Appendix 4D

eServGlobal Limited

ABN 59 052 947 743

Half-year report and appendix 4D
for the half-year ended 30 April 2016

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 31 October 2015 financial report.

Half-year report and appendix 4D
for the half year ended
30 April 2016

Contents

eServGlobal Limited

ABN 59 052 947 743

Half Year Ended 30 April 2016

Results for announcement to the market

Results				**A$ '000**
Revenues	Down	34.8%	to	8,363
(Loss)/Profit after tax attributable to members	Down	59.6%	to	(12,311)

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend declared	Nil ¢	0%
Final dividend paid	Nil ¢	0%
Previous corresponding period		
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 $8.363 million (2015: $12.834 million) representing a decrease of 34.8% mainly due to the timing of pipeline conversion. EBITDA for the period was a loss of $8.809 million (2015: EBITDA loss $6.991 million).

The net result of the consolidated entity for the half year ended 30 April 2016 was a loss after tax and minority interest for the period of $12.311 million (2015: $7.712 million loss). Loss per share was 4.6 cents (2015: loss per share 2.9 cents).

During the period, there was a net cash outflow of $2.502 million primarily resulting from a net outflow from operations of $5.563 million, investment in the HomeSend joint venture company of $3.905 million, repayment of the National Australia Bank loan of $3 million and software development costs for the Paymobile 3 platform of $1.014 million, offset by receipt of funds held in escrow for the HomeSend business divestment of $5.133 million and proceeds from new borrowings of $5.845 million. Cash at 30 April 2016 was $1.997 million.

Directors' report

The directors of eServGlobal Limited (the Company) submit herewith the financial report of eServGlobal Limited and its controlled entities (the Group) for the half-year ended 30 April 2016. 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:

John Conoley	Executive Chairman
Stephen Baldwin	Non-executive Director
Thomas Rowe	Company Secretary and non-executive Director
Stephen Blundell	Non-executive Director (resigned 17 December 2015)

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). The eServGlobal group has operations worldwide.

eServGlobal offers mobile money solutions which put feature-rich services at the fingertips of users worldwide, covering the full spectrum of mobile financial services, mobile wallet, mobile commerce, recharge, promotions and agent management features. eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 65 customers in over 50 countries.

eServGlobal also builds on its extensive experience in the telco domain to offer a comprehensive suite of sophisticated, revenue generating Value-Added Services to engage subscribers in a dynamic manner.

The company is partnering with MasterCard and BICS to build the HomeSend business, the market leading international remittance service based on eServGlobal technology and enabling mobile money transfer in over 50 markets.

eServGlobal has been a source of innovative solutions for mobile and financial service providers for over 30 years.

The consolidated entity achieved sales revenue for the period of $8.363 million (2015: $12.834 million) representing a decrease of 34.8% due to the timing of pipeline conversion. EBITDA for the period was a loss of $8.809 million (2015: EBITDA loss $6.991 million).

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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 98/100, 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

John Conoley
Executive Chairman

London, 29 June 2016

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
eServGlobal Limited
c/- Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road,
Millers Point NSW 2000

30 June 2016

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 2016, 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

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 2016, and the condensed statement of profit or loss and other 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 19.

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 2016 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.

Deloitte.

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 2016 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*.

Material Uncertainty Regarding Going Concern

Without modifying our review conclusion, we draw your attention to Note 1(c) Going Concern in the half-year financial report which indicates that the consolidated entity incurred a loss after tax of $12.215 million and had net cash outflows from operations of $5.563 million during the half-year ended 30 April 2016. These conditions, along with the matters set forth in Note 1(c) Going Concern, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore, it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 30 June 2016

Directors' declaration

The Directors declare that:

a) based on the matters set out in Note 1(c), 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

John Conoley
Executive Chairman

London, 29 June 2016

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 April 2016

	Consolidated	
	Half-Year Ended 30 April 2016 $'000	Half-Year Ended 30 April 2015 $'000
Revenue	8,363	12,834
Cost of sales	(7,910)	(6,422)
Gross profit	453	6,412
Interest income	24	23
Foreign exchange(loss)/gain	1,878	(510)
Research and development expenses	(1,284)	(931)
Sales and marketing expenses	(2,296)	(3,324)
Administration expenses	(4,933)	(7,122)
Share of loss of associate	(2,651)	(1,539)
(Loss)/profit before interest expense, tax, depreciation and amortisation (EBITDA)	(8,809)	(6,991)
Amortisation expense	(1,413)	(397)
Depreciation expense	(48)	(71)
(Loss)/profit before interest expense and tax	(10,270)	(7,459)
Finance costs	(1,679)	(164)
Loss before tax	**(11,949)**	**(7,623)**
Income tax expense	(266)	(23)
Loss for the period	**(12,215)**	**(7,646)**
Other comprehensive income (loss), net of tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on the translation of foreign operations (nil tax impact)	(2,390)	(153)
Total comprehensive (loss)/profit for the period	**(14,605)**	**(7,799)**
(Loss)/profit attributable to:		
Equity holders of the parent	(12,311)	(7,712)
Non controlling interest	96	66
	(12,215)	**(7,646)**
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	(14,684)	(7,859)
Non controlling interest	79	60
	(14,605)	**(7,799)**
(Loss)/profit per share:		
Basic (cents per share)	**(4.6)**	**(2.9)**
Diluted (cents per share)	**(4.6)**	**(2.9)**

Notes to the Financial Statements are included on pages 12 to 19

Condensed consolidated statement of financial position as at 30 April 2016

	Note	Consolidated 30 April 2016 $'000	Consolidated 31 October 2015 $'000
Current Assets			
Cash and cash equivalents		1,997	4,976
Trade, other receivables and work in progress	2	15,948	24,403
Deferred sales proceeds	3	-	5,343
Inventories		72	66
Current tax assets		790	107
Total Current Assets		18,807	34,895
Non-Current Assets			
Investment in associate		27,593	31,473
Property, plant and equipment		54	84
Research & development tax refund receivable		1,123	976
Other intangible assets – capitalised research & development		6,842	6,939
Other non-current assets	4	3,612	3,456
Total Non-Current Assets		39,224	42,928
Total Assets		58,031	77,823
Current Liabilities			
Trade and other payables		11,417	19,619
Borrowings	8	-	3,000
Current tax payables		202	235
Provisions		1,238	1,380
Other	5	1,768	1,286
Total Current Liabilities		14,625	25,520
Non-Current Liabilities			
Borrowings	8	21,832	16,531
Derivative financial liability – share options at fair value		2,495	2,058
Provisions		908	943
Total Non-Current Liabilities		25,235	19,532
Total Liabilities		39,860	45,052
Net Assets		18,171	32,771
Equity			
Issued capital	9	116,074	116,074
Reserves	10	(2,194)	174
Accumulated losses		(96,200)	(83,889)
Equity attributable to owners of the parent		17,680	32,359
Non controlling interest		491	412
Total Equity		18,171	32,771

Notes to the Financial Statements are included on pages 12 to 19

Condensed consolidated statement of changes in equity for the half-year ended 30 April 2016

	Issued Capital $'000	Foreign Currency Translation Reserve $'000	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 2015	116,074	(2,791)	2,965	(83,889)	32,359	412	32,771
Profit/(loss) for the period	-	-	-	(12,311)	(12,311)	96	(12,215)
Exchange differences arising on translation of foreign operations	-	(2,373)	-	-	(2,373)	(17)	(2,390)
Total comprehensive income/(loss) for the period	-	(2,373)	-	(12,311)	(14,684)	79	(14,605)
Equity settled payments	-	-	5	-	5	-	5
Balance at 30 April 2016	116,074	(5,164)	2,970	(96,200)	17,680	491	18,171
Balance at 1 November 2014	110,574	(7,066)	2,911	(51,349)	55,070	224	55,294
Profit for the period	-	-	-	(7,712)	(7,712)	66	(7,646)
Exchange differences arising on translation of foreign operations	-	(147)	-	-	(147)	(6)	(153)
Total comprehensive income for the period	-	(147)	-	(7,712)	(7,859)	60	(7,799)
Issue of new shares	5,500	-	-	-	5,500	-	5,500
Equity settled payments	-	-	54	-	54	-	54
Balance at 30 April 2015	116,074	(7,213)	2,965	(59,061)	52,765	284	53,049

Notes to the Financial Statements are included on pages 12 to 19

Condensed consolidated statement of cash flows
for the half-year ended 30 April 2016

	Consolidated	
	Half-Year Ended 30 April 2016 $'000	**Half-Year Ended 30 April 2015 $'000**
Cash Flows from Operating Activities		
Receipts from customers	10,362	13,527
Payments to suppliers and employees	(14,969)	(15,575)
Interest and other costs of finance paid	(92)	(166)
Income tax paid	(864)	(1,353)
Net cash used in operating activities	(5,563)	(3,567)
Cash Flows From Investing Activities		
Proceeds from HomeSend business divestment	5,133	-
Investment in HomeSend joint venture company	(3,905)	-
Interest received	24	3
Payment for property, plant and equipment	(22)	(149)
Software development costs	(1,014)	(2,758)
Net cash from/ (used in) from investing activities	216	(2,904)
Cash Flows From Financing Activities		
Proceeds from issue of shares	-	5,788
Payment for share issue costs	-	(288)
Proceeds from borrowings	5,845	-
Repayment of bank loan	(3,000)	-
Net cash from financing activities	2,845	5,500
Net (Decrease)/Increase In Cash and Cash Equivalents	(2,502)	(971)
Cash At The Beginning Of The Period	4,976	3,679
Effects of exchange rate changes on the balance of cash held in foreign currencies	(477)	(86)
Cash and Cash Equivalents At The End Of The Period	1,997	2,622

Notes to the Financial Statements are included on pages 12 to 19

Notes to the condensed consolidated financial statements

1. Significant accounting policies

(a) 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.

(b) Basis of preparation

The condensed consolidated 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, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/100, 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 to 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 2015 annual financial report for the financial year ended 31 October 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted
The Group adopted all of the relevant new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the half year ended 30 April 2016 and are not expected to have any significant impact for the full financial year ending 31 October 2016. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Going concern

The condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 April 2016 reflects a loss after tax of $12.215 million, and the condensed consolidated statement of cash flows reflects net cash outflows from operations of $5.563 million. The Directors have reviewed a financial budget and cash flow forecast prepared by management for the period through to 30 June 2017. The cash flow forecast indicates that the Group will have sufficient funding to operate as a going concern during the forecast period, and on this basis the Directors have prepared the financial statements on the going concern basis.

Notes to the condensed consolidated financial statements

1. Significant accounting policies (continued)

(c) Going concern (continued)

The Directors' assessment of the cash flow forecast includes the proceeds from an institutional placement announced to the market on 7 June 2016, comprising a firm placement of £1.3 million ($2.4 million) which was completed on 16 June 2016 and a conditional placement of £10.7 million ($19.8 million) which is subject to shareholders approval and other conditions. The purpose of these funds will be to restructure the existing debt facility (including payment of related fees), to carry out further internal restructuring and for working capital. The Group has also announced an open offer (non renounceable rights issue under Australian law) to qualifying shareholders of up to £3.0 million ($5.5 million) which funds, if any, will be used to strengthen the Group’s balance sheet position, and subject to working capital requirements, may be used to further reduce the debt facility. Refer further details on the share placements in Subsequent Events note 14.

If the Group is unable to generate its expected levels of operating performance and cash flows through to 30 June 2017, and obtain shareholder approval and meet other conditions required to complete the conditional institutional share placement, and if required, secure additional capital (including proceeds from the proposed open offer placement) and/or alternative funding, significant uncertainty would exist as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Notes to the condensed consolidated financial statements

2. Trade, other receivables and work in progress

	30 April 2016 $'000	31 October 2015 $'000
Trade receivables	3,966	11,515
Work in progress	9,102	10,071
Other receivables	409	554
Deposits and prepayments	2,471	2,263
Total trade, other receivables and work in progress	15,948	24,403

3. Deferred sales proceeds

Deferred sales proceeds totalling $5.3 million, which related to the sale of the HomeSend business to the associate company HomeSend SRCL, were received by the Company on 3 April 2016.

4. Other non-current assets

	30 April 2016 $'000	31 October 2015 $'000
Unamortised loan facility cost	3,612	3,456

Unamortised loan facility cost relates to related party shareholder borrowings, and includes loan establishment costs (net of amortisation) of $0.390 million (2015: $0.334 million) and fair value of share options issued associated with the loans (net of amortisation) of $3.222 million (2015: $3.122 million). The facility costs are being amortised on an effective interest basis over the loan terms.

5. Other Current Liabilities

	30 April 2016 $'000	31 October 2015 $'000
Deferred income	1,768	1,286

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. Accordingly, all reported information in the financial report relates to this single segment.

Notes to the condensed consolidated financial statements

7. Issuances, repurchases and repayment of securities

During the current period the company did not issue any shares (2015: 10,000,000 shares issued raising a total of $5.212 million, net of expenses.

The company issued 3,000,000 share options over ordinary shares to its Executive Chairman at an option exercise price of $0.21 per share, and the vesting date being the earlier of 14 March 2018 or a change in control of the business or Company.

On 23 March 2016, 8,000,000 options were issued to Henderson as a facility fee for the loan agreement entered into on the same day with Alphagen Volantis Fund Limited and the Alphagen Volantis Catalyst Fund Limited for an interest bearing loan facility of £1million ($1.9 million) which is repayable on 4 June 2017. The exercise price for these options will be the lesser of 4.375 pence or a 20% discount to the 60 day Volume Weighted Average Price for a depository interest in the company on AIM for the period commencing 22 March 2016. The expiry date of these options is 5 October 2020.

The company cancelled 631,945 expired share options over ordinary shares under its executive and employee share option plan during the period.

No employee share options were exercised in the period (2015: 800,000 employee share options exercised at an option price of $0.36 per share, raising a total of $0.288 million).

8. Borrowings

	30 April 2016 $'000	31 October 2015 $'000
Interest bearing loans		
Current (a)	-	3,000
Non-current (b)	21,832	16,531
	21,832	19,531

(a) The National Australia Bank loan of $3 million was repaid in full on 23 March 2016.

(b) Borrowings at 30 April 2016 represent $21.832 million loans from related party shareholders Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited. The loans are interest bearing and are secured by way of a fixed and floating charge over the total assets of the Group. The total amortised cost of the loan as at 30 April 2016 is $18.220 million being $21.832 million per above less unamortised facility cost of $3.612 million shown in other non-current assets at Note 4.

Notes to the condensed consolidated financial statements

9. Issued Capital

	30 April 2016 $'000	31 October 2015 $'000
265,774,052 fully paid ordinary shares (31 October 2015: 265,774,052)	116,074	116,074

	30 April 2016		31 October 2015	
	No. '000	$'000	No. '000	$'000
Fully Paid Ordinary Shares				
Balance at the beginning of the financial period	265,774	116,074	254,974	110,574
Issue of shares under the Company's employee share option plan	-	-	800	288
Shares issued in the period	-	-	10,000	5,500
Costs of share issue	-	-	-	(288)
Balance at the end of the financial period	265,774	116,074	265,774	116,074

10. Reserves

	30 April 2016 $'000	31 October 2015 $'000
Employee equity-settled benefit	2,970	2,965
Foreign currency translation	(5,164)	(2,791)
	(2,194)	174

Notes to the condensed consolidated financial statements

11. Financial Instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

11.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Derivative financial liability of $2.495 million relation to share options associated with non-current borrowings is measured at fair value (31 October 2015: $2.058 million). None of the Group's other financial assets and financial liabilities are measured at fair value as at 30 April 2016.

11.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values:

	30 April 2016 $'000	31 October 2015 $'000
Financial assets		
Trade, other receivables and work in progress	15,948	24,403
Deferred sales proceeds	-	5,343
Cash and cash equivalents	1,997	4,976
Financial liabilities		
Trade and other payables	11,417	19,619
Borrowings	21,832	19,531

12. Dividends

	Half Year ended 30 April 2016		Half Year Ended 30 April 2015	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Recognised amounts				
Final dividend paid in respect of prior financial year	-	-	-	-

Notes to the condensed consolidated financial statements

13. Investment in associate

Details of the material investment in associate at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			30 April 2016	**31 October 2015**
Homesend SRCL (a)	Provision of international mobile money services	Brussels, Belgium	35%	35%

a) HomeSend SRCL was formed on 3 April 2014. The directors have determined that the Group exercises significant influence over HomeSend SRCL by virtue of its 35% voting power in shareholders meetings and its contractual right to appoint two out of six directors to the board of directors of that company. The associate is accounted for using the equity method in these condensed consolidated financial statements.

b) Reconciliation of the carrying amount of the investment in associate:

	30 April 2016 $000	31 October 2015 $000
Opening balance	31,473	27,777
Investment in associate (i)	-	5,412
Share of current period loss of the associate	(2,651)	(3,831)
Effects of foreign currency exchange movements	(1,229)	2,115
Closing balance	27,593	31,473

(i) On 5th October 2015 the company agreed to invest additional $5.412 million with full voting rights, in the HomeSend joint venture company so as to maintain its shareholding at 35%.

The company paid 0.875 million Euros ($1.353 million) on 14th October 2015 and the balance of 2.625 million Euros ($4.059 million) on 4 April 2016.

Notes to the condensed consolidated financial statements

14. Subsequent events

The balance remaining of £0.5 million ($0.9 million) on the £1 million ($1.9 million) loan facility agreed with Alphagen Volantis Fund Limited and the Alphagen Volantis Catalyst Fund Limited on 23 March 2016 was drawn down on 20 May 2016.

On 7 June 2016, the Company announced an institutional placement of 300,000,000 new fully paid ordinary shares at a price of 4 pence per share (or, for placees in Australia, AUS$0.08 per share) to raise £12.0 million ($22.2 million) (before expenses). The Company also announced an open offer (non-renounceable rights issue under Australian law) of up to 74,409,944 new fully paid ordinary shares at a price of 4 pence/AUS$0.08 per share to raise up to £2.98 million ($5.96 million). The open offer is not underwritten.

The net proceeds of the placings will be used to repay and refinance debt, accelerate sales and marketing and reduce costs in the core business and for general working capital purposes.

Of the 300,000,000 new fully paid ordinary shares placed, 31,866,107 shares were issued on 16 June 2016 raising £1.27 million ($2.36 million) (before expenses).

The issue of the balance of the shares under the institutional placement (Conditional Placing Shares) is conditional on, *inter alia*, the approval of the issue of the Conditional Placing Shares by shareholders and the issue of shares to the Company's secured lenders as a part of the Debt Restructure described below. The Company has called an extraordinary general meeting to occur on 22 July 2016 to approve the issue of the Conditional Placing Shares and the Debt Restructure. If approved, the Conditional Placing Shares will be issued on 25 July 2016.

The Company has agreed with its Lenders (Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Limited) a restructuring of its existing loan facilities, conditional on, inter alia, the approval of shareholders to (i) issue the Conditional Placing Shares and (ii) complete the Debt Restructure. Under the Debt Restructure, the existing indebtedness to the Lenders will be discharged and the loan facilities will be replaced with a new loan, pursuant to which the Lenders shall make available a term loan of £7 million ($13 million) due on 30 June 2019. The Lenders have agreed to subscribe for 110,141,050 of the Conditional Placing Shares for a total consideration of £4.41 million ($8.15 million) and the Company and the Lenders have agreed that such amount shall be satisfied by the waiver of £4.41 million of the existing indebtedness. The Lenders will receive a rearrangement fee of £1.80 million ($3.33 million) for entering into the Debt Restructure. Lenders have also agreed to forfeit all the existing unlisted options on completion of the Debt Restructure.

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

Net tangible assets per security	Current period	31October 2015
Net tangible assets per security	4.3 cents	9.7 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:					
Current period: Final dividend	Nil	N/A	N/A	N/A	N/A
Previous corresponding period: 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