

PayPoint announces that it has completed the acquisition of Verrus Mobile Technologies Inc and of Verrus UK Limited (together Verrus) which was announced on Thursday 4 March 2010.

Verrus has been acquired for an initial consideration of £25 million plus £4 million deferred consideration and £4 million consideration contingent on the cumulative results of Verrus until 31 March 2013. The consideration is payable in cash and will be settled out of existing resources.

Verrus is a leading international provider of services to parking authorities allowing consumers to use their mobile phones to pay for their parking by credit or debit card. It operates under the Verrus and PayByPhone brands and has contracts in the UK, France, Canada and the USA. Existing management will continue to run the business.

David Newlands, Chairman of PayPoint plc, said: "Verrus is an important acquisition for PayPoint and a key development in our strategy of broadening our payment services capability. Strong demand for PayByPhone, interesting cross-over opportunities with our existing client base for a new payment channel and opportunities to extend the Verrus application to other services make Verrus a powerful addition to PayPoint's payment service offering. We are delighted to welcome Verrus' employees to PayPoint."

PayPoint will benefit from:

- Substantial growth in the market for PayByPhone parking;
- Extension of PayByPhone into other applications; and
- Synergies from broadening PayPoint's service offering:
- Potential for international expansion in multi-channel payment services off the back of Verrus presence;
- Internet business offering to parking authorities for the credit/debit settlement from consumers; and
- Enhanced PayByPhone service by offering cash loading of prepaid cards as additional payment channel.

The aggregated loss of Verrus for the year ended 31 December 2009 was £0.5 million, and its gross assets on that date were £1.9 million, based on un-audited accounts. PayPoint's directors expect the transaction to have a positive impact on the earnings of the group in the second year after acquisition at current rates of interest.

Verrus will continue to be managed by Desmond Griffin (in Canada) and Robin Bevan (in the UK). Desmond Griffin was a co-founder of Verrus in 2000 and has been CEO since then. Robin Bevan founded Verrus UK in 2004 and has been CEO since then. Both have new service contracts on substantially the same terms as existing and both are participants in the arrangements for deferred and contingent consideration, payable after 31 March, 2013.

Verrus is active, in contract or in trial, in over 100 towns and cities including five London boroughs, Vancouver, Miami, Washington D.C., Boston, San Francisco Bay Area and Paris. In addition to dealing with public authorities, it also has contracts or trials with a number of private parking operators in Europe and North America, such as Vinci, Standard, Impark and NCP. The largest contract is with the City of Westminster, where Verrus is the main provider for on-street parking payment. Since its introduction in Westminster, parking revenues have increased by 45% and costs have reduced by over 20% driven by significant reductions in theft, elimination of lost revenue from out of order meters, the ability to introduce more flexible charging and increased yields per space.

Commenting on this deal, Alastair Gilchrist, Strategic Director for Resources, City of Westminster, said: "We have worked with Verrus to bring the very substantial benefits of PayByPhone to Westminster, to provide consumers with a convenient service, with improvements to the local environment through the removal of meters and improvements in parking enforcement. Verrus has been responsive to requests for changes to make the service more user-friendly and more efficient. We believe the acquisition by PayPoint, with its financial strength, reputation for technology development and service propositions, will quickly lead to further benefits for the users of our service."

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Notes to editors

PayByPhone is usually offered as an alternative to other payment channels such as meters, pay and display, pay at barrier and attended car parks. In some instances (such as in the majority of Westminster), PayByPhone is offered as the primary means of payment. The introduction of PayByPhone has been shown to render substantial increases in revenues and reductions in cost to parking authorities or operators and is increasingly being adopted around the world. The annual market for parking revenues in North America and Europe is estimated at US\$65 billion, offering a significant opportunity for increased penetration.

PayByPhone is a relatively recent service but experience to date amongst customers, parking authorities and operators is generally very favourable and the opportunity to roll out the service to many cities is substantial. Extension of the service into other areas such as bike rental (currently in trial), taxis and ticket reservations, amongst other services, offers further potential.

Verrus' technology allows consumers to link a payment card to their mobile phone in a secure environment and then to make payments using their mobile phones as the communication channel with no need to disclose payment card details after first registering. Voice, text, internet, smart phone and mobile web applications are all supported and, to date, over two million consumers have registered. The system provides the parking authorities with live and historic data and real-time communication to devices carried by enforcement officers.

About PayPoint plc

PayPoint is the leading cash and internet payments company in the UK, with operations also in Ireland and Romania. It handles over £9.3 billion from almost 550 million transactions annually for more than 6,000 clients and merchants. The company operates several businesses:

- The PayPoint branded retail network numbers over 22,300 terminals located in local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, One Stop, Londis and thousands of independents) in all parts of the UK and Ireland. The terminals process gas and electricity meter prepayments, cash bill payments, mobile phone top-ups, transport tickets, BBC TV licences and a wide variety of other payment types for most leading utilities, telecommunications suppliers and many consumer service companies;
- An ATM network which has over 2,300 'LINK' branded machines across the UK, typically in convenience stores;
- PayPoint.net, an internet payment service provider, delivers secure online credit and debit card payments for over 5,200 web merchants, linking into all major UK acquiring banks;

- PayPoint Romania, a branded national retail network of over 2,400 terminals located in local shops which process cash bill payments for all the major utilities and mobile top-ups and a further 2,600 terminals that process mobile top-ups only; and
- Collect+, a joint venture with Home Delivery Network Limited, provides a parcel collection and drop off service at PayPoint retailers.

PayPoint floated on the London Stock Exchange in September 2004 and the company's market capitalisation at 3 March 2010 was £257 million. PayPoint is widely recognised for its leadership in prepayment systems, smart technology and consumer service.