

1 April 2009

**Matica PLC**  
**("Matica", the "Group" or the "Company")**

**Unaudited Preliminary Results for the Year ended 31 December 2008**

Matica, the international supplier of card personalisation and card mailing systems, announces its unaudited preliminary results for the year ended 31 December 2008.

**HIGHLIGHTS**

- Revenues for the 12 months to December 2008 increased by 12%, to €14.6m (2007: €13.0m)
- Return to profitability, with profit before tax of €1,079,000 (2007 loss of €1,370,000)
- Profit after tax of €427,000 (2007: loss after tax of €1,789,000)
- Positive cash-inflow from operations of €881,000 versus cash outflow of €556,000 in 2007
- Opening of sales office in Singapore
- Expansion of sales offices in Americas post establishment of sales offices on July 2008
- Assumed 100% ownership of Matica Americas on 31 March 2009, providing a strong base for the Company to expand in the US, Canadian and Latin American markets
- New products developed which are expected to be introduced to markets in the near future

**Sandro Camilleri, CEO of Matica commented:**

“2008 was a successful year for Matica. Despite the challenging economic environment, we have delivered strong sales growth which resulted from the successful expansion of our global distribution network and continuous product innovation.”

While we expect the difficult trading conditions to continue in 2009, we are confident that demand for our products from existing and the new markets we have entered will mean we can build upon our success in 2008. The Group is now in a much stronger financial position and we are focused on continuing to develop our presence internationally in order to exploit current trends, such as the switch to from a magnetic strip to smart cards, which are driving increases in card usage globally.”

- Ends -

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The Company's annual report and accounts will be distributed to shareholders shortly and will be available on the Company's website ([www.maticasystem.com](http://www.maticasystem.com)).

**Notes to Editors:**

Since 2000, Matica has grown rapidly to become an international supplier of card personalisation and card mailing systems with sales to approximately 100 countries. The Group offers one of the most complete ranges of card personalisation systems, used for a wide range of plastic card personalisation including: credit and debit cards, smart cards, identification cards, security cards, SIM cards for mobile telephones, pre-paid telephone cards, membership cards, loyalty cards, electronic payment cards, patient cards, insurance cards and gift cards. The Group also produces a range of metal plate embossing systems for the personalisation of items such as vehicle identification number plates and dog tags for military or industrial projects.

Based in Milan, Italy, Matica was admitted to trading on AIM in April 2007. More information can be found at [www.maticasystem.com](http://www.maticasystem.com).

## **Chief Executive Officer's Statement**

I am pleased to present our unaudited preliminary results for the year ended 31 December 2008. The Company has made good progress in 2008 recording significant increases in revenue, profitability and operating cash flow. Revenue growth was mainly driven by new contract wins globally, particularly through increased sales of our medium sized machines and central card issuance systems.

Importantly, credit and debit card use continues to increase particularly in emerging markets, this, together with the growing trend for banks to produce cards from regional rather than central bases is driving demand for applications for the issuance of financial cards. Technical innovations are also key to increased demand such as the global migration from magnetic strips to smart cards further helped by continued concerns over security and safety.

As a result volumes of plastic cards for ID, security, banking and loyalty program applications remained high throughout 2008 and the Company generated good sales growth across most of its markets, particularly in the Americas and the Middle East. Trading conditions in Europe were adversely affected, which was mainly due to the economic slow-down in the region. However, this was offset by the strong performance delivered in other markets.

During the year, we continued to expand our sales force and established a presence in several new markets. This expansion has resulted in the opening of new offices in Singapore for the Asian markets and the recent acquisition of our partner's stake in Matica Americas LLC ("Matica Americas").

As reported in July 2008, Matica Americas was formed as a 50-50 joint venture between Matica and a U.S. partner. The operation, which opened in July 2008, is intended to provide a complete range of services including sales, service, parts, supplies and customer support to its end-customers and distributors in the US, Canada and Latin America. The location of Matica Americas provides the Company with a solid base as it expands its presence in the Americas region.

Since the year end and as reported on 26 March 2009, Matica has acquired the 50% equity stake in Matica Americas which it did not previously own to obtain 100% control of Matica Americas. This is an important step to enable the Company to take full advantage of the growing card usage in the Americas region. This addition, along with our other acquisitions over the past few years, serves to position Matica as a worldwide card personalisation and mailing systems leader.

In 2008, the Company transferred Digicard's key assets including manufacturing facilities, technologies and personnel from its Austrian location to Paderno, Italy. This transfer has allowed the Company to reduce the Company's overall manufacturing and operating costs to further improve profitability. The acquisition of Digicard and Fractalos in 2007 enabled the Company to offer card issuance solutions in markets where we were not previously able to do so. As a result of the transfer, the Company will be able to continue to enjoy the benefits generated by Digicard's technology but on lower operating costs.

The Company also continued to put effort and investment into the development of new products and markets. New products developed during the year are expected to be launched during the second of half of 2009. These new products include central issuing systems and applications for the decentralized banking issuance of financial cards. In 2008, the Company secured important contracts to sell the decentralized card issuance application in Mexico, Poland and Ukraine.

## **Financials Review**

Consolidated revenue for the 12 months ended 31 December 2008 was €14.6m, an increase of 12% on 2007. This was mainly driven by strong growth in orders particularly in the Middle East and the Americas. Profit before tax was €1.1 million, which is a significant improvement on the reported loss of €1.4 million in 2007.

The Group gross profit increased by 23% to €7.7 million (2007: €6.2 million), and EBITDA (including the result from Matica Americas) was €2.2 million (2007: negative EBITDA of €0.1). This was a result of the solid increase in revenues coupled with the reduction in the Company's overall manufacturing and operating costs.

In line with the stated dividend policy, the Company will not be paying a dividend for 2008, it will instead use its financial resources to continue to expand the business.

## **Corporate Matters**

In 2008, the Company further strengthened its Board by appointing Gary Holland as Chairman of the Board in January and subsequently Veraje Anjargolian as Non-Executive Director. Both Gary and Veraje bring invaluable experience and knowledge to the Company.

At the end of 2008 Mr Richard Besenbruch joined Matica as Director for Asia Pacific Sales. Richard's Asia Pacific market knowledge and his relationship with key channel partners will enhance the company's business services for Asia Pacific customers. Richard Besenbruch brings over 12 years of experience in the IT industry. He has held executive positions with leading companies including Zebra Technologies where he most recently headed the Asia Pacific organization of its Card Printing Solutions Division. The Asia Pacific market is a pivotal pillar in Matica's future strategy and this expansion strengthens further the company's position as a worldwide card personalization and mailing system leader.

Since the year end, Mr Hilmer Rivera joined Matica Americas as the Director of Latin America sales in January 2009. Mr Rivera has over 10 years of experience in card industry sales and marketing and he is noted for his expertise in new business development. Mr Rivera will be responsible for the development of all Matica Americas' sales activities in Latin America.

## **Outlook**

We are confident that the underlying strength of Matica's markets, combined with the internal actions we are undertaking, will put Matica in a strong position to face the current difficult economic environment. The market demand continues to be driven by the growth in the use of credit and debit cards, particularly in emerging markets, the migration of these cards from a magnetic strip to smart cards and the continued concerns over security and safety worldwide - with particular reference to ID applications.

We believe that Matica is well positioned to benefit from a worldwide trend for banks to decentralise their card issuance. With our expertise in the global card personalisation markets and innovative product offerings which are tailored to meet our customers' needs, we believe that the long term outlook remains positive for Matica.

**Sandro Camilleri**

**Chief Executive**

**31 March 2009**

## MATICA PLC

### UNAUDITED CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2008

	2008	2007
	€'000	€'000
Revenue	14,610	12,975
Raw materials and consumables used	(6,923)	(6,735)
Gross profit	7,687	6,240
Other operating income	132	36
Staff costs	(2,870)	(3,095)
Other operating expenses	(2,645)	(3,331)
Depreciation and amortisation	(995)	(1,159)
Profit/(loss) from operations	1,309	(1,309)
Loss from joint venture	(129)	-
Finance costs	(123)	(121)
Finance income	22	51
Profit/(loss) before tax	1,079	(1,379)
Income tax	(652)	(410)
<b>Profit/(loss) for the period</b>	<b>427</b>	<b>(1,789)</b>
<b>Earnings per share:</b>		
Basic earnings/(loss) per share	€ 0.042	(€ 0.203)
Fully diluted earnings/(loss) per share	€ 0.039	(€ 0.203)

## MATICA PLC

### UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2008

	Share capital €'000	Share premium €'000	Merger reserve €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
Balance at 31 December 2006	3,478	3,513	-	120	(244)	6,867
Loss for the year	-	-	-	-	(1,789)	(1,789)
Exchange rate translation adjustment	-	-	-	(5)	-	(5)
Total recognised income and expense	-	-	-	(5)	(1,789)	(1,794)
Transfer to other reserves	-	-	-	46	(46)	-
Employee share option scheme- value of employee services	-	-	-	31	-	31
Reclassification of share capital and reserves on acquisition by Matica plc	(3,389)	(3,513)	119	-	-	(6,783)
Reverse acquisition of Matica Swiss	405	-	6,467	-	-	6,872
Acquisition of Matica Asia	98	1,561	-	-	-	1,659
IPO Share issue	152	1,801	-	-	-	1,953
Balance at 31 December 2007	744	3,362	6,586	192	(2,079)	8,805
Profit for the year	-	-	-	-	427	427
Exchange rate translation adjustment	-	-	-	(100)	-	(100)
Total recognised income and expense	-	-	-	(100)	427	327
Transfer to other reserves	-	-	-	37	(37)	-
Employee share option scheme- value of employee services	-	-	-	69	-	69
Balance at 31 December 2008	744	3,362	6,586	198	(1,689)	9,201

# MATICA PLC

## UNAUDITED CONSOLIDATED BALANCE SHEET as at 31 December 2008

	2008	2007
	€'000	€'000
<b>Non - current assets</b>		
Goodwill	5,018	5,018
Intangible fixed assets	4,127	4,073
Property, plant and equipment	333	415
Deferred tax receivables	153	256
Investment in Joint ventures	35	-
Total non-current assets	<u>9,666</u>	<u>9,762</u>
<b>Current assets</b>		
Inventory	3,239	2,459
Trade and other receivables	2,233	2,016
Cash and cash equivalents	1,387	1,456
Total current assets	<u>6,859</u>	<u>5,931</u>
<b>Current liabilities</b>		
Financial Liabilities - borrowings	649	1,322
Trade and other payables	4,448	4,593
Total current liabilities	<u>5,097</u>	<u>5,915</u>
<b>Net current assets</b>	<b>1,762</b>	<b>16</b>
<b>Non-current liabilities</b>		
Financial liabilities - borrowings	1,726	672
Deferred tax liabilities	501	301
Total non-current liabilities	<u>2,227</u>	<u>973</u>
<b>Net assets</b>	<b><u>9,201</u></b>	<b><u>8,805</u></b>
<b>Equity</b>		
Share capital	744	744
Share premium account	3,362	3,362
Merger reserve	6,586	6,586
Other reserves	198	192
Retained losses	(1,689)	(2,079)
	<u>9,201</u>	<u>8,805</u>

# MATICA PLC

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2008

Notes	2008 €'000	2007 €'000
<b>Net cash inflow/(outflow) from operating activities</b>	<b>881</b>	<b>( 566)</b>
<b>Investing activities</b>		
Additions to property, plant and equipment	(57)	( 76)
Additions to intangible fixed assets	(908)	( 1,393)
Investment in joint venture	(164)	-
Disposal of property plant and equipment	12	28
Disposal of intangible fixed assets	-	414
Interest received	22	51
<b>Net cash used in investment activities</b>	<b>(1,095)</b>	<b>( 976)</b>
<b>Financing activities</b>		
Proceeds from share issues	-	2,043
Decrease in short term borrowings	(707)	( 152)
Increase in long term borrowings	1,500	960
Repayments of long term borrowings	(412)	( 93)
Interest paid	(123)	( 121)
<b>Net cash from financing activities</b>	<b>258</b>	<b>2,637</b>
<b>Net increase in cash and cash equivalents</b>	<b>44</b>	<b>1,095</b>
Effect of foreign exchange rate changes	(113)	( 5)
Cash and cash equivalents at beginning of the year	1,456	366
<b>Cash and cash equivalents at the end of the year</b>	<b>1,387</b>	<b>1,456</b>

# MATICA PLC

## Notes

1. The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2008 or 2007 within the meaning of section 240 of the Companies Act 1985. Statutory accounts for 2007 have been delivered to the registrar of companies and those for 2008 will be delivered in due course. The auditors have not yet reported on the accounts for the year ended 31 December 2008. The auditors have reported on the accounts for the year ended 31 December 2007: their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

Matica plc will produce its statutory accounts for the year ended 31 December 2008 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and in accordance with the Group's accounting policies as set out in the 2007 statutory accounts.

2. Earnings per share	2008	2007
	€'000	€'000
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share being net profit/(loss) attributable to equity shareholders	427	(1,789)
	<hr/>	<hr/>
<i>Number of shares</i>	<i>Number</i>	<i>Number</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,062,816	8,825,461
Potential dilutive effect of outstanding options	907,856	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<hr/> <u>10,970,672</u>	<hr/> <u>8,825,461</u>

## MATICA PLC

### 3. Cash generated from/(used in) operations

	2008	2007
	€'000	€'000
<b>Profit/(loss) from operations</b>	1,309	( 1,309)
<i>Adjustments for:</i>		
Depreciation and writedowns	128	200
Amortisation	867	959
Gain on disposal of property, plant and equipment	(1)	(7)
Share based payments	69	31
<b>Operating cash flows before movements in working capital</b>	<b>2,372</b>	<b>(126)</b>
(Increase)/ decrease in trade and other receivables	(217)	3,148
(Increase) in inventory	(780)	( 521)
(Decrease) in trade and other payables	(145)	( 2,616)
Taxes paid	(349)	( 451)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>881</b>	<b>(566)</b>

### 4. Post balance sheet events

On 26 March 2009, Matica Plc agreed with its US partner that from 31 March 2009 Matica would assume full control of Matica Americas LLC ("Matica Americas. Established on 16 July 2008, Matica Americas was initially set up as a 50-50 Joint Venture between Matica and a US based partner. Its principal activity is to provide sales, service, parts, supplies and customer support to customers in the US, Canada and Latin America.