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eServGlobal

**LSE: ESG**  
*London Stock Exchange, AIM market*

**ASX: ESV**  
*Australian Stock Exchange*

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25 August 2009



- Telephone companies run complex communications networks which connect and manage billions of phone calls instantly.
- Intelligent Network (“IN”) software enables the network itself to provide “*value added services*” to telephone users in addition to “making and receiving” calls. We develop, implement and support this “real time” value-add software.
- eServGlobal specialises in both charging and payments
  - Re-charging the balance of a pre-paid mobile phone
  - Charging for calls, services and data
  - Mobile payments -national and international remittance
- Global IN market valued at US\$5billion

## eServGlobal provides exposure to...

The developing world ■ *Our revenue: **77%** Middle East / Asia*

World's highest telecom growth rates  
Middle East / Asia / Africa / Latin Am.

Payments revolution ■ *Our revenue: **72%** Charging & Recharge*

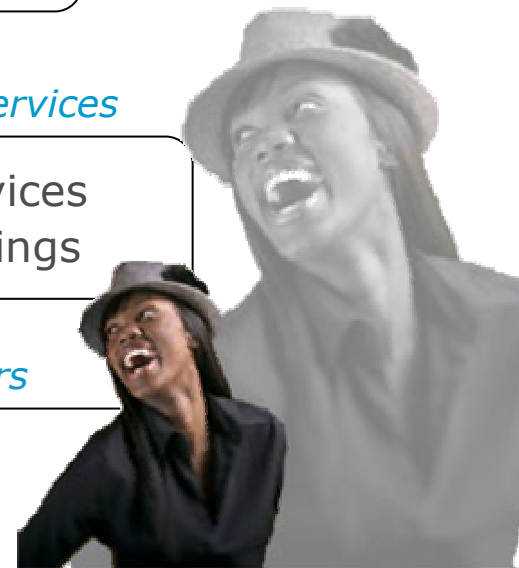
In developing world, Telcos are the new banks  
Charging and recharge drive their cash flow

Software revolution ■ *Our revenue: **100%** software & related services*

Telcos compete through promotions & services  
Require ability to create personalised offerings

Big, sticky customers ■ *Our customers: **100%** telephone operators*

Replacing network systems is high risk  
Ongoing support annuities in all cases



An integrated range of charging and payment solutions:

Charging		Payment		Retention	
<b>▶ ChargingMax</b> Prepaid Convergence		<b>▶ Top Up Suite</b> VOMS: eVoucher M-POS: eRetail	<b>▶ Payment Suite</b> M-POS: eMoney HomeSend: eRemittance	<b>▶ PromoMax</b> Loyalty & Promotion campaign Segmentation tools ROI simulation	
Messaging		SRM		Network	
<b>▶ Mails Suite</b> Voice & Video Mail Unified Communication	<b>▶ MessageMax</b> Security Personal End to End Services	<b>▶ Social Relationship Manager</b> Integrating Social Networking with the Telecoms Network		<b>▶ NumberMax</b> Number Portability Numbering Services VPN	<b>▶ Mobility Suite</b> Presence Enabler
PSTN	GSM	CDMA	3G	WiMAX	Broadband
Legacy			NGN – IMS		

Built on a network-independent, open and real-time architecture.

### The key factors which affected our FY09 operational result were:

- The Global Recession, resulting in telecom operators deferring infrastructure capacity investment via headroom reductions
- The distraction due to acquisition discussions and due diligence
- The time consuming personnel reduction process due to complex and convoluted employment regulations
- A lack of high quality sales qualification
- A poorly timed increase in both sales and geographic headcount

### Our response to these issues have been:

- The introduction of a new management team (CEO,COO,CTO)
- A 13% reduction in headcount (greater than 100 staff)
- The continuation of cost control measures for the foreseeable future
- A laser focus on new business opportunities

## FY09 Financial Summary

A\$000's

EBITDA (before non-recurring) \$ 2430

### The non-operational adjustments which impacted our financial result were:

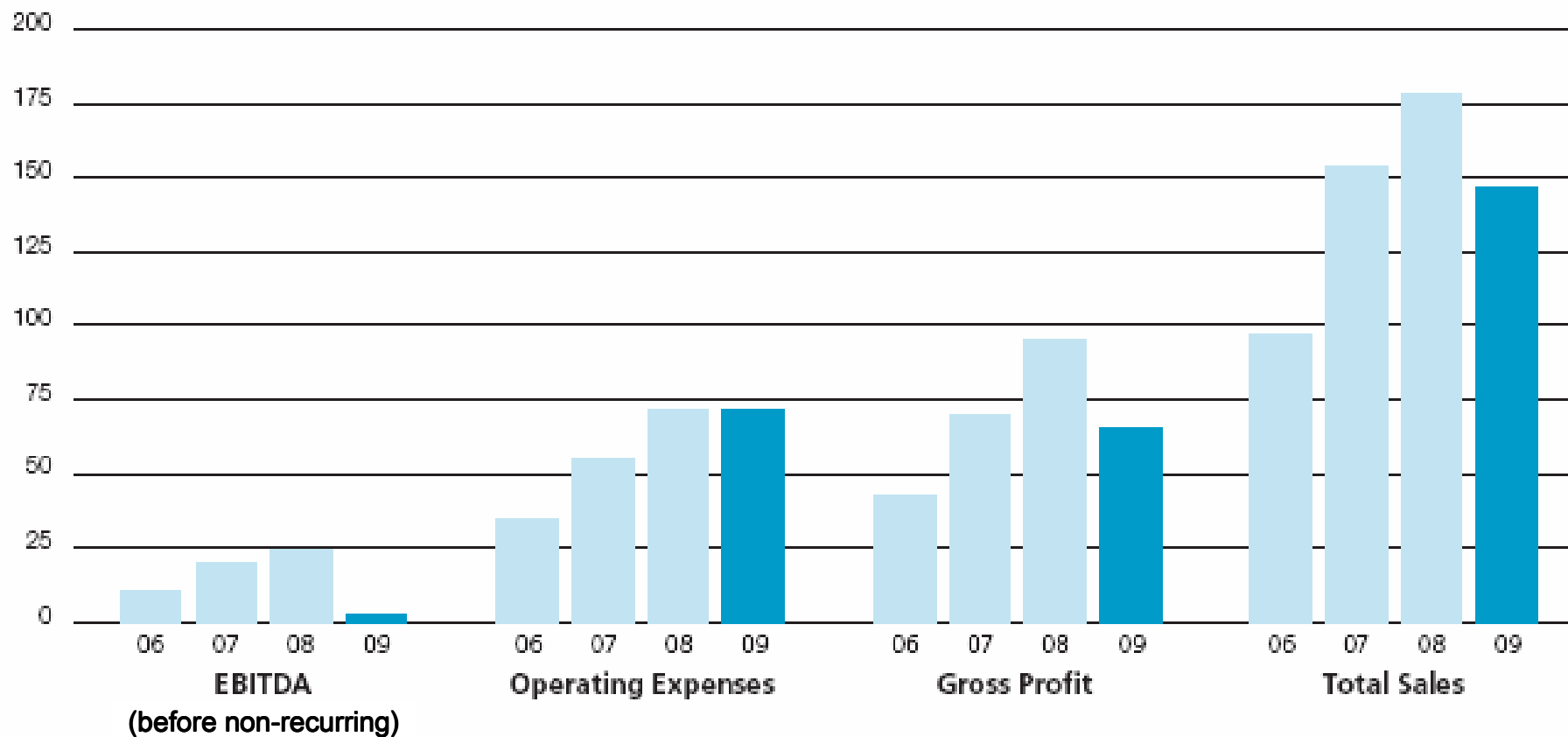
■ Employee reduction restructuring charges	\$ -7691	
■ Amortisation arising from 2005 acquisition	\$ -7783	
■ Goodwill impairment	\$-12501	
	<b>Sub Total</b>	<b>\$-27975</b>

■ Depreciation		\$ -3284
■ Interest		\$ -262
	<u>Operating Result</u>	<u>\$-29091</u>

### **Tax Analysis:**

■ Prima Facie Tax Benefit (\$29091 x 30%)	\$ 8727	
■ Non-deductible costs	\$ -1014	
■ <b>Impairment loss</b>	<b>\$-3549</b>	
■ <b>French withholding tax write-offs</b>	<b>\$-2544</b>	
■ <b>Provision against potential tax benefits</b>	<b>\$-8105</b>	
■ Research tax credits + non-assessable income	\$ 1270	
■ Adjustments	\$ -220	
	Total Tax	\$ -5435
	Loss After Tax	\$-34526
■ Minority Interest		\$ 218
	<u>Net Loss</u>	<u>\$-34744</u>

## Full year results analysis



## Financial performance

	Full Year to 30 Jun 09		Full Year to 30 Jun 08		Full Year to 30 Jun 07		Full Year to 30 Jun 06	
Sales Revenue	147,246		177,934		153,591		95,004	
Cost of Sales	81,519		82,721		80,378		50,741	
Gross Profit	65,727	44.6%	95,213	53.5%	73,213	47.7%	44,263	47%
Other Revenue	421		272		188		459	
Research and Development	17,906	12.2%	25,062	14.1%	18,771	12.2%	8,059	8%
Sales and Marketing Costs	24,650	16.7%	20,271	11.4%	15,835	10%	11,513	12%
Administration Costs	28,853	19.6%	25,990	14.6%	19,861	13%	15,062	16%
<i>Non-recurring charges</i>	7,691							
<i>EBITDA (before non-recurring)</i>	2,430							
EBITDA	-5,261	-3.6%	24,162	13.6%	18,934	12.3%	10,088	10.6%
Amortisation <sup>(1)</sup>	7,783		6,883		6,975		3,164	
Goodwill Impairment	12,501							
Depreciation	3,284		2,997		2,577		1,963	
Interest Expense	262		400		266		489	
Tax Expense	5,435		3,342		3,506		1,820	
Minority Interest	218		149		185		68	
Loss/Profit Attributable to Members	-34,744		10,391		5,425		2,584	

Note:

1. Amortisation is non-cash write down of intangible assets from the Ferma acquisition in 2005, being software & customer relationships, as required by IFRS.

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	14,135	18,288
Trade and other receivables	63,493	80,120
Inventories	623	1,456
Current tax receivables	7,368	5,555
Total current assets	85,619	105,419
<b>Non-current assets</b>		
Trade and other receivables	-	5,077
Other financial assets	-	-
Property, plant and equipment	4,891	5,855
Goodwill	35,483	46,804
Other intangible assets	20,383	22,544
Deferred tax assets	2,929	6,715
Total non-current assets	63,686	86,995
<b>Total assets</b>	149,305	192,414
<b>Current liabilities</b>		
Trade and other payables	31,963	46,164
Current tax payables	930	86
Provisions	5,562	5,346
Other	7,219	7,432
Total current liabilities	45,674	59,028
<b>Non-current liabilities</b>		
Deferred tax liabilities	8,040	8,510
Provisions	537	1,331
Total non-current liabilities	8,577	9,841
<b>Total liabilities</b>	54,251	68,869
<b>Net assets</b>	95,054	123,545
<b>Equity</b>		
Issued capital	123,946	115,325
Reserves	4,411	1,638
(Accumulated losses)/retained earnings	(33,338)	6,536
Equity attributable to equity holders of the parent	95,019	123,499
Minority interest	35	46
<b>Total equity</b>	95,054	123,545

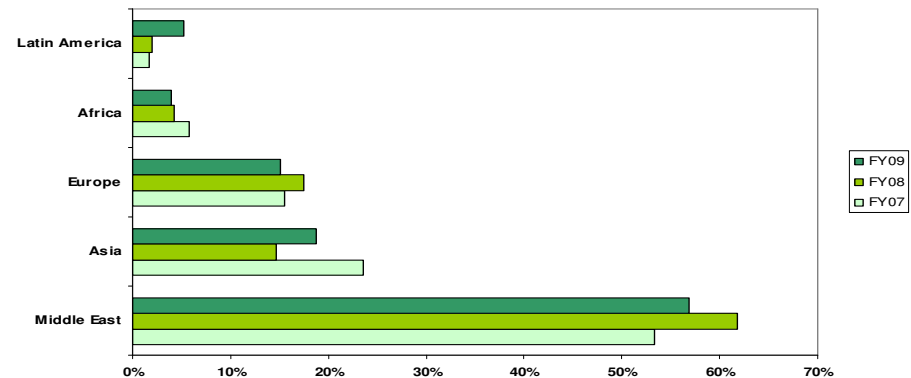
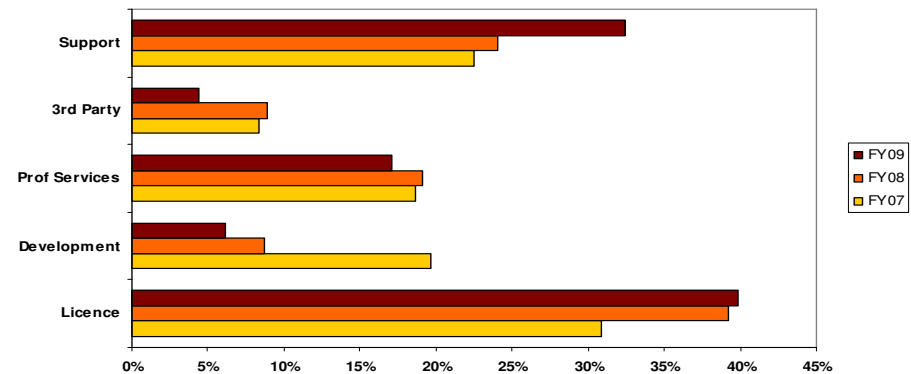
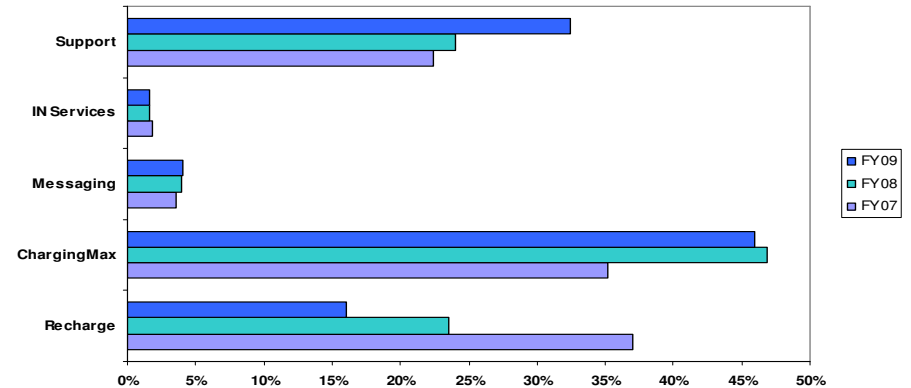
	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	159,013	176,215
Payments to suppliers and employees	(165,926)	(153,173)
Interest and other costs of finance paid	(262)	(400)
Income tax (paid)/refunded	5,081	(10,008)
Net cash (used in)/provided by operating activities	<u>(2,094)</u>	<u>12,634</u>
<b>Cash flows from investing activities</b>		
Interest received	271	196
Payment for property, plant and equipment	(2,159)	(4,184)
Software development costs	(4,035)	-
Net cash (used in)/provided by investing activities	<u>(5,923)</u>	<u>(3,988)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	8,460	228
Loans repaid from / (advanced to) subsidiaries	-	-
Dividends paid	(5,131)	(3,408)
Net cash (used in)/provided by financing activities	<u>3,329</u>	<u>(3,180)</u>
Net increase/(decrease) in cash held	(4,688)	5,466
Cash and cash equivalents at the beginning of the financial year	18,288	12,528
Effects of exchange rate changes on the balance of cash held in foreign currencies	535	294
Cash and cash equivalents at the end of the financial year	<u>14,135</u>	<u>18,288</u>

## Metrics FY07 to FY09

Products	FY07	FY08	FY09
Recharge	37%	24%	16%
ChargingMax	35%	47%	46%
Messaging	4%	4%	4%
IN Services	2%	2%	2%
Support	22%	24%	32%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

Revenue Breakdown	FY07	FY08	FY09
Licence	31%	39%	40%
Development	20%	9%	6%
Prof Services	19%	19%	17%
3rd Party	8%	9%	4%
Support	23%	24%	32%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

Region	FY07	FY08	FY09
Middle East	53%	62%	57%
Asia	24%	15%	19%
Europe	15%	17%	15%
Africa	6%	4%	4%
Latin America	2%	2%	5%
	<b>100%</b>	<b>100%</b>	<b>100%</b>



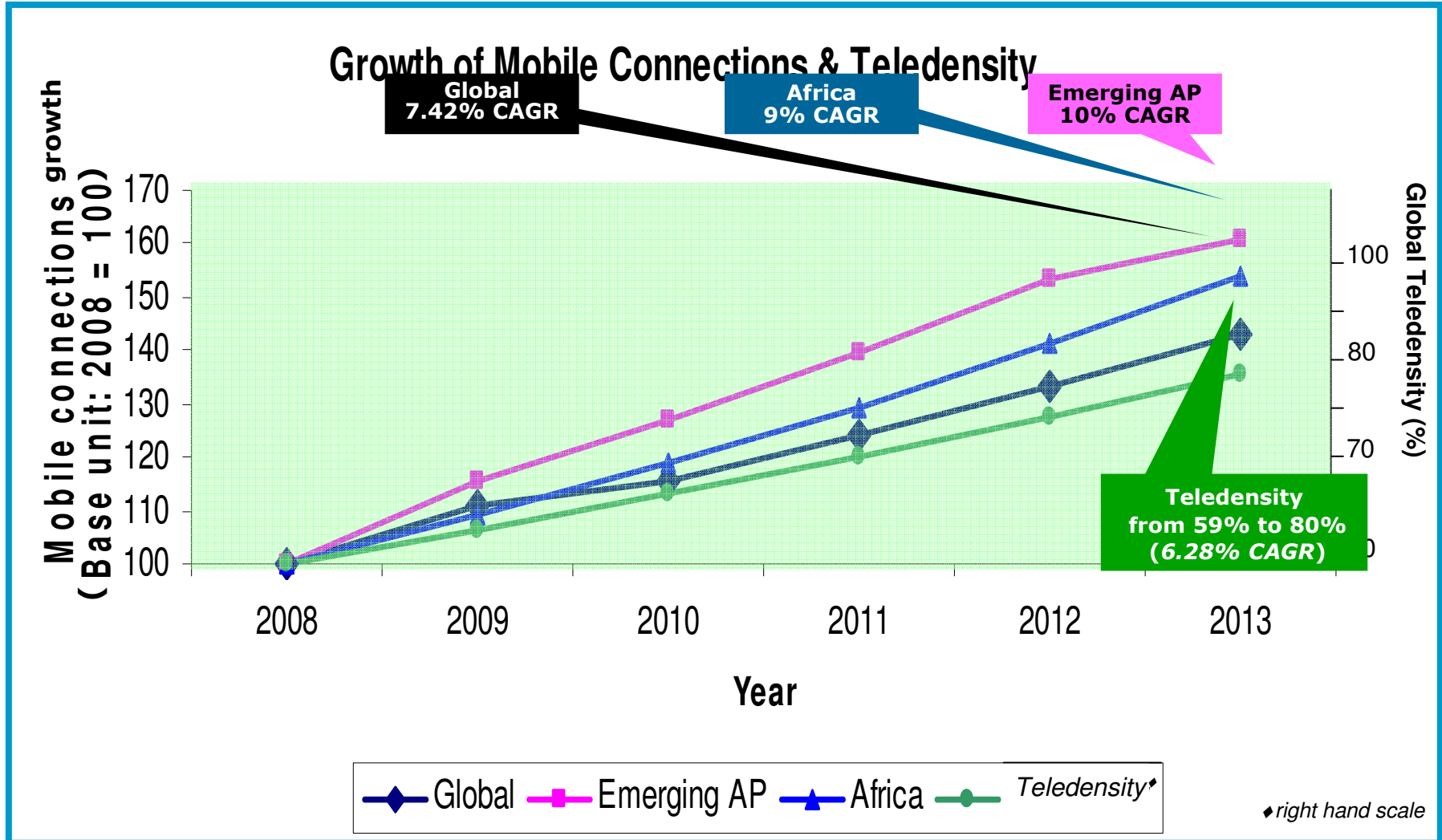
- Get closer to our customers
- Sharpen our focus on new business opportunities and “commit” to them
- Align the product roadmaps with our customers requirements
- Ensure the majority of focus is directed towards the products with unique value propositions and early market acceptance.
- Introduce a license compliance and support sales team.
- Increase and improve the quality of our business partner network.
- Build upon the introduction of the new back office systems which were introduced on the 1<sup>st</sup> of July 2009
- Do the simple things better, faster and with more discipline

- Adding value around the transaction
  - **Ensuring operator engagement with the new subscriber is dynamic (SRM, instant loyalty bonus, 100% mobile-centric transactions)**
  
- End-to-End payments offering
  - **from national payments and peer-to-peer transfers to international money remittances**
  
- Any account to any account
  - **mobile wallet ("m-wallet") to be managed by the telco - bank account, debit/credit card or telco prepaid account**
  
- Open and interoperable
  - **No financial network dependency, open adapters to all m-wallets**



## Telecoms Market

# Mobile Telecoms: Subscriber Growth



'Emerging AP' = Asia Pacific, excluding OECD nations, China and India

Data source: Ovum, Dec 2008

## Mobile Payment in Emerging Markets

- The World Bank estimates 3.5 billion people currently lack access to financial services
- Across developing countries 1 billion people have a mobile phone but no bank account. This figure will grow to 1.7 billion in 2012.
- Informa forecasts mobile payments and mobile banking transactions to represent \$862.3 billion in 2013
- Juniper Research forecast formal and informal international remittances could exceed \$750 billion by 2013. Mobile money transactions could represent more than 17% (\$127 billion).



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- Morocco/Belgium corridor live this quarter
- Asia & Middle East trials commence September
- Plan for seven corridors to be operating by end 2009
- “White-label” agreements in discussion

## HomeSend: Key Differentiators

- Mobile Centric from Sender-to-Receiver
- It is a traditional hubbing business (Belgacom ICS)
- Interoperable with different m-wallet or recharge systems
- Transparent exchange rate
- In-line with emerging industry standards
- GSMA & World Bank endorsement

## eServ as a mobile commerce enabler

- Today, our systems charge over US\$4b every month of telecoms traffic and payments
  
- Mobile transactions and commerce
  - **Mobile handset is the ATM + POS + e-Cash device in the developing world**
  - **6 times more handsets than bank accounts**
  - **Operators need solutions, want revenue-sharing ventures**
  
- 1/3<sup>rd</sup> of the world's mobile subscribers are our customers
  - **eServ has unique footprint**
  - **eServ is delivering solutions today**
  
- Deep Telecom and deep financial knowledge
  - **Completely scaleable, 99.999% reliability**
  - **Integrated with major banking networks already**



[www.eservglobal.com](http://www.eservglobal.com)