandum of Association of the Company provides that the principal objects of the Company are, *inter alia*, to act as a holding and general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.

8.2 Articles of Association

The Articles of Association of the Company (the "Articles"), contain, *inter alia*, provisions to the following effect:

8.2.1 Share rights

- (a) Subject to the provisions of the Act and every other act or instrument relating to limited companies (together, the "Statutes"), any restrictions contained in the Articles and to any direction to the contrary given by the Company in general meeting, the Directors may allot, grant options over, or otherwise dispose of shares or rights to subscribe for, or to convert any security into, shares to such persons (including a Director) and on such terms as they think fit.
- (b) Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member, who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.
- (c) No member shall be entitled to vote at any general meeting either personally or by proxy, or to exercise any privilege as a member, unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- (d) There are redeemable shares currently in issue (and proposed to be redeemed out of the proceeds of the Placing). These rank *pari passu* in all respects with the Ordinary Shares, have for the right of the holders and the Company to redeem the same on any business day up to and including 31 December, 2006. Upon cancellation upon redemption, the shares in the authorised share capital of the Company previously represented by the redeemable shares will be automatically sub-divided into ordinary shares of 1p each and redesignated.

- (e) Every person, except a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange in respect of whom the Company is not by law required to complete and have ready for delivery a certificate, whose name is entered as a member in the register of members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue provide) or the registration of the re-materialisation of the relevant share or shares as the case may be one certificate for all his shares of each class of shares held by him in material form or, upon payment of such sum not exceeding £1 for every certificate after the first as the Directors determine, several certificates, each for one or more of his shares so held. Nothing in the Articles shall preclude any share or other security of the Company from being issued, held, registered, converted, transferred or otherwise dealt with in uncertificated form in accordance with the Uncertificated Securities Regulations and any rules or requirements laid down from time to time by CREST or any other relevant system operated pursuant to the Uncertificated Securities Regulations.

8.2.2 *Transfer of Shares*

- (a) All transfers of shares may be effected by transfer in writing in any usual or common form, or in any other form approved by the Directors or as required by any rules from time to time made by the operator (“Operator”) of any relevant system (“Relevant System”) providing for the uncertificated holding and transfer of shares in the Company
- (b) The instrument of transfer of a share shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it. Subject to the provisions of the Articles, transfers of shares and other documents relating to or affecting the title to any shares shall be registered without payment of any fee. All instruments of transfer which are registered shall be retained by or on behalf of the Company.
- (c) The Directors may, in their absolute discretion and without assigning any reason, decline to register any transfer of, or which includes, shares which are not fully paid to a person of whom they do not approve. They may also decline to register any transfer of shares upon which the Company has a lien. The Directors may also decline to register any instrument of transfer, unless:
 - (i) in the case of any certificated shares, the instrument of transfer, duly stamped, is deposited at the registered office of the Company (the “Office”) or such other place as the Directors may appoint accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
 - (ii) in the case of any uncertificated shares, the rules of the Operator (“Operator’s Rules”) are followed and the Directors or the Operator (as the case may be) are given such evidence as they may reasonably require to show the right of the transferor to make the transfer;
 - (iii) the instrument of transfer is in respect of only one class of share; and
 - (iv) in the case of a transfer to joint holders, they do not exceed four in number.

8.2.3 *Dividends*

- (a) The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company in general meeting may declare dividends accordingly. No dividend or interim dividend may be paid otherwise than in accordance with Part VIII of the Act.
- (b) No dividend shall be payable except out of the profits of the Company (including profits set aside to any reserve fund) or in excess of the amount recommended by the Directors.
- (c) Dividends must be declared and paid according to the amounts paid on the shares in respect of which the dividends are paid. For these purposes, no amount paid on a share

in advance of calls shall be treated as paid on the share. Dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portions of the period in respect of which the dividend is paid but, if any share is issued on terms providing that it ranks for dividend as from a particular date, the share shall rank for dividend accordingly.

- (d) The Directors may pay such interim dividends as appear to them to be justified by the profits of the Company. If the capital of the Company is divided into different classes of shares the Directors may pay interim dividends in respect of those shares which confer on the holders deferred or non-preferred rights as well as in respect of those shares which confer on the holders preferential or special rights with regard to dividends. Provided that the Directors act *bona fide*, they shall not incur any responsibility to the holders of any shares for any damage that they suffer by reason of the payment of an interim dividend on any shares. The Directors may also pay half yearly or at other suitable intervals to be settled by them any dividend which is payable at a fixed rate if they are of the opinion that the profits justify the payment.
- (e) A general meeting declaring a dividend or bonus may direct payment of the dividend or bonus wholly or partly by the distribution of specific assets and, in particular, of paid up shares or Debentures of another company or in any one or more of these ways or may offer the holders of ordinary shares the option to invest the cash in subscribing for new shares or paying up any partly-paid shares. The Directors shall give effect to the resolution and, where a difficulty arises in regard to the distribution, the Directors may settle it as they think expedient. In particular they may issue certificates in respect of fractions and fix the value for distribution of specific assets, may determine that cash payments are made to any members upon the footing of that value in order to adjust the rights of all parties and may vest the assets in trustees as may seem expedient to the Directors.
- (f) A resolution of the Company or of the Directors declaring a dividend may specify any date as the record date for the dividend, whether or not prior to the date on which the resolution is passed.
- (g) The Directors may deduct from any dividend or bonus payable to a member any sums presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
- (h) No unpaid dividend, bonus or interest shall bear interest as against the Company.
- (i) The Directors may retain any dividends and bonuses payable on shares on which the Company has a lien permitted by the Statutes and may apply them in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (j) The Directors may retain the dividends and bonuses payable upon shares in respect of which any person is, under the provisions of the Articles relating to the transmission of shares, entitled to become a member, or which any person under those provisions is entitled to transfer, until he becomes a member in respect of the shares or duly transfers them.
- (k) A dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled to it, or by direct bank transfer to such bank account as the member or person entitled to it directs, and in case of joint holders to any one of them or to such person and such address or such bank account as the joint holders may direct. The cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the member, person entitled or joint holders direct. Payment of the cheque or warrant shall be a good discharge to the Company. Every cheque or warrant shall be sent at the risk of the person entitled to the money which it represents.
- (l) If several persons are registered as joint holders of a share, any one of them may give an effectual receipt for any dividend or other moneys payable on or in respect of the share.

- (m) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Dividends unclaimed for 12 years after they became due for payment shall, unless the Directors otherwise resolve, be forfeited and revert to the Company.

8.2.4 *Distribution of assets on liquidation*

- (a) On a winding up of the Company, the balance of the assets available for distribution, after deduction of any provision made under section 719 of the Act and subject to any special rights attaching to any class of shares, shall be applied in repaying to the members of the Company the amounts paid up on the shares held by them. Any surplus assets will belong to the holders of any ordinary shares then in issue according to the numbers of shares held by them or, if no ordinary shares are then in issue, to the holders of any unclassified shares then in issue according to the numbers of shares held by them.
- (b) If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of properties of different kinds. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members or different classes of members. He may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the same authority thinks fit, but no contributory shall be compelled to accept any shares in respect of which there is a liability.
- (c) The power of sale of a liquidator includes a power to sell wholly or partially for shares or Debentures, or other obligations of another company either then already constituted or about to be constituted, for the purpose of carrying out the sale.

8.2.5 *Variation of rights*

- (a) Whenever the capital of the Company is divided into different classes of shares or groups and either whilst the Company is a going concern or during or in contemplation of a winding up, the special rights attached to any class or group may be modified or abrogated, subject to the provisions of the Company's Memorandum of Association and unless otherwise provided by the terms of issue of the shares of that class or group, either with the consent in writing of the holders of three-quarters of the issued shares of the class or group, or with the sanction of any extraordinary resolution passed at a separate general meeting of the holders (but not otherwise). The consent or resolution shall be binding upon all the holders of shares of the class or group. To every separate general meeting all the provisions of the Articles relating to, or to the proceedings at, general meetings shall, mutatis mutandis, apply, except that (a) the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued shares of the class or group (but, if at any adjourned meeting of the holders a quorum as above defined is not present, those members who are present shall be a quorum); (b) any holder of shares in the class or group present in person or by proxy may demand a poll; and (c) the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively. The special rights conferred upon the holders of any shares or class or group of shares issued with preferred or other rights shall not, unless otherwise expressly provided by the conditions of issue, be deemed to be modified by the creation or issue of further shares ranking *pari passu* with them.

8.2.6 *Borrowing powers*

- (a) The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the Statutes, to issue Debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries only in so far as, by the exercise of the rights or powers of control, the Board can secure) that the aggregate principal amount outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member) does not, without the previous sanction of an ordinary resolution, exceed an amount equal to four times the Adjusted Capital and Reserves. This restriction is subject to adjustment, and to definitions of “borrowings” and “Adjusted Capital and Reserves”, set out in the Articles.

8.2.7 Directors

- (a) Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate directors) shall not be subject to any maximum but must not be less than two.
- (b) The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sums as the Company shall by ordinary resolution determine. The remuneration shall be divided among them in such proportions and manner as the Directors determine and, in default of a determination within a reasonable period, equally, except that any Director holding office for less than a year or other period for which remuneration is paid shall rank in the division in proportion to the fraction of the year or other period during which he has held office. The remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or committees of the Directors or general meetings of the Company or in connection with the business of the Company.
- (c) Subject to the provisions of the Articles and without prejudice to the powers of the Directors under the Articles to appoint any person to be a Director, the Company may by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board.
- (d) Any Director who at the request of the Board performs special services or goes or resides abroad for any purposes of the Company may (unless otherwise expressly resolved by the Company in general meeting) receive such extra remuneration by way of salary, percentage of profits or otherwise as the Board determines.
- (e) No shareholding qualification for Directors is required.
- (f) Each Director may attend and speak at any general meeting of the Company.
- (g) The office of a Director shall be vacated in any of the following events, namely:
 - (i) if (not being an executive Director whose contract precludes resignation) he resigns his office by notice in writing left at the Office;
 - (ii) if he becomes bankrupt or has a receiving order made against him or compounds with his creditors;
 - (iii) if he becomes of unsound mind or a patient for any purpose of any statute relating to mental health and the Directors resolve that his office should be vacated;
 - (iv) if he is absent from meetings of the Directors for six months without leave, and his alternate Director (if any) does not during that period attend in his stead, and the Directors resolve that his office should be vacated;
 - (v) if he is removed or becomes prohibited from being a Director under any provision of the Statutes;
 - (vi) if he is requested in writing by all the other Directors to resign his office;
 - (vii) if he is required to resign from his office by the terms of his service agreement or his appointment as a non-executive Director is terminated in accordance with the terms thereof and (in either such case) he fails to resign within any period specified or otherwise on demand; or
 - (viii) if he commits a criminal offence and a custodial sentence is imposed.

- (h) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board determines, and may be paid such extra remuneration for it (whether by way of salary, commission, participation in profits or otherwise) as the Board determines. The extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.
- (i) A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (j) A Director may be or become a director or other officer of, or otherwise interested in, a company promoted by the Company or in which the Company is interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in that company. The Board may cause the voting power conferred by the shares in another company held or owned by the Company to be exercised in such manner as it thinks fit, including the exercise in favour of a resolution appointing any of the Directors to be directors or officers of that company, or voting or providing for the payment of remuneration to the directors or officers of that company.
- (k) A Director shall not vote or be counted in the quorum on a resolution of the Board concerning his own appointment as the holder of an office or place of profit with the Company or another company in which the Company is interested (including the arrangement or variation of its terms or its termination).
- (l) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms or the termination of the appointment) of two or more Directors to offices or places of profit with the Company or another company in which the Company is interested, a separate resolution may be put in relation to each Director. In such case, each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of its terms or its termination) and except (in the case of an office or place of profit with another company) where the other company is a company in which the Director owns 1% or more.
- (m) Subject to the Statutes and to the next paragraph of this Article, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor or purchaser or in any other manner. No contract or arrangement in which a Director is interested shall be liable to be avoided. The Director shall not be liable to account to the Company or the members for any remuneration, profit or other benefits realised by the contract or arrangement by reason of his holding that office or of the resulting fiduciary relationship.
- (n) A Director who to his knowledge is interested, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or, in any other case, at the first meeting of the Board after he knows that he is or has become interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with the company or firm shall be a sufficient declaration of interest under this Article in relation to any contract or arrangement made with the company or firm. A notice shall not be effective unless either it is given at a meeting of the Board or the Director giving it takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.
- (o) Except as otherwise provided by these Articles, a Director must not vote on (or be counted in the quorum in respect of) any resolution of the Board concerning a contract or arrangement or other proposal in which he is to his knowledge, directly or indirectly, materially interested. If he does, his vote shall not be counted. This prohibition does not apply to any of the following matters, namely:

- (i) a contract or arrangement for giving to the Director security or a guarantee or indemnity in respect of:
 - (1) money lent by him or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (2) a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of security;
 - (ii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is, or may be, entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
 - (iii) relating to another company in which he does not hold an interest in shares (as that term is used in Part VI of the Act) representing 1% or more of any class of the equity share capital or of the voting rights in that company;
 - (iv) relating to a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees share scheme which has been approved by the Inland Revenue or is conditional upon that approval or does not award him any privilege or benefit not awarded to the employees to whom the scheme relates; or
 - (v) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or the benefit of persons including Directors or indemnification which the Company or any of its subsidiary undertakings proposes to give to the Director to the extent permitted by the Act.
- (p) At every annual general meeting any Directors who are bound to retire under the provisions summarised at (q) below and one-third of the other Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting.
- (q) The Directors to retire on each occasion shall be those who have been longest in office since their last election but, as between persons who became or were re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting. No Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.
- (r) A retiring Director shall be eligible for re-election.
- (s) The Company may, by ordinary resolution of which special notice has been given in accordance with section 379 of the Act, remove any Director (including a managing Director or other executive Director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office and may by an ordinary resolution appoint another person in his place. The person who is appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.
- (t) The Directors may delegate any of their powers to committees consisting of such number of members of their body as they think fit and may revoke a delegation and discharge a committee in whole or in part. The Directors shall delegate such of their powers as:
- (i) relate to the fixing of the remuneration payable to executive directors to a committee to be known as the remuneration committee; and

- (ii) relate to dealing with the auditors of the Company in connection with their audit of the accounts of the Company to a committee to be known as the audit committee.

The remuneration and audit committees shall consist of non-executive directors who are independent from the day-to-day management of the Company. A committee shall in the exercise of the powers delegated to it conform to any regulations that are imposed by the Directors having regard to the provisions of the Combined Code.

8.2.8 *Indemnification of Officers*

- (a) Except so far as the provisions summarised in this paragraph are avoided by any provisions of the Statutes, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, the Directors, executive Directors, Auditors, Secretary and other officers of the Company, and their respective executors or administrators, shall to the extent permitted by the Statutes be indemnified out of the assets of the Company against:
 - (i) all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices, unless incurred through their own wilful neglect or default; and
 - (ii) any liability incurred by any such person (other than any such person engaged by the Company as a Auditor) for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company;

and none of them shall be answerable for the acts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or assets of the Company are lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company are placed out or invested, or for any other loss or damage which happens in the execution of their offices, unless resulting from their own wilful neglect or default. Subject to the provisions of the Act, the Directors may purchase and maintain insurance at the expense of the Company for the benefit of any Director or other officer or Auditor of the Company against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done by him as a Director, officer or Auditor.

8.2.9 *Untraced Shareholders*

The Company may sell (in such manner and for such price as the Directors think fit) the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy if:

- (a) during the period of 12 years prior to the date of the publication of the advertisements referred to in paragraph (ii) below (or, if published on different dates, the first date), being a period during which at least three dividends have been payable, all warrants and cheques in respect of the shares in question sent in the manner authorised by the Articles have remained uncashed; and
- (b) the Company on expiry of the period of 12 years has given notice, by advertisement in both a national newspaper and a newspaper circulating in the area in which the last known address of the member or the address at which service of notices may be effected in the manner authorised by these Articles is located, of its intention to sell the shares; and
- (c) during the period of 12 years and the period of 3 months following the publication of the advertisements, or following the later publication if the two advertisements are published on different dates, the Company has received no indication either of the whereabouts or of the existence of the member or person; and
- (d) notice has been given to AIM or (if relevant) any Recognised Investment Exchange of its intention to make the sale.

- (e) To give effect to a sale the Company may appoint any person to execute as transferor an instrument of transfer of the shares. The instrument of transfer shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, the shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled for an amount equal to the proceeds and shall enter the name of the former member or other person in the books of the Company as a creditor for that amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of it and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the Directors think fit.

8.2.10 *General meetings*

- (a) A general meeting shall be held in each year at such time (within a period of not more than 15 months after the holding of the last preceding general meeting) and place as may be determined by the Directors. The general meetings referred to in this paragraph shall be called annual general meetings. All general meetings other than annual general meetings shall be called extraordinary general meetings.
- (b) The Directors may convene an extraordinary general meeting whenever they think fit. On the requisition of members in accordance with the Statutes, the Directors shall convene an extraordinary general meeting. Whenever the Directors convene an extraordinary general meeting on the requisition of members, they shall convene it for a date not more than six weeks after the date when the requisition is deposited at the Office (unless the requisitionists consent in writing to a later date being fixed). If there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.
- (c) In the case of the annual general meeting or of a meeting convened to pass a special resolution at least 21 clear days' notice and in other cases at least 14 days' notice must be given (exclusive in each case of the day on which the notice is served or deemed to be served and of the day for which the notice is given). The notice shall specify the place, the day and the hour of meeting (and in the case of an annual general meeting shall specify the meeting as such) and state with reasonable prominence that a member entitled to attend and vote is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him. In the case of special business, the notice must specify the general nature of the business (and, in the case of a meeting convened for passing a special or extraordinary resolution, the intention to propose the resolution as a special or extraordinary resolution as the case may be). The notice shall be given to the Auditors and the Directors and to such members as are, under the Articles, entitled to receive notices from the Company. With the consent in writing of all, or such less number as is required by the Statutes, of the members entitled to attend and vote, a meeting may be convened by a shorter notice and in such manner as those members think fit. The Company shall comply with the provisions of the Statutes as to giving notice of resolutions and circulating statements on the requisition of members.
- (d) The accidental omission to give notice of any meeting, or to send a form of proxy with a notice where required by the Articles, or the non-receipt of a notice or form of proxy, shall not invalidate the proceedings at any general meeting.

8.2.11 *Interests in Shares*

- (a) If a member, or a person appearing to be interested in shares held by a member, has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the required information, the Directors may at any time, by notice in writing (a "direction notice") to the member, direct that in respect of the shares in relation to which the default occurred (the "default shares") the member is not entitled to vote, either personally or by proxy, at a general meeting or a

meeting of the holders of any class of shares of the Company or to exercise any other right conferred by membership in relation to general meetings of the holders of any class of shares of the Company.

- (b) Where the default shares represent at least 0.25% of the issued shares of a class, the direction notice may additionally direct:
 - (i) that any dividend or other money which would otherwise be payable in respect of each of the default shares shall (in whole or part) be retained by the Company without any liability to pay interest when the dividend or money is paid to the member;
 - (ii) that no transfer of the default shares which is not an approved transfer shall be registered unless:
 - (1) the member is not himself in default as regards supplying the information required; and
 - (2) the transfer is of part only of the member's holding and, when presented for registration, is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that, after due and careful enquiry, the member is satisfied that none of the shares the subject of the transfer is a default share.
- (c) The Company shall send a copy of the notice to each other person appearing to be interested in the shares the subject of a direction notice but the failure or omission by the Company to do so shall not invalidate the notice.
- (d) A direction notice shall have effect in accordance with its terms for so long as the default in respect of which it was issued continues and (unless the direction notice otherwise determine) for a further period of one week but shall cease to have effect in relation to any default shares which are transferred by the member by means of an approved transfer.
- (e) For the purpose of these provisions:
 - (i) a person shall be treated as appearing to be interested in shares if the member holding the shares has given to the Company a notification under section 212 which either (a) names that person as being interested; or (b) fails to establish the identities of those interested in the shares and (after taking into account the notification and any other relevant section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
 - (ii) the prescribed period is 14 days from the date of service of the notice under section 212; and
 - (iii) a transfer of shares is an approved transfer if:
 - (1) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a take-over offer for a company (as defined in Part XIII A of the Act); or
 - (2) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with no other persons appearing to be interested in the shares; or
 - (3) the transfer results from a sale made through AIM or a Recognised Investment Exchange to a party unconnected with the member.
- (f) Nothing contained in these provisions shall limit the power of the Directors under section 216 of the Act.

9. Taxation

9.1 General

The following paragraphs include advice received by the Directors about the current taxation position of shareholders who are resident or ordinarily resident and domiciled in the UK for taxation purposes in respect of their holdings of Ordinary Shares, who hold their Ordinary Shares as investments and who are the absolute beneficial owners of those shares. The statements below are intended only as a general guide and do not constitute advice to any shareholder on his or her personal tax position and may not apply to certain classes of investor (such as dealers, charities or pension providers) or investors who acquired their shareholding by reason of a directorship or employment. The comments are based on current legislation and published Inland Revenue practice. Levels of taxation may change from time to time.

Any investor who is in doubt as to his or her tax position, or who may be subject to tax in any other jurisdiction, should consult his or her professional adviser.

9.2 Taxation of dividends

There is no UK withholding tax on dividends.

A dividend paid to a non-corporate shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. A dividend of £90 would therefore have an accompanying tax credit of £10. The gross dividend will be included in calculating an individual shareholder's total income and will be regarded as the top slice of the individual's income and therefore taxed accordingly. Individual shareholders whose taxable income is within the lowest or basic rate bands will be liable to income tax at 10% on the aggregate of the dividend and the tax credit. The tax credit will therefore satisfy their income tax liability on the dividend. Individual shareholders who are liable to income tax at the higher rate will be charged to income tax at 32.5% on the aggregate of the dividend with the accompanying tax credit. The 10% tax credit is set against the income tax liability of 32.5%, leaving an additional income tax liability of 22.5%. This additional 22.5% tax liability equates to an effective rate of income tax on the dividend actually received of 25%.

The same procedure applies to UK resident trustees of discretionary or accumulation trusts. The rate applicable to trusts is 32.5% so that trustees will have a further liability to UK income tax of 25%.

Subject to certain exceptions for certain insurance companies which hold shares as trading stock, a UK corporate shareholder receiving a dividend paid by the Company will not be taxable on the dividend. In these circumstances the tax credit is purely notional and is only used to determine the appropriate rate of corporation tax payable. Since April 1999 pension providers have not been entitled to payment of tax credits by the Inland Revenue.

The ability of shareholders who are not resident in the UK to claim repayment for any part of the tax credit will largely depend on the existence and terms of any double tax treaty between the UK and their country of residence. It should be noted that since April 1999 most shareholders who had previously been able to claim repayment of the tax credit have either ceased to be able to obtain such repayment or the amounts repayable are significantly reduced. Non UK resident shareholders should consult their own tax advisers on the taxation of any dividends received, whether they can benefit from all or part of any tax credit and what relief or credit they may be entitled to in the jurisdiction in which they are resident.

9.3 Taxation of chargeable gains

If a shareholder disposes of all or any of the Ordinary Shares acquired in the Placing he or she may, depending on the shareholder's particular circumstances, incur a liability to taxation on chargeable gains. Individuals, personal representatives and trustees may be entitled to an annual exemption and taper relief, which will serve to reduce the chargeable gain. Companies are not entitled to taper relief but are due indexation allowance, which may reduce the chargeable gain.

9.4 Stamp duty and stamp duty reserve tax

Generally, no stamp duty or stamp duty reserve tax ("SDRT") will be payable by cash subscribers on the issue to them of new Ordinary Shares pursuant to the Placing.

Any subsequent transfer on sale of Ordinary Shares will generally give rise to a liability on the purchaser to *ad valorem* stamp duty, currently at a rate of 0.5% of the stampable consideration paid rounded up to the nearest £5. An unconditional agreement to transfer Ordinary Shares will be subject to SDRT at the same rate of the consideration payable in money or moneys worth (in pursuance of the agreement which gave rise to the charge to SDRT). However, when an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of that agreement the SDRT liability will usually be extinguished.

There will be no stamp duty or SDRT on a transfer of Ordinary Shares into CREST where such transfer is made for no consideration. A transfer of Ordinary Shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5% of the amount or value of the consideration payable in money or moneys worth. CREST is obliged to collect SDRT on relevant transactions settled within the system.

Special rules apply to transactions with intermediaries and stock lending transactions. Agreements to the transfer of Ordinary Shares to charities will not give rise to SDRT or stamp duty.

There are special rules which can apply a 1.5% charge to SDRT or stamp duty when shares are issued or transferred to a Clearance System or Depository Receipts service for their nominees.

9.5 **Enterprise Investment Scheme Tax Reliefs**

HM Revenue & Customs has given provisional confirmation that the Company is a qualifying company under the Enterprise Investment Scheme ("EIS") legislation. To obtain the tax reliefs described below it is necessary to subscribe for ordinary shares in a qualifying company and claim the relief. The summary below gives only a brief outline of how the tax reliefs are given assuming the investor is a 40% tax payer. It does not set out all the rules which must be met for periods of between three and five years by the Company and the investor. The tax reliefs will only be relevant to investors who pay income tax and/or wish to defer a capital gain. The summary is not a substitute for the investor obtaining professional advice before applying for shares.

The EIS relief has four elements.

1. *Income Tax Relief*

This allows an investor to reduce the amount of his, or her, liability to income tax in the year of investment. Relief is obtained at the lower rate of income tax, currently 20%, on the amount invested in the shares of qualifying companies. Investors should be able to deduct an amount equal to 20% of their investment from their liability to income tax in the current tax year. Relief cannot be claimed on more than £200,000 invested by an individual (in any number of qualifying companies) in any tax year.

To retain this relief the shares must be held by the investor for a period that ends three years after the share issue date or three years after the trade starts, whichever is later. This will be referred to below as the three year period.

2. *Capital Gains Tax Exemption*

This exempts investors from the liability to capital gains tax when they realise a gain on a disposal of their shares in qualifying companies after the three year period, provided the EIS income tax relief was given on the shares and has not been withdrawn.

3. *Loss Relief*

In the event of an investor suffering a loss arising from the disposal of the EIS shares at any time, this relief allows the offset of losses against either capital gains or taxable income in the year of the loss.

4. *Capital Gains Tax Deferral*

Individuals and certain trustees can defer all or part of their capital gains tax liabilities by subscribing for eligible shares in an EIS company. There is no monetary limit on the amount of the EIS subscription and thus the gain that can be deferred in this way. The gains that can be deferred are those that have arisen in the three years before the EIS shares are issued or those

that arise up to one year after that date. Such gains may be the result of the disposal of an asset or, a gain previously deferred by the individual, may have become chargeable to tax.

Investors should note that this relief is a deferral only and that the original capital gain will crystallise on the disposal of the EIS shares at any time, resulting in CGT being payable in the normal way. The investor would however, be able to claim further deferral to the extent that a qualifying reinvestment is made within the time allowed. A transfer of shares on the owner's death does not cause the deferred gain to crystallise.

9.6 **Inheritance Tax Relief**

Provided a shareholder has owned shares in a qualifying company for at least two years and certain conditions are met at the time of the transfer, 100% business property relief is available, which reduces the inheritance tax liability on the transfer to nil.

9.7 **Venture Capital Trust**

The Company has obtained provisional clearance from HM Revenue and Customs of the Company's status as a qualifying VCT investment.

This is only a condensed summary of the tax reliefs available to investors and should not be construed as constituting advice which a potential investor should obtain from his, or her, own investment or taxation adviser before applying for shares.

Whilst the Company cannot guarantee to conduct its activities in a way to allow it to maintain its status as a qualifying EIS/VCT investment, the Directors intend, as far as possible, to do so.

10. **Material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group (i) within the period of two years immediately preceding the date of this document are, or may be, material or (ii) contain a provision under which a member of the Group has an obligation or entitlement which is material to the Group as at the date of this document:

10.1 **The Placing Agreement**

Under a placing agreement (the "Placing Agreement") dated 24 March 2006 between the Company and Seymour Pierce, Seymour Pierce has agreed (conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 29 March 2006) to use reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price. The Placing Agreement contains indemnities and warranties from the Company and warranties from the Directors in favour of Seymour Pierce together with provisions which enable Seymour Pierce to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any warranties are not found to be true or accurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement (and engagement letter dated 13 January 2006 from Seymour Pierce to the Company) the Company has agreed to pay to Seymour Pierce a fee of £250,000 of which £75,000 is to be satisfied by the issue of 375,000 new Ordinary Shares, and a Placing commission of 5% of the aggregate value of the Placing Shares at the Placing Price procured by Seymour Pierce.

10.2 **Nominated Adviser Agreement**

A nominated adviser agreement dated 23 March 2006 made between (1) the Company, (2) the Directors and (3) Seymour Pierce pursuant to which the Company has appointed Seymour Pierce to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce an annual fee of £20,000 plus VAT for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by (1) the Company and (2) the Directors in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 3 months' notice by either party thereafter.

10.3 **Broker Agreement**

A broker agreement dated 23 March 2006 made between (1) the Company, (2) the Directors and (3) Seymour Pierce pursuant to which the Company has appointed Seymour Pierce to act as broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce an annual fee of £20,000 plus VAT for its services as broker. The agreement contains certain undertakings and indemnities given by (1) the Company and (2) the Directors in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 3 months' notice by either party thereafter.

10.4 **The Annenberg Investment Agreement**

Cashbox entered into an agreement (the "Annenberg Investment Agreement") on 25 November, 2004 with (1) Carl John Thomas (2) Matthew Thomas and (3) Annenberg, whereby Annenberg agreed to subscribe for 2,800 "B" ordinary shares in Cashbox for a total consideration of £652,500 and Carl Thomas agreed to subscribe for 1,299 "C" ordinary shares in Cashbox for a consideration of £1,299.

Cashbox, Carl Thomas and Matthew Thomas provided joint and several warranties to Annenberg, any claim thereunder to be made prior to the first anniversary of the Annenberg Investment Agreement.

The Annenberg Investment Agreement contained provisions relating to the regulation of the relations between the parties thereto as shareholders in Cashbox including providing for the grant of options to certain employees of Cashbox.

Cashbox agreed to effect for the benefit and in the name of the company with an insurer 'keyman insurance' against the death or permanent disablement of Carl and Matthew Thomas and to maintain such insurance for each such person whilst he remains an officer or employee of Cashbox.

The Annenberg Investment Agreement contained confidentiality restrictions for all parties and non-compete restrictions on those parties beneficially interested in Cashbox share capital (for a period of one year after ceasing to hold such shares).

The Annenberg Investment Agreement was to continue until (i) all of the shares (of whatever denomination or class) become beneficially owned by one party; or (ii) Cashbox goes into liquidation (other than for the purpose of amalgamation or reconstruction approved by the shareholders). Accordingly, the Annenberg Investment Agreement terminated on 23 March 2006 upon the Share Exchange Offer becoming unconditional.

10.5 **The Annenberg Loan Agreement**

Cashbox entered into a loan agreement (the "Annenberg Loan Agreement") with Annenberg on 1 February, 2005 whereby Annenberg agreed to lend to Cashbox the principal sum of £400,000 followed by a further £200,000 in 2005 by way of orally agreed further advances. The loan was to be secured by a debenture.

The loan incurs interest at a rate of 2.5% per month and Cashbox agreed to pay Annenberg a management fee of £10,000 per month. To date, the interest and fees due have been paid in shares in Cashbox. The liabilities of Cashbox pursuant to the loan have been guaranteed by the Company pursuant to an on demand guarantee in favour of Annenberg dated 23 March 2006.

It is intended that Cashbox will be released from its obligations in respect of all sums currently outstanding pursuant to the Annenberg Loan Agreement, amounting to £600,000, and that the Company be released from its guarantee of such sums in consideration of the Company issuing to Annenberg 3,000,000 new Ordinary Shares ("the Annenberg Loan Shares").

10.6 **The LINK Agreement**

By an agreement (the "LINK Agreement") between (1) LINK Interchange Network Limited ("LINK") and (2) Cashbox dated 24 March 2004, Cashbox agreed to become a party to the Network's Members Agreement dated 19 February 1999 (between LINK and the financial institutions referred to therein). The LINK Network Members Agreement regulates the operation of the LINK network (the "LINK Network").

Each LINK Network member ("Network Member") undertakes to comply with LINK's operating rules to participate in the LINK Network and to connect and remain connected to the LINK Network.

A Network Member may withdraw from the LINK Network Members Agreement upon the expiry of not less than six months notice given to LINK. The membership of a Network Member may be terminated upon a Network Members "Decision" (passed by a 60% majority of the Network Members), by giving to such Network Member not less than six months notice in writing.

LINK may terminate membership with immediate effect by giving notice in writing:

10.7.1 if the Network Member commits a material breach of the agreement or the related service mark user agreement with LINK which is irremediable;

10.7.2 if the Network Member commits a material breach which it fails to remedy within 28 days after being notified of such breach;

10.7.3 if any action is taken with a view to the winding-up of any member (other than for a solvent reconstruction or a merger acquisition or transfer under the Building Societies Act 1986) or if it becomes insolvent or unable to pay its debts or enters into arrangements with creditors.

Each of the parties agrees to hold every other party harmless from and to indemnify it for any liability arising out of that party's breach of any of its obligations under the LINK Network's Members Agreement (provided notice is provided in writing within 30 days). In no circumstances shall any party be liable for loss of profit or indirect or consequential loss of any kind suffered or alleged to be suffered by any other party to the LINK Network's Members Agreement.

On entering into the agreement with LINK, Cashbox was also granted a licence to use the LINK logo and registered marks. The licence is in the form of a trade mark user agreement dated 24 March 2004 ("Trade Mark User Agreement"). LINK gives no warranty regarding the use of the marks and Cashbox has agreed not to use or register the marks and to notify LINK if it learns of any infringements. The Trade Mark User Agreement automatically terminates upon the expiry or termination of Cashbox's Members Agreement with LINK.

The LINK Agreement is varied by a supplemental agreement dated 13 May, 2004 ("Supplemental Agreement") whereby services are provided to Cashbox by LINK's operating division, ATMOS (now called Avantra).

Cashbox, on entering into site agreements with its customers, are to notify ATMOS promptly as to the location of the relevant site and the date it becomes active and to provide all information requested by ATMOS in order to perform the services.

If Cashbox terminates the Supplemental Agreement (otherwise than in accordance with the other provisions of that agreement), Cashbox is to pay ATMOS without delay an early termination fee.

Interest on any late payment is payable at a rate of 2% p.a. above base rate.

The Supplemental Agreement shall continue for an initial period of three years and thereafter unless terminated by either party on six months prior written notice. Cashbox may terminate upon 12 months notice at any time on condition that it pays the early termination fee referred to above.

Either party may terminate the agreement forthwith by giving notice in writing to the other if the other party (i) commits a material breach of the agreement and fails to remedy any such breach within 30 days of receipt of notice; or (ii) a receiver or liquidator is appointed or if the party ceases to trade or if the parties make any composition or arrangements with its creditors; or (iii) if Cashbox ceases to be a member of the LINK Network. If a force majeure event continues for more than 60 days, the non affected party may terminate the Supplemental Agreement by giving not less than seven days notice.

In the event that in any period of 12 consecutive months ATMOS breaches the service levels set out in the agreement, then Cashbox may terminate the agreement forthwith by giving one month's prior written notice to ATMOS.

ATMOS have no liability (including without limitation in negligence) for any loss of goodwill, profit, sales, consequential or indirect loss, in respect of any breach of the agreement to the extent that such breach was caused by any failure by Cashbox to comply with its obligations under the Supplemental Agreement.

The maximum liability of ATMOS in any one contract year shall not exceed £160,000 or the charges payable for the preceding contract year. In relation to liquidated damages the maximum damages to be paid by ATMOS for any month shall not exceed the greater of £1,200 or 10% of the monthly average of the charges payable in the preceding 12 month period.

Cashbox is to indemnify ATMOS from all liabilities which ATMOS incurs or suffers as a result of any claim brought by a customer of Cashbox in relation to ATMOS' provision of or failure to provide the services (except to the extent that ATMOS is liable to Cashbox).

10.7 **LINK Settlement Agreement**

Pursuant to its membership with the LINK network, Cashbox has established a settlement account at the Bank of England which is not to be overdrawn at any time. The settlement account is operated by Cashbox on the signature of Carl Thomas and Matthew Thomas. The rate of interest payable on the account is to be the Bank of England's current Repo Rate (Base Rate) variable less 1%. Cashbox undertakes to hold the Bank of England harmless against any consequences of their acting on fax signatures (except in so far as such consequences arise from the Bank of England's negligence).

10.8 **The Tidel Warrant Agreement**

Cashbox entered into a share warrant agreement ("Tidel Warrant Agreement") with Tidel on 21 September 2004, under which Tidel had the right to subscribe (for a period ending on the earlier of 31 August 2005 or a date on which Tidel notifies Cashbox that it will not exercise its rights) for 5% of the entire issued share capital of Cashbox (following the allotment of such shares) for US\$300,000. Such subscription right was exercised on 31 August 2005.

Cashbox agreed that it shall not at any time without the consent of Tidel (i) create or issue a new class of shares or allot or issue any new shares; (ii) consolidate, sub-divide or reclassify its share capital; (iii) make or declare dividends; (iv) issue any further warrants; or (v) amend its Articles.

10.9 **The Tidel Facility Agreement**

Cashbox entered into a facility agreement (the "Tidel Facility Agreement") with Tidel on 21 September 2004, whereby a credit facility (not to exceed US\$2,280,000) is made available to Cashbox by Tidel, to be applied exclusively in satisfaction of Cashbox's payment obligations to Tidel.

Repayment is to be made on monthly specified dates as set out in the Tidel Facility Agreement (in the event that the share warrant pursuant to the Tidel Warrant Agreement was exercised, the sum of US\$300,000 was to be deducted from the repayment instalment amounts). Earlier repayment was permissible.

Cashbox also agreed not to pledge or create any security interest over the whole or any part of its assets (other than certain permitted securities), without the consent of Tidel.

Cashbox also undertook to comply with all laws and regulations (including its agreement with LINK) and to notify Tidel of any event of default. Further, Cashbox was not entitled, without the prior written consent of Tidel, to make available any loan or other financial accommodation to or for any person other than normal trade credit granted to customers in the ordinary course of business.

Cashbox also agree to maintain insurance over all products and assets (for sums equal to the replacement value thereof or such other lesser amount as Tidel may agree).

Cashbox agree that they shall only use the form of customer agreement previously approved by Tidel, without material alteration.

10.10 **Tidel Debenture**

The obligations pursuant to the Tidel Facility Agreement are secured by a debenture (the “Tidel Debenture”) in favour of Tidel dated 21 September 2004.

The Tidel Debenture has been registered at Companies House. The security is by way of a mixture of fixed and floating charges over the property and assets of Cashbox. Cashbox has assigned (insofar as they are capable of being assigned by way of security) in favour of Tidel, and subject to the right of Cashbox to redeem such assignment upon the full payment or discharge of all secured sums, Cashbox’s rights and benefits pursuant to its customer site agreements.

10.11 **Tidel Guarantee**

Carl John Thomas has also provided a guarantee (the “Tidel Guarantee”) to Tidel (dated 21 September 2004) guaranteeing to Tidel the prompt performance or discharge by Cashbox of its obligations under any finance document and undertaking to Tidel that he shall forthwith on demand pay any amount (or perform those obligations) when due as if principal obligor.

It has been agreed pursuant to a release agreement between the Company, Cashbox and Tidel, dated 20 March 2006, that all sums currently outstanding pursuant to the Tidel Facility Agreement (amounting to US\$950,333) will be discharged from the proceeds of the Placing and that the Tidel Facility Agreement, Tidel Debenture and Tidel Guarantee will be terminated and released upon such payment.

10.12 **Agreements with the Asset Finance Provider**

Cashbox has entered into a finance leasing agreement with the Asset Finance Provider, pursuant to which the Asset Finance Provider will provide leasing finance in relation to ATMs over a five year period. The liabilities of Cashbox pursuant to such agreement are secured by fixed and floating charges and guarantees given by each of the Company and Cashbox. Pursuant to a warrant instrument (“Warrant Instrument”) dated 23 March 2006, the Company has in addition created 2,000,000 Finance Provider Warrants which are to be issued to the Asset Finance Provider in four series (two of 400,000 warrants and two of 600,000 warrants), each exercisable at the Placing Price per warrant (each warrant being in respect of one ordinary share) and over a five year exercise period, with one series being issued within three days after each of the first four drawdowns of financing pursuant to the finance leasing agreement. The Warrant Instrument contains customary anti-dilution provisions which restrict the Company from making issues of shares or convertible securities (save as disclosed in this document) without the consent of the holders of Finance Provider Warrants, unless holders of Finance Provider Warrants are permitted to participate, or carrying out certain other actions in relation to the Company’s share capital without consent of the holders of Finance Provider Warrants. In the event of a winding up of the Company, holders of Finance Provider Warrants may elect to be treated as if they had exercised their subscription rights and accordingly be entitled to distributions *pari passu* with Ordinary Shareholders.

10.13 **Instrument in respect of the Robin Saunders Warrants**

The Company has created the 500,000 Robin Saunders Warrants pursuant to a warrant instrument (the “Robin Saunders Warrant Instrument”) dated 23 March 2006. The Robin Saunders Warrants are exercisable at any time during a period of 10 years from Admission, in respect of one ordinary share each and at the Placing Price. The Robin Saunders Warrant Instrument contains provisions adjusting the subscription price applicable to the Robin Saunders Warrants in certain circumstances, including the allotment of fully paid ordinary shares by way of a capitalisation of profits or reserves, bonus issues, a sub-division or consolidation of ordinary shares and offers or invitations (whether by way of a rights issue or otherwise) to shareholders. In the event of a voluntary winding-up of the Company, the holders of a Robin Saunders Warrant shall rank *pari passu* with all shareholders in respect of the Company’s assets.

10.14 **Indemnities**

An indemnity dated 23 March 2006 has been provided by Anthony Sharp and Carl Thomas to the Company and Cashbox, further details of which are set out in paragraph 12 of Part V of this document. In addition it is intended that a further indemnity will be provided to the Company and Cashbox KKR Investment Management S.A., Annenberg and Carl Thomas, further details of which are also set out in paragraph 12 of Part V of this document.

11. Working capital

In the opinion of the Directors, having made due and careful enquiry and taking into account the expected net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

12. Litigation

In December 2003 Hanco ATM Systems Limited made significant claims against Carl Thomas and Cashbox, including an allegation that Carl Thomas diverted a business opportunity from Hanco to Cashbox, namely a contract for the installation of ATMs with the Thresher Group. Both Cashbox and Carl Thomas vigorously denied these claims. The Company has obtained a joint and several indemnity from both Anthony Sharp and Carl Thomas against any liability of the Company or Cashbox arising from or in connection with this litigation to pay any sum for damages awarded in respect thereof by a court of competent jurisdiction (including all sums payable to the legal advisers of Hanco ATM Systems Limited) or for any agreed settlement in respect thereof. This indemnity is expected to be replaced by a further indemnity, in respect of such liability as aforesaid, but capped at £1,500,000, from KKR Investment Management S.A. ("KKR", a company in which Anthony Sharp is expected to be a minority shareholder), Annenberg and Carl Thomas severally (the "Further Indemnity"), with sole recourse (in the case of Annenberg and Carl Thomas) to their respective holdings of Ordinary Shares. The Further Indemnity will come into effect only when KKR has unconditional finance in place, to the satisfaction of the Directors and Seymour Pierce Limited, to cover its liabilities under the Further Indemnity. The Company has agreed, to pay a cash fee in the amount of £112,500 to KKR in respect of the provision of the Further Indemnity together with the issue of 187,500 new Ordinary Shares to KKR. These shares will only be issued once the Further Indemnity is unconditional.

13. Lock-in and orderly market arrangements

Pursuant to lock-in agreements dated 23 March 2006 between Seymour Pierce, the Company and various shareholders of the Company such shareholders have agreed with Seymour Pierce and the Company not to dispose of any Ordinary Shares held by them for a period of 12 months from the date of Admission except in certain limited circumstances permitted by the AIM Rules.

14. Share option scheme

The Company will adopt the Cashbox Plc Enterprise Management Incentive Plan ("Plan") shortly before Admission. The Plan will contain an unapproved addendum allowing the Company to grant unapproved share options in excess of the £100,000 limit under the Enterprise Management Incentive ("EMI") legislation.

HM Revenue & Customs has given provisional confirmation that the Company will be a qualifying company under the EMI legislation.

The principal terms of the Plan are as follows:

- Options may be granted at any time to eligible employees or directors of the Company or its subsidiaries.
- Options will be exercisable between the second and the tenth anniversary of the date of grant.
- Options are to be issued at a price equal to the market value of the shares on the date of grant.
- The Board may impose such performance conditions as it thinks fit (taking account of the recommendations of the Remuneration Committee).
- EMI options may be granted over shares with an aggregate market value of up to £100,000.
- Unapproved options may be granted where the £100,000 EMI limit has been exceeded.

The Board may not make amendments to the rules of the Plan relating to the definition of eligible employees, the limitations on the number of shares subject to the Plan or the maximum entitlement of any option holder (other than minor amendments) without the prior approval of the Company in general meeting.

15. General

- 15.1 The total costs and expenses of or incidental to the Admission and Placing payable by the Company are estimated at approximately £990,000 (excluding VAT) of which approximately £240,000 have already been paid and £150,000 are to be satisfied by the issue of new Ordinary Shares.
- 15.2 The Ordinary Shares are not currently admitted to dealings on a recognised investment exchange and, other than the Company's application for the Ordinary Shares, both issued and to be issued under the Placing, to be admitted to trading on AIM, no applications for such admission have been made and there are no other arrangements for dealings in Ordinary Shares.
- 15.3 Save as disclosed in this document, no person (excluding professional advisers as stated in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding the Company's application for Admission, and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
 - (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission;
- save that:
- Cashbox entered into an agreement with Nikko Principal Investments Limited ("Nikko") on 11 August 2005 whereby, in consideration of Nikko's allowing access to certain due diligence reports provided to Nikko for the purposes of a proposed investment in Cashbox (which did not proceed), Cashbox agreed to pay to Nikko the sum of £50,000 plus any applicable VAT in the event of a listing. It is intended that such sum will be paid from the proceeds of the Placing.
- 15.4 BDO Stoy Hayward LLP has given and not withdrawn its consent to the inclusion in this document of its reports set out in Section A of Part III and Section A of Part IV. The Company and the Directors confirm that such reports are accurately reproduced in Section A of Part III and Section A of Part IV.
- 15.5 The accounting reference date of the Company is 30 June.
- 15.6 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act.
- 15.7 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 15.8 The Directors are not subscribing for any Ordinary Shares in the Placing (though Annenberg, which is controlled by Anthony Sharp, will be allotted 3,000,000 Ordinary Shares in consideration of its releasing the Company from its guarantee of the Annenberg Loan Agreement). 5,392,625 new Ordinary Shares have been made available to other persons identified by the Company.
- 15.9 The Directors confirm that the accounts of Cashbox for the accounting period ended 30 June 2005 have been prepared in accordance with generally accepted accounting principles in the United Kingdom and that the directors of Cashbox accept responsibility for them.
- 15.10 Save as set out in paragraph 8 of Part I, "current trading and prospects for the Group", there has been no significant change in the trading or financial position of the Group since 30 June 2005, the date to which the last audited accounts of Cashbox were prepared. No consolidated accounts have as yet been prepared for the Group.
- 15.11 Save as disclosed in this document, there are no investments in progress of the Group which are or may be significant.
- 15.12 Save as disclosed in Part I of this document, the Directors are unaware of any exceptional factors which have influenced the Group's recent activities.

15.13 Seymour Pierce has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which they are included.

15.14 Save as disclosed in this document, so far as the Directors are aware, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group for at least the current financial year.

15.15 There are no mandatory takeover bids and/or squeeze out and sell rules in relation to the Ordinary Shares.

15.16 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

16. Availability of this document

Copies of this document are available free of charge from the Company's registered office and at the offices of Bryan Cave, 33 Cannon Street, London EC4M 5TE, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document and for a period of at least one month after Admission.

Dated 24 March 2006

