

Appendix 4D

eServGlobal Limited

ABN 59 052 947 743

Half-year report and appendix 4D for the half-year ended 31 December 2010

The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2010 annual financial report.

Half-year report and appendix 4D for the half year ended 31 December 2010

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eServGlobal Limited
ABN 59 052 947 743
Half Year Ended 31 December 2010

Results for announcement to the market

Results				AS '000
Revenues	Down	48.7%	to	22,471
(Loss) Profit after tax attributable to members	Up	>100%	to	53,040
Dividends (distributions)	Amount per security		Franked amount per security	
<i>Current period</i>				
Interim dividend declared	Nil ¢		0%	
Final dividend paid	Nil ¢		0%	
<i>Previous corresponding period</i>				
Interim dividend declared	Nil ¢		0%	
Final dividend paid	Nil ¢		0%	
Record date for determining entitlements to the dividend.	N/A			

Brief explanation of revenue, net profit and dividends (distributions).
<p>The consolidated entity achieved sales revenue for the period of \$22.471 million (2009 \$43.763 million) – a decrease of 48.7% due to the sale of the USP business and assets. The gross profit realised was \$8.527 million (gross profit margin: 38%) (2009 \$20.207 million (gross profit margin: 46%)). EBITDA for the period was a profit of \$63.501 million (2009 EBITDA loss \$7.746 million).</p> <p>The net result of the consolidated entity for the half year ended 31 December 2010 was a profit after tax and minority interest for the period of \$53.04 million (2009 \$11.926 million loss after tax). Earnings per share were 26.9 cents (2009: loss per share 6.1cents).</p> <p>In accordance with the Group's accounting policies, development expenditure incurred during the period of \$0.749 million was capitalised in the Statement of Financial Position. The expenditure related to internally generated software comprising the HomeSend platform.</p> <p>During the period, the cash flow for the period was a net inflow of \$74.028 million primarily resulting from proceeds received of \$79.439 million following the disposal of the USP business and assets. Cash at 31 December 2010 was \$70.447 million.</p>

eServGlobal Limited

Directors' report

The directors of eServGlobal Limited submit herewith the financial report of eServGlobal Limited and its controlled entities (the Group) for the half-year ended 31 December 2010. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half year are:

Richard Mathews	Non Executive Chairman
Craig Halliday	Chief Executive Officer & Director (appointed on 18 January 2011)
David Smart	Non Executive Director
François Barrault	Non Executive Director
Anthony M Eisen	Non Executive Director
Michael Jefferies	Alternate Non Executive Director for Anthony M Eisen
Jamie Brooke	Non Executive Director (appointed on 26 July 2010)

Review of Operations

This report is to be read in conjunction with other reports issued contemporaneously.

eServGlobal Limited is a public company listed on the Australian Securities Exchange (ASX:ESV) and the London Stock Exchange (AIM) (LSE:ESG). Along with its Head Office in Brisbane, Australia, the eServGlobal group has operations worldwide.

eServGlobal specializes in mobile money solutions and value-added services (including promotions, loyalty, messaging, and multiplay) to help telecom service providers increase their revenue and gain and maintain customer ownership.

eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 60 customers in over 45 countries. For 24 years, mobile, fixed, internet and multiplay telecom providers have used eServGlobal's capabilities to lead and innovate in their local markets, leveraging their core assets and their trusted agent and subscriber relationships.

With 13 offices globally, eServGlobal provides full "end-to-end" and "any account to any account" mobile financial services and international money transfers.

The consolidated entity achieved sales revenue for the period of \$22.471 million (2009 \$43.763 million) – a decrease of 48.7%. The gross profit realised was \$8.527 million (gross profit margin: 38%) (2009 \$20.207 million (gross profit margin: 46%)). EBITDA for the period was a profit of \$63.501 million (2009 EBITDA loss \$7.746 million).

The net result of the consolidated entity for the half year ended 31 December 2010 was a profit after tax and minority interest for the period of \$53.04 million (2009 \$11.926 million loss after tax). Earnings per share were 26.9 cents (2009: loss per share 6.1cents).

In accordance with the Group's accounting policies, development expenditure incurred during the period of \$0.749 million was capitalised in the Statement of Financial Position. The expenditure related to internally generated software comprising the HomeSend platform.

During the period, the cash flow for the period was a net inflow of \$74.028 million primarily resulting from proceeds received of \$79.439 million following the disposal of the USP business and assets. Cash at 31 December 2010 was \$70.447 million.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year financial report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors, made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors



Richard Mathews
Chairman

Brisbane, 28 February 2011

The Board of Directors
eServGlobal Limited
Suite 5, 30 Florence Street
Newstead, QLD 4006
Australia

28 February 2011

Dear Board Members,

eServGlobal Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of eServGlobal Limited.

As lead audit partner for the review of the financial statements of eServGlobal Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of eServGlobal Limited

We have reviewed the accompanying half-year financial report of eServGlobal Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of eServGlobal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

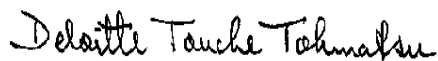
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of eServGlobal Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of eServGlobal Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Weng W Ching

Partner

Chartered Accountants

Sydney, 28 February 2011

Directors' declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Richard Mathews
Chairman

Brisbane, 28 February 2011

eServGlobal Limited

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2010

	Consolidated	Consolidated
	Half-Year	Half-Year
	Ended	Ended
	31 December	31 December
	2010	2009
	\$'000	\$'000
Revenue	22,471	43,763
Cost of sales	(13,944)	(23,556)
Gross profit	8,527	20,207
Gain on disposal of business	72,088	-
Interest income	1,839	59
Research and development expenses	(3,135)	(4,840)
Sales and marketing expenses	(4,854)	(6,432)
Administration expenses	(10,964)	(16,740)
<i>Earnings / (loss) before interest expense, tax, depreciation and amortisation</i>	63,501	(7,746)
Amortisation expense	(3,193)	(3,505)
Depreciation expense	(816)	(1,486)
<i>Earnings / (loss) before interest expense and tax</i>	59,492	(12,737)
Finance costs	(69)	(83)
Profit / (loss) before tax	59,423	(12,820)
Income tax benefit / (expense)	(6,234)	980
Profit / (loss) for the period	53,189	(11,840)
Other comprehensive income (loss)		
Exchange differences arising on the translation of foreign operations	(1,443)	(1,525)
Total comprehensive income (loss) for the period	51,746	(13,365)
Profit (loss) attributable to:		
Equity holders of the parent	53,040	(11,926)
Non controlling interest	149	86
	53,189	(11,840)
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	51,597	(13,451)
Non controlling interest	149	86
	51,746	(13,365)
Earnings (loss) per share:		
Basic (cents per share)	26.9	(6.1)
Diluted (cents per share)	26.9	(6.1)

Notes to the Financial Statements are included on pages 12 to 14

**Condensed consolidated statement of financial position
as at 31 December 2010**

	Note	Consolidated	
		31 December 2010 \$'000	30 June 2010 \$'000
Current Assets			
Cash and cash equivalents		70,447	2,225
Trade and other receivables	2	33,572	31,143
Inventories		385	853
Current tax assets		1,986	4,897
		<u>106,390</u>	<u>39,118</u>
Assets classified as held for sale		-	27,528
Total Current Assets		<u>106,390</u>	<u>66,646</u>
Non-Current Assets			
Property, plant and equipment		2,265	3,071
Deferred tax assets		1,196	1,907
Goodwill		6,295	6,820
Other receivables		11,984	-
Other intangible assets	3	9,285	12,727
		<u>31,025</u>	<u>24,525</u>
Total Non-Current Assets		<u>31,025</u>	<u>24,525</u>
Total Assets		<u>137,415</u>	<u>91,171</u>
Current Liabilities			
Trade and other payables		13,568	13,349
Borrowings		-	5,794
Current tax payables		6,857	535
Provisions		1,973	4,123
Other	4	4,465	5,268
		<u>26,863</u>	<u>29,069</u>
Liabilities directly associated with assets classified as held for sale		-	750
Total Current Liabilities		<u>26,863</u>	<u>29,819</u>
Non-Current Liabilities			
Deferred tax liabilities		1,591	4,083
Provisions		461	505
		<u>2,052</u>	<u>4,588</u>
Total Non-Current Liabilities		<u>2,052</u>	<u>4,588</u>
Total Liabilities		<u>28,915</u>	<u>34,407</u>
Net Assets		<u>108,500</u>	<u>56,764</u>
Equity			
Issued capital	9	123,946	123,946
Reserves	10	(3,019)	(1,566)
Accumulated Losses		(12,741)	(65,781)
Parent entity interest		108,186	56,599
Non controlling interest		314	165
Total Equity		<u>108,500</u>	<u>56,764</u>

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Condensed consolidated statement of changes in equity for the half-year ended 31 December 2010

	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Employee equity-settled benefits Reserve \$'000	Accumulated Losses \$'000	Attributable to owners of the parent \$'000	Non controlling Interest \$'000	Total \$'000
Consolidated							
Balance at 1 July 2010	123,946	(2,463)	897	(65,781)	56,599	165	56,764
Profit for the period	-	-	-	53,040	53,040	149	53,189
Exchange differences arising on translation of foreign operations	-	(1,443)	-	-	(1,443)	-	(1,443)
Total comprehensive profit for the period	-	(1,443)	-	53,040	51,597	149	51,746
Equity settled payments	-	-	(10)	-	(10)	-	(10)
Balance at 31 December 2010	123,946	(3,906)	887	(12,741)	108,186	314	108,500
Balance at 1 July 2009	123,946	3,323	1,088	(33,338)	95,019	35	95,054
Loss for the period	-	-	-	(11,926)	(11,926)	86	(11,840)
Exchange differences arising on translation of foreign operations	-	(1,525)	-	-	(1,525)	-	(1,525)
Total comprehensive income for the period	-	(1,525)	-	(11,926)	(13,451)	86	(13,365)
Equity settled payments	-	-	(140)	-	(140)	-	(140)
Balance at 31 December 2009	123,946	1,798	948	(45,264)	81,428	121	81,549

Notes to the Financial Statements are included on pages 12 to 14

**Condensed consolidated statement of cash flows
for the half-year ended 31 December 2010**

	Consolidated	
	Half-Year Ended 31 December 2010 \$'000	Half-Year Ended 31 December 2009 \$'000
Cash Flows from Operating Activities		
Receipts from customers	30,490	64,518
Payments to suppliers and employees	(38,139)	(71,320)
Interest and other costs of finance paid	(69)	(83)
Income tax refunded / (paid)	1,217	(206)
Net cash used in operating activities	(6,501)	(7,091)
Cash Flows From Investing Activities		
Proceeds from disposal of assets	79,439	-
Interest received	1,839	59
Payment for property, plant and equipment	-	(2,255)
Software development costs	(749)	(1,289)
Net cash from/ (used in) investing activities	80,529	(3,485)
Net increase/(decrease) In Cash and Cash Equivalents	74,028	(10,576)
Cash At The Beginning Of The Period	(3,569)	14,135
Effects of exchange rate changes on the balance of cash held in foreign currencies	(12)	(139)
Cash and Cash Equivalents At The End Of The Period	70,447	3,420

Notes to the consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The company is a company of the kind referred to in ASIC Class Order 98/010, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, unless otherwise stated.

Adoption of New and Revised Accounting Standards

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the company's accounting policies and have no affect on the amounts reported for the current or prior periods.

2. Current trade and other receivables

	Consolidated	
	31 December 2010 \$'000	30 June 2010 \$'000
Trade receivables	12,401	21,111
Work in progress	6,465	7,467
Other receivables	13,445	814
Deposits and prepayments	1,261	1,751
	33,572	31,143

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3. Other intangible assets

	Software & Documentation \$'000	Customer Relationships \$'000	Software Develop- ment \$'000	Total \$'000
Carrying value at 1 July 2010	1,065	6,603	5,059	12,727
Internally developed	-	-	749	749
Amortisation expense for the period	(1,038)	(1,387)	(768)	(3,193)
Effects of foreign exchange movements	(23)	(483)	(492)	(998)
Carrying value at 31 December 2010	4	4,733	4,548	9,285
Carrying value at 1 July 2009	5,153	11,448	3,782	20,383
Internally developed	-	-	1,289	1,289
Amortisation expense for the period	(1,855)	(1,650)	-	(3,505)
Effects of foreign exchange movements	(328)	(832)	(297)	(1,457)
Carrying value at 31 December 2009	2,970	8,966	4,774	16,710

4. Other Current Liabilities

	Consolidated	
	31 December 2010 \$'000	30 June 2010 \$'000
Deferred income	4,465	5,268

5. Dividends

	Half Year ended 31 December 2010		Half Year ended 31 December 2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
<i>Recognised amounts</i>				
Final dividend paid in respect of prior financial year	-	-	-	-

6. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in a single segment being the telecommunications software solutions business.

7. Issuances, repurchases and repayment of securities

During the half-year, the company did not issue any shares (6 months to December 2009: nil).

The company did not issue share options over ordinary shares under its executive and employee share option plan during the half-year reporting period (6 months to 31 December 2009: nil).

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8. Facilities

Subsequent to balance date, the company renewed its \$5 million bank bill facility to 31 August 2011. The facility is subject to a range of covenants and provisions.

9. Issued Capital

	Consolidated	
	31 December 2010	30 June 2010
	\$'000	\$'000
196,847,706 fully paid ordinary shares (30 June 2010: 196,847,706)	123,946	123,946

	31 December 2010		31 December 2009	
	No. '000	\$ '000	No. '000	\$ '000
Fully Paid Ordinary Shares				
Balance at the beginning of the financial period	196,848	123,946	196,848	123,946
Shares issued in the period	-	-	-	-
Balance at the end of the financial period	196,848	123,946	196,848	123,946

10. Reserves

	Consolidated	
	31 December 2010	30 June 2010
	\$'000	\$'000
Employee equity-settled benefit	887	897
Foreign currency translation	(3,906)	(2,463)
	(3,019)	(1,566)

eServGlobal Limited

Other information required to be given to ASX under listing rule 4.2A.3

Net tangible assets per security	Current period	June 2010	December 2009
Net tangible assets per security	47.2 cents	5.3 cents	16.3 cents

Dividends

	Amount	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend	Date paid/ payable
Interim dividend: Current year	Nil	N/A	N/A	N/A	N/A
Previous year	Nil	N/A	N/A	N/A	N/A
Final dividend paid in respect of previous financial year:					
<i>Current period:</i> Final dividend	Nil	N/A	N/A	N/A	N/A
<i>Previous corresponding period:</i> Special dividend Final dividend	Nil	N/A	N/A	N/A	N/A

The dividend or distribution plans shown below are in operation.

N/A.

The last date(s) for receipt of election notices for the
+dividend or distribution plans

N/A

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period		Aggregate share of net profit (loss) contributed to the reporting entity	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
Total	N/A	N/A	N/A	N/A