

Appendix 4D

eServGlobal Limited

ABN 59 052 947 743

Half-year report and appendix 4D for the half-year ended 30 April 2012

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 October 2011 financial report.

Half-year report and appendix 4D for the half year ended 30 April 2012

Contents

Results for announcement to the market	1
Directors' Report	2
Auditor's Independence Declaration	4
Independent Review Report	5
Directors' Declaration	7
Condensed consolidated Statement of Comprehensive Income	8
Condensed consolidated Statement of Financial Position	9
Condensed consolidated Statement of Changes in Equity	10
Condensed consolidated Statement of Cash Flows	11
Notes to the condensed consolidated Financial Statements	12

eServGlobal Limited
ABN 59 052 947 743
Half Year Ended 30 April 2012

Results for announcement to the market

Results				A\$ '000
Revenues	Down	43.9%	to	12,599
(Loss) Profit after tax attributable to members	Down	>100%	to	(11,278)
<p>The above results are in respect of the half year to 30 April 2012 compared to the previous reported half year results to December 2010 (the last reported half year results following the adoption of an October financial year end in 2011)</p>				
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).

The consolidated entity achieved sales revenue for the period of \$12.599 million (6 months to 31 December 2010 \$22.471 million) – a decrease of 43.9% due to the sale of the USP business and assets to Oracle in August 2010 and the transition of the remaining USP support agreements to Oracle. The gross profit realised was \$4.990 million (gross profit margin: 40%) (6 months to 31 December 2010 \$8.527 million (gross profit margin: 38%)). EBITDA for the period was a loss of \$7.764 million (6 months to 31 December 2010 EBITDA profit \$63.501 million).

The net result of the consolidated entity for the half year ended 30 April 2012 was a loss after tax and minority interest for the period of \$11.278 million (6 months to 31 December 2010 \$53.040 million profit after tax). Loss per share was 5.7 cents (6 months to 31 December 2010: earnings per share 26.9 cents).

In accordance with the Group's accounting policies, development expenditure incurred during the period of \$0.586 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 outflow of \$7.456 million primarily resulting from the payment of \$7.6m of income tax. Cash at 30 April 2012 was \$2.626 million.

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 30 April 2012. 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
David Smart	Non Executive Director
François Barrault	Non Executive Director
Jamie Brooke	Non Executive Director
Stephen Baldwin	Non Executive Director (appointed 25 November 2011)

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 80 customers in over 55 countries. For more than 28 years, mobile, fixed, internet and multiplay telecom providers have used eServGlobal's solutions 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 money services and international remittance services. eServGlobal's HomeSend solution is the only mobile centric international remittance hub to gain endorsement from the GSM association.

The consolidated entity achieved sales revenue for the period of \$12.599 million (6 months to 31 December 2010* \$22.471 million) – a decrease of 43.9% due to the sale of the USP business and assets to Oracle in August 2010 and the transition of the remaining USP support agreements to Oracle. The gross profit realised was \$4.990 million (gross profit margin: 40%) (6 months to 31 December 2010 \$8.527 million (gross profit margin: 38%)). EBITDA for the period was a loss of \$7.764 million (6 months to 31 December 2010 EBITDA profit \$63.501 million).

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In accordance with the Group's accounting policies, development expenditure incurred during the period of \$0.586 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 outflow of \$7.456 million primarily resulting from the payment of \$7.6m of income tax. Cash at 30 April 2012 was \$2.626 million.

* The above results are in respect of the half year to 30 April 2012 compared to the previous reported half year results to December 2010 (the last reported half year results following the adoption of an October financial year end 2011)

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, 29 June 2012

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

29 June 2012

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 30 April 2012, 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 30 April 2012, 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 15.

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 30 April 2012 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 review 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 30 April 2012 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

DELOITTE TOUCHE TOHMATSU

Weng W Ching
Partner
Chartered Accountants
Sydney, 29 June 2012

eServGlobal Limited

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, 29 June 2012

eServGlobal Limited

Condensed consolidated statement of comprehensive income for the half-year ended 30 April 2012

	Consolidated	Half-Year
	Half-Year	Ended
	Ended	31 December
	30 April 2012	2010
	\$'000	\$'000
Revenue	12,599	22,471
Cost of sales	(7,609)	(13,944)
Gross profit	4,990	8,527
Gain on disposal of business	-	72,088
Interest income	290	1,839
Research and development expenses	(893)	(3,135)
Sales and marketing expenses	(3,282)	(4,854)
Administration expenses	(8,869)	(10,964)
<i>Earnings / (loss) before interest expense, tax, depreciation and amortisation</i>	(7,764)	63,501
Amortisation expense	(2,306)	(3,193)
Depreciation expense	(353)	(816)
<i>Earnings / (loss) before interest expense and tax</i>	(10,423)	59,492
Finance costs	(674)	(69)
Profit / (loss) before tax	(11,097)	59,423
Income tax benefit / (expense)	(114)	(6,234)
Profit / (loss) for the period	(11,211)	53,189
Other comprehensive income (loss)		
Exchange differences arising on the translation of foreign operations	614	(1,443)
Total comprehensive income (loss) for the period	(10,597)	51,746
Profit (loss) attributable to:		
Equity holders of the parent	(11,278)	53,040
Non controlling interest	67	149
	(11,211)	53,189
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	(10,630)	51,597
Non controlling interest	33	149
	(10,597)	51,746
Earnings (loss) per share:		
Basic (cents per share)	(5.7)	26.9
Diluted (cents per share)	(5.7)	26.9

Notes to the Financial Statements are included on pages 12 to 15

**Condensed consolidated statement of financial position
as at 30 April 2012**

	Note	Consolidated	
		30 April 2012 \$'000	31 October 2011 \$'000
Current Assets			
Cash and cash equivalents		2,626	10,129
Trade and other receivables	2	25,940	40,425
Inventories		160	170
Current tax assets		90	90
Total Current Assets		28,816	50,814
Non-Current Assets			
Property, plant and equipment		1,199	1,541
Deferred tax assets		5,368	5,359
Goodwill		5,993	6,382
Other receivables		-	-
Other intangible assets	3	4,790	6,808
Total Non-Current Assets		17,350	20,090
Total Assets		46,166	70,904
Current Liabilities			
Trade and other payables		8,817	15,247
Borrowings	8	14,500	14,000
Current tax payables		69	6,904
Provisions		1,738	2,515
Other	4	1,953	2,190
Total Current Liabilities		27,077	40,856
Non-Current Liabilities			
Deferred tax liabilities		376	790
Provisions		437	385
Total Non-Current Liabilities		813	1,175
Total Liabilities		27,890	42,031
Net Assets		18,276	28,873
Equity			
Issued capital	9	90,770	90,770
Reserves	10	(1,335)	(1,983)
Accumulated Losses		(71,262)	(59,984)
Parent entity interest		18,173	28,803
Non controlling interest		103	70
Total Equity		18,276	28,873

Notes to the Financial Statements are included on pages 12 to 15

eServGlobal Limited

Condensed consolidated statement of changes in equity for the half-year ended 30 April 2012

	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 November 2011	90,770	(3,376)	1,393	(59,984)	28,803	70	28,873
Loss for the period	-	-	-	(11,278)	(11,278)	67	(11,211)
Exchange differences arising on translation of foreign operations	-	648	-	-	648	(34)	614
Total comprehensive loss for the period	-	648	-	(11,278)	(10,630)	33	(10,597)
Equity settled payments	-	-	-	-	-	-	-
Balance at 30 April 2012	90,770	(2,728)	1,393	(71,262)	18,173	103	18,276
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

Notes to the Financial Statements are included on pages 12 to 15

**Condensed consolidated statement of cash flows
for the half-year ended 30 April 2012**

	Consolidated	
	Half-Year Ended 30 April 2012 \$'000	Half-Year Ended 31 December 2010 \$'000
Cash Flows from Operating Activities		
Receipts from customers	15,424	30,490
Payments to suppliers and employees	(27,017)	(38,139)
Interest and other costs of finance paid	(654)	(69)
Income tax refunded / (paid)	(7,556)	1,217
Net cash used in operating activities	(19,803)	(6,501)
Cash Flows From Investing Activities		
Proceeds from disposal of assets	11,500	79,439
Interest received	968	1,839
Payment for property, plant and equipment	(35)	-
Software development costs	(586)	(749)
Net cash from/(used in) investing activities	11,847	80,529
Cash Flows From Financing Activities		
Repayment of loan	(2,000)	-
Proceeds from borrowings	2,500	-
Net cash from/(used in) financing activities	500	-
Net increase/(decrease) In Cash and Cash Equivalents	(7,456)	74,028
Cash At The Beginning Of The Period	10,129	(3,569)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(47)	(12)
Cash and Cash Equivalents At The End Of The Period	2,626	70,447

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 October 2011 financial report for the financial period ended 31 October 2011, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group 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.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the group's presentation of, or disclosure in, its half-year financial statements.

2. Current trade and other receivables

	Consolidated	
	30 April 2012	31 October 2011
	\$'000	\$'000
Trade receivables	7,567	9,516
Work in progress	3,861	4,910
Other receivables	1,995	1,914
Deferred sales proceeds (i)	11,349	23,534
Deposits and prepayments	1,168	551
	25,940	40,425

eServGlobal Limited

2. Current trade and other receivables (continued)

- (i) This represents second and final escrow payment which is due to be released by the escrow agent in August 2012. This balance is subject to indemnification provisions within the transaction agreements. However, at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial period that would affect the full receipt of the second and final escrow payment.

3. Other intangible assets

	Customer Relationships	Software Develop- ment	Total
	\$'000	\$'000	\$'000
Carrying value at 1 November 2011	2,630	4,178	6,808
Internally developed	-	586	586
Amortisation expense for the period	(1,258)	(1,048)	(2,306)
Effects of foreign exchange movements	(119)	(179)	(298)
Carrying value at 30 April 2012	1,253	3,537	4,790
Carrying value at 1 July 2011	3,564	4,448	8,012
Internally developed	-	500	500
Amortisation expense for the period	(891)	(690)	(1,581)
Effects of foreign exchange movements	(43)	(80)	(123)
Carrying value at 31 October 2011	2,630	4,178	6,808

4. Other Current Liabilities

	Consolidated	
	30 April 2012	31 October 2011
	\$'000	\$'000
Deferred income	1,953	2,190

5. Dividends

	Half Year ended 30 April 2012		Half Year Ended 31 December 2010	
	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.

eServGlobal Limited

7. Issuances, repurchases and repayment of securities

During the period:

- The company did not issue any shares (6 months to 31 December 2010: nil).
- The company issued 1,500,000 share options over ordinary shares under its executive and employee share option plan (6 months to 31 December 2010: nil).
- The company cancelled 7,300,000 share options over ordinary shares under its executive and employee share option plan.
- Subsequent to the reporting period, on 14th May 2012, the company issued 8,700,000 share options over ordinary shares under its executive and employee share option plan.

	Consolidated	
	30 April 2012 \$'000	31 October 2011 \$'000
8. Borrowings		
Secured		
Loans from current and former shareholders (a)	12,000	14,000
Bank borrowings (b)	2,500	-
	14,500	14,000

- Loans from current and former shareholders represent a loan from MHB Holdings Pty Ltd (\$3,313,500), Volantis Capital Limited (\$4,179,580), Strathclyde pensions fund (\$1,120,420), Guinness Peat Group International Holdings BV (\$2,000,000) and Halliday LLC (\$1,386,500). The loan is secured by way of a fixed and floating charge over the assets of the Group and is interest bearing at 9.75% per annum.

The Loan is to be repaid to the Shareholders, together with interest accrued within 12 months from 8 August 2011. Under the loan agreement, the Company has the unconditional right to extend the due date for the repayment for a further term of 12 months. The right has not been exercised at 30 April 2012.

During the period the Group repaid \$2,000,000 of the shareholder loan due to Guinness Peat Group International Holdings BV.

- During the period the Group secured a \$2,500,000 bank bill facility which expires in August 2012. The facility is subject to a range of covenants and provisions.

9. Issued Capital

	Consolidated			
	30 April 2012 \$'000		31 October 2011 \$'000	
196,847,706 fully paid ordinary shares (31 October 2011: 196,847,706)	90,770		90,770	
	30 April 2012		31 October 2011	
	No. '000	\$ '000	No. '000	\$ '000
Fully Paid Ordinary Shares				
Balance at the beginning of the financial period	196,848	90,770	196,848	90,770
Shares issued in the period	-	-	-	-
Balance at the end of the financial period	196,848	90,770	196,848	90,770

10. Reserves

	Consolidated	
	30 April 2012	31 October 2011
	\$'000	\$'000
Employee equity-settled benefit	1,393	1,393
Foreign currency translation	(2,728)	(3,376)
	<u>(1,335)</u>	<u>(1,983)</u>

eServGlobal Limited

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

Net tangible assets per security	Current period	October 2011
Net tangible assets per security	3.8 cents	8.0 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 period	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