

# **Appendix 4D**

## **eServGlobal Limited**

**ABN 59 052 947 743**

### **Half-year report and appendix 4D for the half-year ended 31 December 2007**

*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 2007 annual financial report.*

# Half-year report and appendix 4D for the half year ended 31 December 2007

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**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**Results for announcement to the market**

<b>Results</b>				<b>A\$ '000</b>
Revenues	Up	23%	to	91,194
Profit after tax attributable to members	Up	136%	to	5,194
<b>Dividends (distributions)</b>		Amount per security	Franked amount per security	
<i>Current period</i>				
Interim dividend declared		Nil ¢		-%
Final dividend paid		2.0 ¢		0%
<i>Previous corresponding period</i>				
Interim dividend declared		Nil ¢		-%
Final dividend paid		1.2 ¢		100%
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 \$91.194million (2006 \$74.202 million) – an increase of 23%. The gross profit realised was \$47.622 million (52%) (2006 \$34.813 million (47%)). EBITDA for the period was \$13.192 million (2006 EBITDA \$9.022 million).

The net result of the consolidated entity for the half year ended 31 December 2007 was a profit after tax and minority interest for the period of \$5.194 million (2006 \$2.203 million). Earnings per share were 3.1cents (2006 1.3cents)

During the period the operating cash flow for the period was a net outflow of \$4.927 million. This reflects the growth in the scale of the business to meet demand for additional sales, and the timing differences that arise from when milestone invoices can be issued, and are ultimately paid. Also during the period a dividend of \$3.408 million was paid to shareholders. Cash at 31 December 2007 was \$2.613 million. It is anticipated that the cash balance will improve in the second half.

# eServGlobal Limited

## Half year ended 31 December 2007

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### Directors' report

The directors of eServGlobal Limited submit herewith the financial report for the half-year ended 31 December 2007. 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:

Ian Buddery	Executive Chairman & Chief Executive Officer
Laurent Lafarge	Chief Executive Officer & Director
François Barrault	Non Executive Director
Anthony Gilbert	Non Executive Director
Graham Libbesson	Non Executive Director
Jim Pratt	Non Executive Director
David Smart	Non Executive Director

The above named directors held office during and since the end of the half-year except for:

Ian Buddery – resumed role of Executive Chairman 28 September 2007

Laurent Lafarge – appointed to the role of Chief Executive Officer 28 September 2007

#### 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 Stock Exchange (ASX:ESV) and the London Stock Exchange (AIM) (LSE:ESG). Along with its Head Office in Sydney, Australia, the eServGlobal group has operations throughout the world.

eServGlobal invents smart communication and payment solutions for telecommunications service providers operation on all generation networks.

eServGlobal innovative solutions help service providers to grow new revenues, reduce churn and lower costs. In addition, service providers are assured of seamless evolution to new networks architectures, such as IMS and beyond.

As payment is crucial, eServGlobal's Charging Suite responds to increasingly sophisticated charging and billing challenges while providing advanced recharge and m-payment solutions. The innovative Retention Suite delivers targeted incentives to increase customer satisfaction and retention. Meeting customer demand for new communication experiences, the eServGlobal Messaging Suite enables reliable delivery of multimedia services such as unified messaging, video blog, SMS, and instant messaging. The Network Suite supplies enhanced personalisation and network optimisation.

Over 80 of the world's leading service providers, with over 400 million mobile subscribers in more than 50 countries, are taking advantage of eServGlobal's end-to-end solutions and expertise to quickly deliver revenue-generating services. With 14 offices around the world and staff from 20 different countries, we provide flexible solutions with ongoing product development, based on a deep understanding of our customers' challenges.

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

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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 98/0100, 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



Ian Buddery  
Executive Chairman

Sydney, 18 February 2008

The Board of Directors  
eServGlobal Limited  
Level 2  
10 Spring Street  
Sydney NSW 2000

Dear Board Members

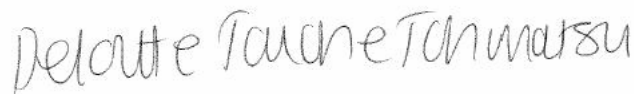
## **eServGlobal Limited**

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 2007, 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



Catherine Hill  
Partner  
Chartered Accountants  
Sydney, 18 February 2008

## **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 balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of recognised income and expense 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 an Interim 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 2007 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*.

*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 2007 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

Catherine Hill

Catherine Hill  
Partner  
Chartered Accountants  
Sydney, 18 February 2008

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

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**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



Ian Buddery  
Executive Chairman

Sydney, 18 February 2008

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**Consolidated income statement**  
**for the half-year ended 31 December 2007**

	<b>Consolidated</b>	
	<b>Half-Year</b>	<b>Half-Year</b>
	<b>Ended</b>	<b>Ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	91,194	74,202
Cost of sales	(43,572)	(39,389)
<b>Gross profit</b>	47,622	34,813
Other income	121	3
Research and Development Expenses	(14,622)	(8,413)
Sales and marketing expenses	(8,176)	(6,579)
Administration expenses	(16,656)	(15,482)
Finance costs	(169)	(133)
<b>Profit before tax</b>	<b>8,120</b>	<b>4,209</b>
Income tax expense	(2,875)	(1,942)
<b>Profit for the period</b>	<b>5,245</b>	<b>2,267</b>
<b>Attributable to:</b>		
Equity holders of the parent	5,194	2,203
Minority interest	51	64
	<b>5,245</b>	<b>2,267</b>
<b>Earnings per share:</b>		
Basic (cents per share)	<b>3.1</b>	<b>1.3</b>
Diluted (cents per share)	<b>3.0</b>	<b>1.3</b>

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

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**Consolidated balance sheet**  
**as at 31 December 2007**

	Note	Consolidated	
		31 December 2007 \$'000	30 June 2007 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		2,613	12,528
Trade and other receivables		98,413	73,328
Inventories		558	707
Current tax assets		1,581	98
<b>Total Current Assets</b>		<b>103,165</b>	<b>86,661</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		5,666	4,703
Deferred tax assets		7,617	8,236
Goodwill		47,210	46,210
Other intangible assets		26,493	28,424
<b>Total Non-Current Assets</b>		<b>86,986</b>	<b>87,573</b>
<b>Total Assets</b>		<b>190,151</b>	<b>174,234</b>
<b>Current Liabilities</b>			
Trade and other payables		46,556	34,003
Current tax payables		384	1,040
Provisions		4,240	4,946
Other	2	7,848	8,762
<b>Total Current Liabilities</b>		<b>59,028</b>	<b>48,751</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		10,037	9,756
Provisions		1,720	1,347
<b>Total Non-Current Liabilities</b>		<b>11,757</b>	<b>11,103</b>
<b>Total Liabilities</b>		<b>70,785</b>	<b>59,854</b>
<b>Net Assets</b>		<b>119,366</b>	<b>114,380</b>
<b>Equity</b>			
Issued Capital	7	115,116	115,005
Reserves	8	2,730	(308)
Retained earnings		1,339	(447)
Parent Entity Interest		119,185	114,250
Minority Interest		181	130
<b>Total Equity</b>		<b>119,366</b>	<b>114,380</b>

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

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**Consolidated statement of recognised income and expense**  
**for the half-year ended 31 December 2007**

	<b>Consolidated</b>	
	<b>Half-year ended 31 December 2007 \$'000</b>	<b>Half-year ended 31 December 2006 \$'000</b>
Exchange differences arising on the translation of foreign operations	2,897	(248)
Employee equity-benefit reserve	174	168
<b>Net income recognised directly in equity</b>	3,071	(80)
 Profit for the period	 5,245	 2,267
 <b>Total recognised income and expense for the period</b>	 8,316	 2,187
 <b>Attributable to:</b>		
Equity holders of the parent	8,265	2,123
Minority interest	51	64
	8,316	2,187

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

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**Consolidated cash flow statement**  
**for the half-year ended 31 December 2007**

	<b>Consolidated</b>	
	<b>Half-Year Ended 31 December 2007 \$'000</b>	<b>Half-Year Ended 31 December 2006 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	73,408	69,128
Payments to suppliers and employees	(75,004)	(66,614)
Interest and other costs of finance paid	(169)	(133)
Income tax paid	(3,162)	(1,343)
	(4,927)	1,038
<b>Net cash (used in)/provided by operating activities</b>		
<b>Cash Flows From Investing Activities</b>		
Interest Received	121	3
Payment for property, plant and equipment	(2,312)	(1,170)
	(2,191)	(1,167)
<b>Net cash used in investing activities</b>		
<b>Cash Flows From Financing Activities</b>		
Proceeds from issues of equity securities	78	57
Proceeds from borrowings	-	750
Dividends paid to members of parent company	(3,408)	(2,040)
	(3,330)	(1,233)
<b>Net cash used in financing activities</b>		
<b>Net Decrease In Cash and Cash Equivalents</b>	(10,448)	(1,362)
<b>Cash At The Beginning Of The Period</b>	12,528	7,471
Effects of exchange rate changes on the balance of cash held in foreign currencies	533	(33)
	2,613	6,076
<b>Cash and Cash Equivalents At The End Of The Period</b>	2,613	6,076

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

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**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, except for the revaluation of certain non-current assets and financial instruments. 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 2007 annual financial report for the financial year ended 30 June 2007.

**2. Other Current Liabilities**

	Consolidated	
	31 December 2007 \$'000	30 June 2007 \$'000
Deferred income	7,848	8,762

**3. Dividends**

	Half Year ended 31 December 2007		Half Year ended 31 December 2006	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Fully paid ordinary shares</b>				
<i>Recognised amounts</i>				
Final dividend paid in respect of prior financial year	2.0	3,408	1.2	2,040

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**4. Segment Information**

Based on the risks and rewards associated with the company's business, organisational structure and system of internal financial reporting to the Board of Directors, management considers that the Group operates in one business segment, the telecommunications software solutions business, and in the following geographical segments.

Revenue in the table below has been calculated based on the geographical location of the group company deriving the revenue:

**Segment Revenues**

GEOGRAPHICAL	EXTERNAL SALES		INTER SEGMENT		TOTAL	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asia Pacific	3,717	499	3,459	-	7,176	499
Europe	87,477	73,703	-	-	87,477	73,703
<b>Total of all segments</b>					<b>94,653</b>	<b>74,202</b>
Eliminations					(3,459)	-
<b>Unallocated</b>					<b>121</b>	<b>3</b>
<b>Consolidated</b>					<b>91,315</b>	<b>74,205</b>

The Group also captures revenue by the geographical segment, based on the location of the ultimate customer:

**Segment Revenues**

GEOGRAPHICAL	EXTERNAL SALES		INTER SEGMENT		TOTAL	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Middle East	52,317	32,407	-	-	52,317	32,407
Asia Pacific	16,571	22,140	-	-	16,571	22,140
Europe	18,436	12,294	-	-	18,436	12,294
Africa	3,073	5,407	-	-	3,073	5,407
Central and South America	797	1,954	-	-	797	1,954
<b>Total of all segments</b>					<b>91,194</b>	<b>74,202</b>
<b>Unallocated</b>					<b>121</b>	<b>3</b>
<b>Consolidated</b>					<b>91,315</b>	<b>74,205</b>

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

**5. Issuances, repurchases and repayment of securities**

During the half-year eServGlobal Limited issued 378,122 ordinary shares for \$78 thousand on exercise of 378,122 share options issued under its executive and employee share option plans. As a result of this share issue, \$33 thousand was transferred from the equity-settled employee benefits reserve of \$927 thousand to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the company in the current half-year.

eServGlobal Limited issued 660,000 share options (6 months to 31 December 2006: 1,550,000) over ordinary shares under its executive and employee share option plan during the half-year reporting period. These share options had an average fair value at grant date of \$0.44 per share option (6 months to December 2006: \$0.30).

**6. Facilities**

The company has a \$A5 million bill facility available from the National Australia Bank, secured by a debenture charge over the assets of the company in favour of the bank. The facility was undrawn at 31 December 2007. In addition, eServGlobal SAS has unsecured overdraft facilities of €3 million with HSBC and €3 million with BNP Paribas. At 31 December 2007 €2 million of these facilities was utilised.

**7. Issued Capital**

170,454,263 fully paid ordinary shares (30 June 2007: 170,076,141)

<b>Consolidated</b>	
<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>
115,116	115,005

	<b>31 December 2007</b>		<b>30 June 2007</b>	
	<b>No. '000</b>	<b>\$ '000</b>	<b>No. '000</b>	<b>\$ '000</b>
<b>Fully Paid Ordinary Shares</b>				
Balance at the beginning of the financial period	170,076	115,005	169,743	114,896
Shares issued in the period	378	78	333	71
Transfer from employee equity-benefit reserve	-	33	-	38
Balance at the end of the financial period	170,454	115,116	170,076	115,005

In accordance with the executive and employee share option plan employees are entitled to purchase shares in the company. The exercise of such share options in the period resulted in the ordinary share capital increasing by 378,122 (note 5).

**8. Reserves**

	<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>
Employee equity-benefit	927	786
Foreign currency translation	1,803	(1,094)
	2,730	(308)

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

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

Net tangible assets per security	Current period	June 2007	December 2006
Net tangible assets per security	26.8 cents	23.4 cents	19.9 cents

**Dividends**

	Amount	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend	Date paid/ payable
<b>Interim dividend:</b> Current year	Nil	N/A	N/A	N/A	N/A
Previous year	Nil	N/A	N/A	N/A	N/A
<b>Final dividend paid in respect of previous financial year:</b>					
<i>Current period:</i> Final dividend	3,408,285	2.0c	Unfranked	N/A	N/A
<i>Previous corresponding period:</i> Special dividend Final dividend	2,039,890	1.2c	Fully franked	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

**eServGlobal Limited**  
**Half year ended**  
**31 December 2007**

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**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
<b>Total</b>	N/A	N/A	N/A	N/A