



eServ
GLOBAL

Annual Report 2008



About eServGlobal

eServGlobal's software systems connect the world's telecommunications networks with the charging, billing and payment worlds. Phone companies use our software so that they can charge for phone calls, messages and other services instantly, and manage advance payments.

We link the communications and financial aspects of telephony, in real-time.

eServGlobal's *Intelligent Network* applications enable service providers to maximize proven revenue streams from premium services, messaging and voice/video mail, whilst ensuring service continuity and new revenue opportunities when evolving to next generation networks.

We enable telephone companies not just to grow, but to grow profitably and efficiently.

eServGlobal provides turnkey solutions, built on a network-independent, open and real-time architecture.

Over 80 of the world's leading telcos are taking advantage of **eServGlobal's** advanced solutions and expertise to successfully address their business challenges and to manage over 500 million telecommunications customers.

Front cover: Over 300 eServGlobal employees are featured on the cover of this report, part of our team of dedicated people who build and deliver our solutions around the world.



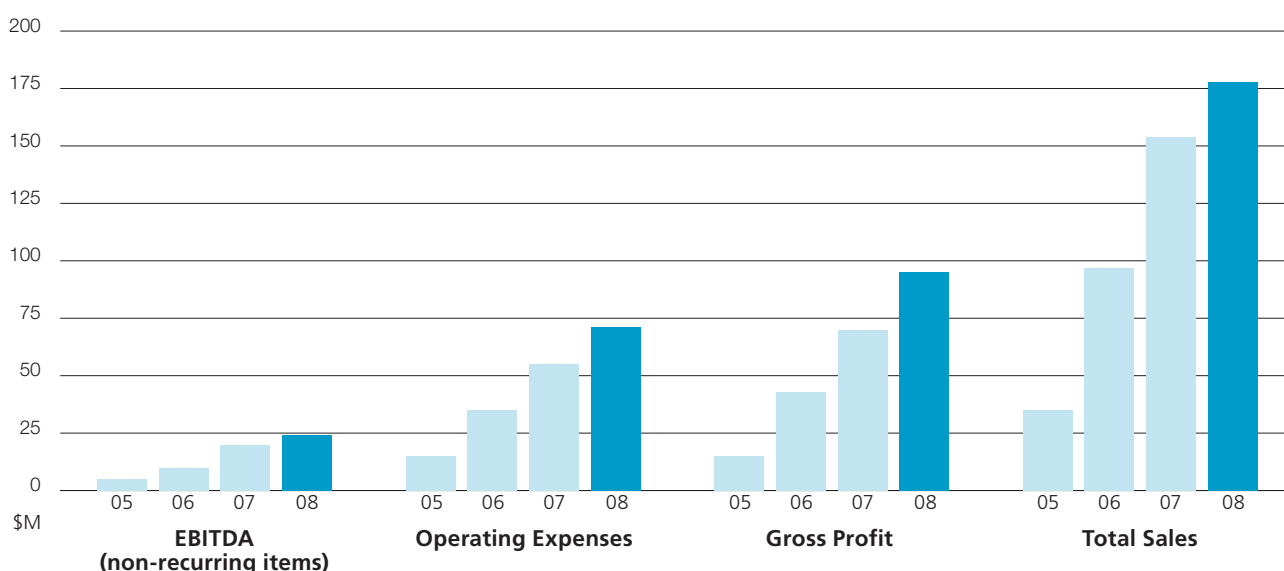
eServGlobal is listed on the
Australian Securities Exchange and the
London Stock Exchange (AIM)

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Financial highlights

Full year results analysis



Financial performance

	Full Year to 30 Jun 08		Full Year to 30 Jun 07		Full Year to 30 Jun 06		Full Year to 30 Jun 05	
Sales Revenue	177,934		153,591		95,004		38,427	
Cost of Sales	82,721		80,378		50,741		21,681	
Gross Profit	95,213	53.5%	73,213	47.7%	44,263	47%	16,746	44%
Other Revenue	272		188		459		419	
Research and Development	25,062	14.1%	18,771	12.2%	8,059	8%		
Sales and Marketing Costs	20,271	11.4%	15,835	10%	11,513	12%	6,604	17%
Administration Costs	25,990	14.6%	19,861	13%	15,062	16%	6,656	17%
EBITDA (before non-recurring)							3,905	10%
EBITDA	24,162	13.6%	18,934	12.3%	10,088	10.6%	3,318	
Non-recurring charges							587	
Amortisation	6,883		6,975		3,164			
Depreciation	2,997		2,577		1,963		841	
EBIT	14,282		9,382		4,961		2,477	
Interest Expense	400		266		489		2	
Profit before Tax	13,882		9,116		4,472		2,475	
Tax Expense	3,342		3,506		1,820		(1,908)	
Profit after Tax	10,540		5,610		2,652		4,383	
Minority Interest	149		185		68		-	
Profit Attributable to Members	10,391		5,425		2,584		4,383	

Notes:

- Amortisation is non-cash write down of Ferma acquisition, software & goodwill required by IFRS, Software \$15.56m over 5 years = \$3.11m, Goodwill \$20.23m over 7 years = 2.89m, Total \$6m per year. Balance is tax timing difference.
- We have changed the basis of the Gross Profit calculation from 2006, to bring the company into line with accounting practices used by the majority of software product companies. Previously, the "Cost of Sales" figure included all software engineering costs, both those associated with customer projects and those for product research & development (R&D). We now remove R&D from the cost of sales, which gives a more meaningful measure of gross margin.
- The Ferma SA group was acquired on 1 November 2005. Its results from that date are included in the 2006 results.



The eServGlobal senior management team and European Directors 2008 Strategy Meeting in Paris.

Rear 2 rows left to right: Colin Lynch, Gilles Roux, Adrian Seal, Remi Arame, Peter Curran, Thierry Russo, Jean-Philippe Labat, Dominique Ramet

Centre row: Catherine Bougeon, Jean-Christophe Bouillon, Gerard Lemoing, Martin Nappert, Jean-Paul Robbe, Christian Mari

Front row: Francois Barrault, Ian Buddery, Anthony Gilbert, Laurent Lafarge

eServGlobal has achieved another excellent result in the 2008 fiscal year, building on our market leadership and our firm presence in the world's highest growth telecommunications markets.

Our revenue achievement of \$177.9 million represents 15.9% growth over the \$153.6 million FY07 result. This was achieved purely from organic growth, with no acquisitions occurring during the year.

We have demonstrated further success in our long-term strategy for sustainable profit margin growth. The central element of this strategy is an increased focus on products, both in development and delivery, so that we can exploit the design flexibility and configurability of our platforms, reducing the need for customised development and the associated high delivery and support costs.

This focus again produced EBITDA margin growth, increasing to 13.6% of revenue or \$24.2 million in FY08, up from 12.3% in FY07, with more progress planned in FY09.

We continued our investment in R&D, investing \$25.1 million in our future growth, up from \$18.8 million in FY07. The R&D budget will stabilize at this level for the foreseeable future.

Net cash improved to \$18.3 million, from \$12.5 million at the end of FY07, as a result of improved collection processes, which will continue in FY09 as we pursue the best possible cashflow performance.

Investment Markets

We have experienced weak investment market conditions in FY08 and it is our opinion that the company is now undervalued by the public markets. We will maintain our focus on business growth, whilst evaluating new paths for shareholder value and the long-term success of our company.

Our People

As always, our success in FY08 was the result of a team effort. Our people, from 20 different nationalities and working in 15 countries, combined to deliver first-class products and services around the globe and around the clock.

We look forward to continuing this effort and taking our company forward on behalf of our shareholder's.



Ian Buddery
Executive Chairman

Review of Operations

The 2008 financial year was an exciting year for new deals, including two major wins in the Latin American market, continuing our strong growth in the region. Meanwhile, our many installed clients have maintained their confidence in eServGlobal, by expanding their current services and embracing our new solutions.

We continued to work closely with our partners, with an emphasis on billing partners and system integrators, to generate a high number of opportunities with new and existing customers.

We have improved our solution packaging to shorten the delivery cycle and reduce cost. Support, projects, solution integration and training departments have been combined into one services organization, to harmonise processes and reporting whilst reducing cycles and optimizing our resources.

Our Business Plan

Our FY09 business plan calls for further growth and efficiency improvement, fuelled by our strong product R&D investment and continuing expansion of our key markets including the Middle East, Asia and Latin America.

We will continue to focus on our key success factors of software product sales, geographical expansion via channel partners and strategic account management, as well as improving operational efficiency and leverage.

We will maintain investment in research and development in order to deliver the innovation expected by the market. We will open up our platform to systems integrators, improving our delivery capacity and allowing them to add further value.

The Telecommunications Market

Developing markets are expected to experience new subscriber growth, and both developed and developing markets will see the continuing uptake of new technologies. However, a key trend is erosion of ARPU (Average Revenue Per Subscriber), due to competition and price pressure. This drives service providers to invest in new services to ensure continued growth.

We believe that we have the tools to help service providers sustain their ARPU. Among them are sponsorship, international remittance, mobile advertising, mobile commerce and micro credit. These are all characterised by generating value around the transaction and eServGlobal intends to be the market leader in this new field.

The mobile phone is becoming a ubiquitous device, with over three billion phones in use worldwide. It is now a platform to deliver services beyond core telecommunications, delivering new social and business benefits, limited only by our imagination.



Laurent Lafarge
Chief Executive Officer

The coverage and accessibility of mobile services, combined with the ubiquity of mobile handsets and the interoperability of the technology have triggered an interest in enabling mobile money payment and transfer services. Mobile payment covers the purchase of goods or services charged against the mobile account or to an external payment body. It creates an alternative money transfer system which is easy and convenient for customers, and does not rely as heavily on established banking infrastructure. Mobile payment is an emerging area with great potential to generate additional revenue for telecommunications operators.

Mobile technology can provide cheap and effective banking and money transfer solutions with fewer physical points of presence, and a timely and secure method of transaction. In developing markets in particular, there is strong interest in areas related to financial transactions and commerce.

Applications of mobile payment already in use internationally include micropayments for expenditure such as public transport, bill payments, m-ticketing for events, cash in and cash out services, and person-to-person money transfers, including international remittances. In the future, mobile users may use their telephones for all forms of payment or money transfer.

The market of international migrant workers alone is 200 million people. According to the GSM Association, remittance flows have reached US\$320 billion, and fuelled by the introduction of mobile money transfers could reach between US\$700 and US\$1000 billion by 2012.

Today, our systems charge over US\$4 billion every month of telecoms traffic and payments. Our product portfolio contains all the components of mobile payment:

- ▶ eMoney is a mobile commerce solution providing m-payments
- ▶ eRetail and eVoucher manage recharges (balance additions)
- ▶ ChargingMax manages real-time charging (balance usage)
- ▶ PromoMax provides promotions and discounts (cross-financing of usage)
- ▶ HomeSend provides inter-country remittance (transfers)

eServGlobal provides a comprehensive range of mobile payment solutions, which reduce the cost of transactions while increasing payment opportunities. Our products can fulfil the needs of service providers looking to expand into mobile payment services, team up with solution partners to provide managed mobile commerce services, or work with banks and service providers to deliver mobile banking and remittance services.

Built on a network-independent, open and real-time architecture, all products are designed for fixed, mobile and NGN/IMS infrastructure to deliver a full suite of end-user revenue-generating services.

eServGlobal Portfolio

In today's ever-changing market where real-time business control is crucial, operators need the advantages that eServGlobal's innovative solutions and multi-network expertise can provide. A whole range of flexible solutions can quickly be set up from eServGlobal's portfolio in order to meet specific business and technical needs: from maximising new revenue streams to enabling service delivery and continuity within complex network environments. In addition, operators are assured of seamless evolution to new network architectures, such as IMS and beyond.

Charging		Payment		Retention	
▶ ChargingMax Prepaid Convergence		▶ Top Up Suite VOMS: eVoucher M-POS: eRetail		▶ Payment Suite M-POS: eMoney HomeSend: eRemittance	
				▶ PromoMax Loyalty & Promotion campaign Segmentation tools ROI simulation	
Messaging			Network		
▶ Mails Suite Voice & Video Mail Unified Communication	▶ MessageMax Security Personal End to End Services	▶ ContentMax ASP Aggregator	▶ NumberMax Number Portability Numbering Services VPN		▶ Mobility Suite Presence Enabler
PSTN	GSM	CDMA	3G	WiMAX	Broadband
Legacy			NGN – IMS		

Charging

Enhancing multi-play usage

eServGlobal's ChargingMax Prepaid empowers operators to decisively define new and innovative bundles based on voice, SMS, MMS, video, Internet or TV services to fulfil the challenge of multi-play. The cutting-edge, real-time Rating Management tools bring flexibility and proven expertise to building innovative tariff plans.

Preserving investment while offering convergence

eServGlobal's ChargingMax Convergence – working with a third-party Post-paid Charging System – enables operators to upgrade effortlessly to truly convergent billing and an advanced service creation environment, whilst introducing numerous customer service and retention initiatives designed to boost revenue and generate subscriber loyalty.

Payment

Reducing the cost of transactions while increasing payment opportunities

eVoucher

eServGlobal's Top Up Suite eVoucher is designed to address the growing need to unify all recharging methods, from any kind of channels using any type of funding, including voucher recharge codes, electronic funds, cash, bank accounts or credit cards.

eRetail, eMoney & eRemittance

To eliminate voucher costs, eServGlobal's Top Up Suite eRetail enables operators to manage and expand their distribution network efficiently. To tap into markets with low access to banking services, eServGlobal's Payment Suite eMoney provides advanced m-payment solutions and settlement management.

As a growing use of m-payments is for international remittances, eServGlobal's Payment Suite eRemittance enables operators to allow subscribers to transfer eMoney.

Retention

Delivering fast and powerful promotions

Effective promotions are the key to increasing customer loyalty and stickiness. PromoMax, eServGlobal's promotion builder solution, is a single point for operators to customise all their promotions, thanks to innovative services such as enabling segmentation tools, dynamic promotions and return on investment simulation.

Messaging

Promoting a new messaging business model

To improve the end-user experience, eServGlobal's Mailis Suite is an enhanced communication suite offering solutions such as SMS Call Notify, Voice SMS, voice & video mail, unified mail, and video blogging. Deployable in all types of networks, from TDM to SIP and IMS, Mailis Suite ultimately unleashes the potential of rich content creation in messaging, thereby enabling new revenue generation from advertising and content resale.

Increasing and protecting messaging revenues

To make messaging more valuable, and connect with third-party messaging platforms (IM, email), eServGlobal's MessageMax offers a single box solution that provides intelligent cost-effective routing, network optimisation and a personalised message centre which gives subscribers greater control over the messages they receive.

Connecting rapidly and securely to ASPs

To enable operators to manage an increasing number of content providers, eServGlobal's ContentMax connects applications quickly and securely, manages two-way SMS and MMS traffic, simplifies access to applications, and uncouples content providers from the core VAS network.

Network Suite

Enhancing routing services to maximize proven revenue

With eServGlobal's NumberMax Number Portability, fixed and mobile operators, with legacy networks or NGNs, are able to effectively fulfil regulatory requirements.

eServGlobal's NumberMax Numbering Services allow operators to control and route premium rate and freephone calls to generate additional revenue. In addition, eServGlobal's NumberMax VPN service strengthens their position in the corporate market segment.

eServGlobal's Mobility Suite enables operators to deliver location, presence and availability-based communication services to improve end-user satisfaction and interconnection.

Financial report

for the financial year ended 30 June 2008

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The directors of eServGlobal Limited submit herewith the annual financial report for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Ian Buddery

Aged 50. Executive Chairman.

Ian Buddery was a founder, past director and CEO of eServGlobal. He holds a significant interest in the company through a private company. During his 29 years in the technology industry, Ian has held senior management positions with major multinational vendor organisations and local firms. He has extensive international business experience, particularly in Europe and Australasia.

Laurent Lafarge

Aged 48. Director and Chief Executive Officer.

Laurent Lafarge has a 21-year track record of leadership within the high-tech industry, at companies such as Control Data, Unisys, Tandem and Hewlett-Packard. Prior to eServGlobal, he was the Chief Operating Officer at Netcentrex Converse. He has also been Vice-President Europe and Managing Director of Lucent Technologies France and Belgium. He is a graduate of the ISG business school in France and has completed the Executive Management Program at the Wharton School of the University of Pennsylvania, USA.

Laurent Lafarge was named by the French Minister for the Economy, Finance and Industry as "Chevalier dans l'Ordre National du Mérite" in 2004.

François Barrault

Aged 48. Non-executive director.

François is Chief Executive of BT Global Services and a member of the board of the listed parent, BT Group plc. He was previously President of BT International. He has played significant roles within Lucent Technologies such as President of Mobility International and President and CEO of EMEA. Prior to Lucent, François worked at Ascend Communications, where he had the position of Senior Vice President, International. He has over 20 years experience in this industry, including executive positions within IBM, Computervision/Prime and Stratus. François was also co-founder and Chairman of the Board of Astria, an e-commerce software supplier. He has an extensive knowledge of the International and European sector.

François holds a Master of Science (D.E.A) in Robotics/AI and an E.D.P in Engineering from the Ecole Centrale de Nantes. François is based in Brussels, Belgium.

François has been a member of the Board since March 2003.

Anthony Gilbert

Aged 56. Non-executive director and member of the Remuneration and Nominations Committee.

Anthony was formerly Group Strategic Resourcing Director at Vodafone PLC. He joined Vodafone in April 2000 as Group Management Development Director, and was appointed to the Group Policy Committee chaired by Sir Christopher Gent. He was the Global Leadership Development/Group Strategic Resourcing Director from 2005. He was responsible for senior management recruitment and development and supporting the Main Board's Nomination Committee in their identification and appointment of non-executive directors.

Prior to Vodafone, Anthony held positions at companies including Ernst & Young in the UK, the Netherlands and Belgium; UKAEA, where he was Head of IT Strategy and Tyzack and Partners.

He holds an MA (Hons) in Natural Sciences from Trinity College, Cambridge (UK), an MSc in Computer Sciences from London University (UK) and an MBA from INSEAD (France).

Anthony joined the Board in July 2006.

Graham Libbesson

Aged 55. Non-executive director and a member of the Audit Committee.

Graham has extensive involvement in the IT industry through various directorships, consulting roles, and involvement with investments and transactions. He is a director of a number of private IT companies and ComOps Limited. He is also a consultant to Pitcher Partners Sydney Chartered Accountants and leader of that firm's ICT industry Group. He is a retired managing partner and a senior tax partner of a large firm of chartered accountants. His 30 years of experience as a chartered accountant and tax advisor, together with his strong background in corporate law and governance, and operational experience in the IT industry bring expertise in all areas of the company's activities and commercial transactions.

Graham holds a Bachelor of Laws and a Bachelor of Commerce from the University of New South Wales. He is a member of the Institute of Chartered Accountants in Australia (ACA).

Graham has been a member of the Board since September 2003.

Directors' report (cont.)

Jim Pratt

Aged 59. Non-executive director and Chairman of the Remuneration and Nominations Committee.

Jim brings to the Board over 30 years of experience in the telecommunications industry in Europe, Australia and Asia. In 1994, Jim was appointed as the founding Chief Executive Officer of Peoples Telephone Company Ltd., a GSM 1800 network operator in Hong Kong. On his return to Australia, Jim was appointed Managing Director of Telstra International's offshore wireless business interests and held this position until August 2001. From September 2002 to February 2006 he was President and CEO of the GlobeTrac Group of companies who are involved in AVL & Telematics in Europe.

Jim is also the previous Chairman (2002/2003) of the Board of Directors of the GSM Association (GSMA). The GSMA is the world's leading wireless industry body representing some 600 GSM network operators.

Jim has been a member of the Board since April 2003.

David Smart

Aged 65. Non-executive director and Chairman of the Audit Committee.

David held senior executive positions in large scale manufacturing and merchandising businesses for more than 20 years. This includes 13 years as Chief Financial Officer of Tubemakers of Australia Limited and Metal Manufactures Limited.

David holds a Bachelor of Commerce and MBA from the University of New South Wales and is a Fellow of the Australian Society of Certified Practising Accountants.

David has been member of the Board since July 2000.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
François Barrault	BT Group plc	Appointed 24 April 2007
Graham Libbesson	ComOps Limited	Appointed 27 June 2007
	East Coast Minerals NL	Appointed 17 December 2007
Jim Pratt	GlobeTrac Inc	September 2002 to February 2006
David Smart	Saunders International Limited	Appointed 22 October 2007

Company Secretary

Ian Buddery

Ian is the Executive Chairman of eServGlobal and was previously the Company Secretary from the founding of the company in 1991 until 1998.

Principal activities

eServGlobal's software systems connect the world's telecommunications networks with the charging, billing and payments worlds. Phone companies use our software so that they can charge for phone calls, messages and other services instantly, and manage advance payments.

eServGlobal *Intelligent Network* applications enable service providers to maximize today's proven revenue streams whilst ensuring service continuity and new revenue opportunities when evolving to next generation networks.

Over 80 of the world's leading telcos are taking advantage of eServGlobal's advanced solutions and expertise to successfully address their business challenges and to manage over 500 million telecommunications customers.

Headquartered in Sydney, eServGlobal has operations in 15 countries worldwide.

Review of operations

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

The Group achieved sales revenue for the year of \$177.934 million (2007: \$153.591 million) – an increase of 16%.

A gross profit of \$95.213 million was achieved by the Group for the year, an increase of 30%, up from \$73.213 million in the previous year, representing a margin of 54% of sales revenue. The net result for the Group for the year was a profit after tax of \$10.540 million (2007: \$5.610 million).

Changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Subsequent events

There has not been any matter or circumstance, other than that referred to above or in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Dividends

In respect of the financial year ended 30 June 2007, as detailed in the directors' report for that financial year, a final dividend of 2.0 cents per share unfranked was paid to the holders of fully paid ordinary shares on 30 November 2007.

Since the end of the financial year the directors have declared the payment of a final dividend of 3.0 cents per share payable on 15 September 2008, unfranked to entitled shareholders. The record date is 29 August 2008.

Share options

Share options granted to directors and executives

During the financial year and up to the date of this report the company granted 660,000 (2007: 2,525,000) options to employees of the entity.

(a) Executive and employee share options

At the date of this report, option holders are entitled to purchase an aggregate of nil (2007: 87,454) ordinary shares of the entity as a result of options issued prior to the introduction of the eServGlobal Employee Share Option Plan. 50,000 of these options expired during the financial year and 37,454 were exercised in September 2007 at an exercise price of \$0.20.

(b) eServGlobal Employee Share Option Plan

The company has an ownership-based remuneration scheme for directors, executives and employees. In accordance with

the provisions of the scheme, directors and employees may be granted options to acquire ordinary shares in the company. The board believes that the options scheme has a significant role to play in motivating employees to help ensure the continued performance of the company. The exercise of any share options is not dependant on any performance criteria, however, is dependent on a period of service relative to the vesting dates.

The company issued 660,000 (2007: 2,525,000) options during the financial year.

At the date of this report directors, executives and employees are entitled to purchase an aggregate of 4,979,478 (2007: 5,215,481) ordinary shares of the entity at issue prices ranging from \$0.15 to \$0.97 per ordinary share. At 30 June 2008 3,336,131 (2007: 3,827,935) of these options had vested. The options may be exercised at various times up until 26 October 2012. The holders of such options do not have the right, by virtue of the option to participate in any share issue or interest issue of any other body corporate or scheme, and do not participate in any dividends declared.

During the financial year and up to the date of this report, the following options were exercised and consequently shares in the entity issued to holders of options issued under the eServGlobal Employee Share Option Plan:

250,000 shares were issued following exercise of options on receipt of \$0.15 for each share.

250,000 shares were issued following exercise of options on receipt of \$0.40 for each share.

239,337 shares were issued following exercise of options on receipt of \$0.23 for each share.

156,666 shares were issued following exercise of options on receipt of \$0.18 for each share.

Further details of the executive and employee share option plan are disclosed in note 6 to the financial statements.

Details of unissued shares under option as at the date of this report are:

Issuing Entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
eServGlobal Limited	250,000	Ordinary	\$0.20	12-Nov-08
eServGlobal Limited	250,000	Ordinary	\$0.40	12-Nov-08
eServGlobal Limited	250,000	Ordinary	\$0.15	20-Dec-08
eServGlobal Limited	250,000	Ordinary	\$0.40	20-Dec-08
eServGlobal Limited	387,336	Ordinary	\$0.23	30-Jun-09
eServGlobal Limited	1,457,142	Ordinary	\$0.66	29-May-11
eServGlobal Limited	500,000	Ordinary	\$0.69	17-Nov-11
eServGlobal Limited	975,000	Ordinary	\$0.69	7-Mar-12
eServGlobal Limited	300,000	Ordinary	\$0.97	26-Sep12
eServGlobal Limited	310,000	Ordinary	\$0.97	4-Oct-12
eServGlobal Limited	50,000	Ordinary	\$0.97	26-Oct-12

Directors' report (cont.)

Share options (cont.)

Details of shares issued as at the date of this report as a result of exercise of an option are:

Issuing Entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
eServGlobal Limited	37,454	Ordinary	\$0.20	\$nil
eServGlobal Limited	250,000	Ordinary	\$0.15	\$nil
eServGlobal Limited	250,000	Ordinary	\$0.40	\$nil
eServGlobal Limited	239,337	Ordinary	\$0.23	\$nil
eServGlobal Limited	156,666	Ordinary	\$0.18	\$nil

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against any liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate, against any liability incurred by such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 6 audit committee meetings, and 12 remuneration committee meetings were held.

Directors	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
I Buddery	12	12	–	–	–	–
F Barrault	12	8	–	–	–	–
A Gilbert	12	12	–	–	12	12
G Libbesson	12	12	6	6	–	–
J Pratt	12	12	–	–	12	12
D Smart	12	9	6	6	–	–
L Lafarge	9	9	–	–	–	–

Non-audit services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The audit committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporations Act 2001 in relation to the audit are met.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 7 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration is included on page 17 of the 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.

Remuneration Report

Determining remuneration policy for directors and executives, and its relationship to eServGlobal's performance

The Group is listed on both the Australian Securities Exchange and the London Stock Exchange (AIM). It is an international group which is faced with all of the market pressures that flow in such circumstances. It must compete successfully with other international organisations that are substantially larger and which have the ability to draw on enormous resources. Our employees are based in diverse parts of the globe and regularly must travel to work in remote locations. The remuneration policies must be appropriate to these circumstances.

In determining the appropriate remuneration policies for the Group, the board believes that the salary packages must be sufficient, in the international marketplace in which the Group operates, to attract, retain and motivate high calibre, hard working, dedicated employees, who have the knowledge and skills appropriate for the business. In this regard, a component of the salary package for employees is paid after the results of a financial year are completed, and the entitlement is based primarily on the results achieved by the Group. The board's broad policy is implemented through its Remuneration and Nominations Committee

As outlined in the Statement of Corporate Governance, the Remuneration and Nominations Committee reviews on an annual basis the remuneration policies applicable to all directors and senior executives, and makes recommendations to the board. Remuneration packages are reviewed and determined with due regard to current international market rates and are benchmarked against comparable industry salaries relevant for the employees involved and dependent on the entity's circumstances.

Director and group executive details

The following persons acted as directors of the company and the group during or since the end of the financial year:

- I. Buddery (Executive Chairman & Chief Executive Officer to 27 September 2007; Executive Chairman from 28 September 2007; Executive Chairman and Secretary from 11 July 2008)

- L. Lafarge (Appointed Chief Executive Officer 28 September 2007, previously Chief Operating Officer)
- F. Barrault (Non-executive)
- A. Gilbert (Non-executive)
- G. Libbesson (Non-executive)
- J. Pratt (Non-executive)
- D. Smart (Non-executive)

The five highest remunerated group executives for the 2008 financial year were:

- I. Buddery
- L. Lafarge
- J.M. Hartigan (Chief Financial Officer & Secretary, resigned 11 July 2008)
- G. Lemoing (Chief Information Officer)
- J.P. Labat (Chief Marketing Officer)

Elements of director and executive remuneration

Non-executive directors are paid directors' fees and, in the case of those who are Australian based, compulsory superannuation fund contributions are made on their behalf. The board reviews the level of fees from time to time, and sets individual non-executive directors fees based on the levels of fees for comparable listed companies in the appropriate parts of the world. The non-executive directors are appointed by shareholder vote and appointment in subject to re-election on retirement required at Annual General Meetings.

Certain non-executive directors, with the approval of shareholders, in an earlier period were issued options under the Executive Share Option Plan. The benefit of those options is dependent on a period of service relative to the vesting dates.

The Executive Chairman is remunerated on a salary package basis that includes a substantial portion that is a variable component which is dependent on agreed performance objectives. He is fully committed to eServGlobal and is involved in the business on a full time basis. The Executive Chairman does not have a formal contract, however, his salary and variable component are considered by the Remuneration and Nominations Committee on an annual basis, and adjustments recommended to the Board. The variable component comprises elements relating to achievement of financial plan and specific business objectives.

The Chief Executive Officer (CEO) is remunerated on a salary package basis that includes a substantial portion that is a variable component, which is dependent on agreed performance objectives. His base salary and variable components are reviewed annually by the Remuneration and Nominations Committee and recommended to the Board. The variable component comprises elements relating to achievement of financial plan and specific business objectives. The CEO is a permanent employee and has a formal contract with no fixed term and a notice period of six months required by either party.

The Chief Financial Officer (CFO) is remunerated on a salary package basis that includes a substantial portion that is a variable component which is dependent on agreed performance objectives.

Directors' report (cont.)

Remuneration Report (cont.)

The CFO has a formal contract which links to the eServGlobal standard conditions of employment. The contract has no set expiry date and the notice period required by both parties is three months. His package is reviewed annually. The CFO's variable component comprises elements relating to achievement of financial plan and specific business objectives. The CFO's contract was terminated by mutual agreement on 11 July, 2008.

The Chief Information Officer (CIO) and Chief Marketing Officer (CMO) have formal contracts and are permanent employees with no fixed term whose employment conditions require 3 months notice for both parties. In the event of termination, payment of termination benefits on cessation of employment is based on notice periods, statutory entitlements and any variable components due on previously agreed objectives.

The CIO and CMO's variable components comprise elements related to achievement of financial plan and specific business objectives.

Elements of remuneration which are dependent on company performance

The board believes that it is critical that the specified employees are driven by the financial performance of eServGlobal and, as detailed below, has structured executive packages so that a substantial portion of the variable component of their packages is directly linked to financial outcomes of eServGlobal. The targets are established annually and are approved by the Remuneration and Nominations Committee following Board approval of the Group's business plan. The two key measures of this are: annual revenue and earnings before interest, tax, depreciation and amortisation components. This component is confirmed in conjunction with the completion of the accounts. These targets are selected to ensure alignment of shareholders interests with Executive remuneration.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2008:

	30 June 2008 \$'000	30 June 2007 \$'000	30 June 2006 \$'000	30 June 2005 \$'000	30 June 2004 ¹ \$'000
Revenue	177,934	153,951	95,004	38,427	28,951
EBITDA	24,162	18,934	10,088	3,318	(1,250)

1. eServGlobal Limited adopted the Australian equivalents to International Financial reporting Standards with effect from 1 July 2005, which results in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with eServGlobal Limited's accounting policies as permitted under Australian accounting standards as applicable at that time.

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004 ⁴
Share price at start of year	\$0.960	\$0.600	\$0.920	\$0.245	\$0.100
Share price at end of year	\$0.820	\$0.960	\$0.600	\$0.920	\$0.245
Interim dividend	–	–	–	–	–
Final dividend ^{2,3}	3.0 cps	2.0 cps	1.2 cps	1.0 cps	–
Basic earnings per share	6.1	3.2	1.7	4.1 ⁵	(5.2)
Diluted earnings per share	6.0	3.2	1.7	3.9 ⁵	(5.2)

2. Final dividends declared for the financial years ending June 2005 and June 2006 were franked to 100% at 30% corporate income tax rate. Final dividends declared for the financial years ending June 2007 and June 2008 are unfranked.
3. Declared after the balance date and not reflected as a liability in the financial statements.
4. eServGlobal Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2005, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with eServGlobal Limited's accounting policies as permitted under Australian accounting standards as applicable at that time.
5. The results for year ending 30 June 2005 have been re-stated for A-IFRS, the basic earnings per share and diluted earnings per share reported under superseded policies were 1.0 cents.

The directors and the five identified group executives received the following amounts as compensation for their services as directors and executives of the Group during the year:

2008	Short-term employee benefits			Post Employment benefits	Share based payments	Termination Benefits Options	Other long term employee benefits ⁽ⁱⁱ⁾	Total	Percentage of remuneration related to performance %
	Salary & fees \$	Bonus (including variable pay component) \$	Non- monetary \$	Super- annuation \$	Options \$				
Non-executive Directors									
F Barrault	69,353	–	–	–	–	–	–	69,353	–
A Gilbert	76,916	–	–	–	60,038	–	–	136,954	–
G Libbesson	33,000	–	–	51,475	–	–	–	84,475	–
J Pratt	77,500	–	–	6,975	–	–	–	84,475	–
D Smart	–	–	–	84,475	–	–	–	84,475	–
Executive Officers									
I Buddery ⁽ⁱⁱⁱ⁾	287,861	191,478	–	13,129	–	–	–	492,468	38.9
L Lafarge ^{(iii)(iv)}	317,508	142,219	35,970	–	58,322	–	18,947	572,966	28.1
J M Hartigan ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	240,000	6,357	–	43,129	–	140,000	–	429,486	1.5
G Lemoing ^{(iii)(iv)}	270,390	72,392	26,957	91,057	–	–	18,947	479,743	19.0
JP Labat ^{(iii)(iv)}	203,790	127,850	20,894	–	–	–	18,947	371,481	39.5
Total	1,576,318	540,296	83,821	290,240	118,360	140,000	56,841	2,805,876	–

- (i) The CFO's contract was terminated by mutual agreement on the 11th July 2008. Termination benefits were provided for in the current financial year and paid to the departing employee early in the 2009 financial year.
- (ii) For companies in France employing 50 or more people profit-sharing is compulsory and is set up by an agreement. It is calculated according to a formula based on taxable income and distributed amongst employees in proportion to their wages and, in certain cases, their service. The profit-sharing funds are deposited in a corporate investment fund or savings plan and are paid after either 3 or 5 years as agreed with the employee. In the current financial year the profit sharing arrangement has been aligned with the remuneration policies of the consolidated group resulting in additional contributions being made.
- (iii) Key management personnel are remunerated on a salary package basis that includes an appropriate portion that is a variable component which is dependent on company performance and individual performance objectives. Key management personnel had their variable pay components confirmed in conjunction with the completion of the accounts. The variable components for key management personnel were confirmed on the successful achievement of revenue and earnings before interest, tax, depreciation and amortisation components and/or on the achievement of performance criteria established during the year. These amounts, related to the current year performance, will be paid in cash prior to 30 November 2008.
- (iv) Paid in Euros and subject to foreign exchange fluctuations at Group level.

Directors' report (cont.)

Remuneration Report (cont.)

The directors and the five identified group executives received the following amounts as compensation for their services as directors and executives of the Group during the previous financial year:

2007	Short-term employee benefits		Post Employment benefits	Share based payments	Termination Benefits Options	Other ^(v)	Other long term employee benefits ^(vi)	Total	Percentage of remuneration related to performance	
	Salary & fees \$	Bonus (including variable pay component) \$	Non- monetary \$	Super- annuation \$						Options \$
Non-executive Directors										
F Barrault	60,120	–	–	–	12,175	–	–	72,295	–	
A Gilbert	57,789	–	–	–	54,110	–	–	111,899	–	
G Libbesson	45,000	–	–	25,850	–	–	–	70,850	–	
J Pratt	60,000	–	–	5,400	9,596	–	–	74,996	–	
D Smart	54,167	–	–	16,683	–	–	–	70,850	–	
Executive Officers										
I Buddery ^(vii)	287,861	158,453	–	12,686	–	–	–	459,000	34.5	
R Agniel ^{(viii) (ix)}	194,741	27,700	21,280	–	–	315,774	500,000	1,079,036	4.4	
L Lafarge ^{(viii) (ix) (x)}	145,422	124,648	15,200	–	–	–	8,456	293,726	45.3	
J M Hartigan ^(viii)	240,000	110,000	–	12,686	8,528	–	–	371,214	29.6	
G Lemoing ^{(viii) (ix)}	279,311	98,422	27,339	1,065	25,480	–	25,937	457,554	27.2	
JP Labat ^{(viii) (ix)}	207,927	204,241	–	–	25,480	–	25,802	463,450	49.6	
Total	1,632,338	723,464	63,819	74,370	135,369	315,774	500,000	79,736	3,524,870	–

(v) Payment in settlement of any claims.

(vi) For companies in France employing 50 or more people profit-sharing is compulsory and is set up by an agreement. It is calculated according to a formula based on taxable income and distributed amongst employees in proportion to their wages and, in certain cases, their service. The profit-sharing funds are deposited in a corporate investment fund or savings plan and are paid after either 3 or 5 years as agreed with the employee

(vii) When the Executive Chairman agreed to take on the role the CEO role the Board introduced a bonus component to his package.

(viii) Other key management personnel are remunerated on a salary package basis that includes an appropriate portion that is a variable component which is dependent on company performance and individual performance objectives. Key management personnel had their variable pay components confirmed in conjunction with the completion of the accounts. The variable components for key management personnel were confirmed on the successful achievement of revenue and earnings before interest, tax, depreciation and amortisation components and/or on the achievement of performance criteria established during the year.

(ix) Paid in Euros and subject to foreign exchange fluctuations at Group level.

(x) Appointed Chief Executive Officer on 28 September 2007, previously Chief Operating Officer.

Directors' shareholdings

The following table sets out each director's relevant interest in shares and options in shares of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Executive share options
I Buddery ¹	15,055,982	–
F Barrault	–	500,000
A Gilbert	90,000	500,000
J Pratt	500,000	–
L Lafarge	–	300,000

1. Relevant interest held in shares registered in the name of Wallaby Hill Pty Ltd in which Ian Buddery holds an interest.

Value of options issued to directors and executives

Options which were granted to or vested in directors and executives in the current financial year were as follows:

Name	Options series	During the financial year				% of compensation for the year consisting of options
		No. granted	No. vested	% of grant vested	% of grant forfeited	
A Gilbert	Issued 17 November 2006	–	166,667	33.33	–	43.8
L Lafarge	Issued 26 September 2007	300,000	–	–	–	10.2

Executives receiving options are entitled to the beneficial interest under the option only if they continue to be employed with the Group at the time the option vests. Any exposure in relation to the risk associated with the movement in the underlying share price rests with the executive.

During the financial year no options were forfeited as a result of a condition required for vesting not being satisfied.

The following table discloses the options granted, exercised or expired during the year:

Name	Value of options granted at the grant date ⁽ⁱ⁾ \$	Value of options exercised at the exercise date \$	Value of options expired \$
J Pratt	–	327,500	–
L Lafarge	129,100	–	–
D Smart	–	–	\$nil

(i) The value of options granted, exercised and lapsed is calculated based on the following:

- Value at grant date represents fair value of the option at grant date multiplied by the number of options granted during the year.
- Value at exercise date represents fair value of the ordinary share received upon exercise of the option, less the option exercise price multiplied by the number of options exercised during the year.

Directors' report (cont.)

Value of options issued to directors and executives (cont.)

During the year, the following directors and executives exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of eServGlobal Limited.

Name	No. of options exercised	No. of ordinary shares of eServGlobal Limited	Amount paid	Amount unpaid
J Pratt	250,000	250,000	\$0.15	\$nil
J Pratt	250,000	250,000	\$0.40	\$nil

During the financial year, the following share-based payment arrangements were in existence.

Options series	Grant date	Expiry date	Exercise price	Grant date fair value
12 November 2003 ⁽ⁱⁱ⁾	12/11/2003	2008	\$0.2	\$0.137
12 November 2003 ⁽ⁱⁱ⁾	12/11/2003	2008	\$0.4	\$0.114
20 December 2003 ⁽ⁱⁱ⁾	20/12/2003	2008	\$0.15	\$0.145
20 December 2003 ⁽ⁱⁱ⁾	20/12/2003	2008	\$0.4	\$0.106
17 November 2006 ⁽ⁱ⁾	17/11/2006	2011	\$0.69	\$0.297
26 September 2007 ⁽ⁱ⁾	26/09/2007	2012	\$0.97	\$0.430

In accordance with the terms of the Employee Share Option Plan:

- (i) options issued in these series vest as to one-third on each of the first, second and third anniversary dates from the date of issue and expire five years from date of issue.
- (ii) options issued in these series vest on the third anniversary date from the date of issue and expire five years from the date of issue.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Board



Ian Buddery
Director

20 August, 2008

Auditor's independence declaration

Deloitte.

Deloitte Touche Tohmatsu
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20 August 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 audit of the financial statements of eServGlobal Limited for the financial year ended 30 June 2008, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Catherine Hill
Partner

Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Corporate governance statement

The Australian Securities Exchange Limited (ASX) listing rules require a listed company to provide in its annual report a statement of the main corporate governance practices that it had in place during the reporting period. The ASX listing rules also require a listed company to report any instances where it has failed to follow the recommendations issued by the ASX Corporate Governance Council (“The Principles of Good Corporate Governance and Best Practice Recommendations”) and the reasons for not following them.

The best practice recommendations of the ASX Corporate Governance Council are differentiated between ten core principles that the Council believes underlie good corporate governance. The board’s statements to each core area are noted below:

Lay Solid Foundation for Management and Oversight

The ASX Corporate Governance Council recommends that the board recognise and publish the respective roles and responsibilities of the Board and management. The framework of responsibilities should be designed to:

- enable the Board to provide strategic guidance for the company and effective oversight of management;
- clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability; and
- ensure a balance of authority so that no single individual has unfettered powers.

The primary responsibilities of eServGlobal’s board include:

- the establishment of long term goals of the company and strategic plans to achieve those goals;
- the review and adoption of the annual business plan and budgets for the financial performance of the company and monitoring the results on a monthly basis;
- the appointment and assessment of the chief executive officer;
- ensuring that the company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- the approval of the annual and half-yearly accounts and reports.

The board meets regularly and usually on a monthly basis to review the performance of the company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled monthly board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of the management including the chief executive officer are contained in letters of appointment and job descriptions given to each executive on appointment and updated from time to time, usually annually.

Structure the board to add value

The ASX Corporate Governance Council recommends that the board be structured in a such a way that it:

- is of an effective composition, size and commitment to adequately discharge its responsibilities;
- has a proper understanding of, and competence to deal with, the current and emerging issues of the business; and
- can effectively review and challenge the performance of management and exercise independent judgement.

To achieve best practice the Council recommends that:

- a majority of the board be “independent” directors;
- the chairperson be an “independent” director;
- the role of chairperson and chief executive officer should not be exercised by the same individual; and
- The board should establish a nomination committee.

At the date of this report the eServGlobal board consists of five non-executive directors, and two executive directors, being the Executive Chairman and the Chief Executive Officer. Five directors (a majority) are clearly independent directors.

The Executive Chairman holds a substantial shareholding interest (as defined under the Corporations Act) in the company, and was a founder of the company. It is the view of the board, that given the specific background and expertise of the Chairman, it is in the company’s interests that he holds the position of Executive Chairman and that the chairperson not be an independent director.

The board has two board committees – an Audit Committee and a Remuneration and Nominations Committee, both of which are chaired by independent directors and carry out the normal functions of those committees.

Promote ethical and responsible decision-making

The ASX Corporate Governance Council recommends that the company should:

- clarify the standards of ethical behaviour of directors and executives by establishing a code of conduct and encourage the observance of those standards; and
- publish its position concerning the issue of board and employee trading in company shares.

eServGlobal Limited’s policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company’s ethical standards.

eServGlobal Limited's shares are listed on both the Australian Securities Exchange and the London Stock Exchange (AIM). The company's policies relating to board and employee trading in shares has been designed to meet the requirements of both stock exchanges. The current policy, which is known as the Securities Dealing Policy, can be summarised as follows:

- A director, employee or an associate of any of them shall not:
 - engage in short term trading of the company's securities;
 - deal in the company's securities when he or she is in possession of insider information, or unpublished price sensitive information;
 - deal in the company's securities in the periods from the end of the financial year or half year until the results of those periods are released.
- A director, employee or an associate of any of them shall not deal in the company's securities at any time without prior approval as specified in the Securities Dealing Policy. In this regard, a director or senior executive is required to advise the chairman of the board before commencing a transaction, and other employees are required to advise the secretary before commencing the transaction. In all cases prior written approval is required. Applications to trade and approvals have to follow the processes set out in the Securities Dealing Policy.

With the prior approval of the chairman, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil his duties and responsibilities as a director.

Safeguard integrity in financial reporting

The ASX Corporate Governance Council recommends that the company has a structure to independently verify and safeguard the integrity of the company's financial reporting. It recommends that a company put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the company's financial position, including, for example, review and consideration of the accounts by the audit committee; and a process to ensure the independence and competence of the company's external auditors.

In this regard the eServGlobal Limited's board audit committee consists of two non-executive directors. The members of the audit committee at the date of this report are:

- David Smart (Chairman)
- Graham Libbesson

Both audit committee members are independent directors, and qualified and very experienced accountants. The board believes that the audit committee is of an appropriate size for the company.

The audit committee provides a forum for the effective communication between the board and external auditors.

The audit committee reviews:

- The annual and half-year financial reports and accounts prior to their approval by the board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit functions.

The audit committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

The audit committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporations Act 2001 in relation to the audit are met.

The audit committee requires the Chief Executive Officer and the Chief Financial Officer to report formally on the financial results and these executives are required to confirm that the company's financial reports and accounts present a true and fair view, in all material respects, of the company's financial position and operational results, and are prepared in accordance with the law and the relevant accounting standards.

Make timely and balanced disclosure

The ASX Corporate Governance Council recommends that a company promote timely and balanced disclosure of all material matters concerning the company. It recommends that it put in place mechanisms designed to ensure all investors have equal and timely access to material information concerning the company (including its financial situation, performance, ownership and governance), and that a company's announcements are factual and presented in a clear and balanced way.

The eServGlobal board and senior management are conscious of the ASX Listing Rule disclosure requirements, and take steps to ensure compliance. Also, the company has a policy that requires,

- All announcements be reviewed by the company secretary; and
- All media comment is provided by the chairman, chief executive officer or the chief financial officer.

Corporate governance statement (cont.)

Respect the rights of shareholders

The ASX Corporate Governance Council recommends that a company respects the rights of shareholders, and facilitates the effective exercise of those rights by effectively communicating with them; giving them balanced and understandable information about the company; and making it easy for them to participate in general meetings.

eServGlobal provides information to its shareholders through the formal communications processes (eg. ASX releases, annual general meeting, annual report, occasional shareholder letters). This material is normally also available on the eServGlobal website (www.eservglobal.com).

The company requests its external auditor attend the annual general meeting and to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Recognise and manage risk

The ASX Corporate Governance Council recommends that the company establish a sound system of risk oversight and management and internal control. It recommends that the system be designed to identify, assess, monitor and manage risk; and inform investors of material changes to the company's risk profile. It suggests that to achieve "best practice", the board or an appropriate board committee should establish policies on risk oversight and management, with the CEO and CFO to provide to the board in writing a statement confirming that the financial statements are founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the board; and that the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The eServGlobal board monitors the risks and internal controls of eServGlobal through the Audit Committee. The Audit Committee looks to the CFO to ensure that an adequate system is in place to identify and, where possible, on a cost effective basis, to manage risks inherent in the business, and to have appropriate internal controls. eServGlobal Limited is a relatively small group which operates across numerous international borders and is subject to the laws of many countries. This in itself, and the nature of eServGlobal's business, bring some inherent risk. As part of its normal processes, at least annually eServGlobal's management formally identifies and assesses the risks to the business, and these assessments are noted by the audit committee and the board. This list of risks is not published because it may provide a competitive advantage to eServGlobal Limited's competitors.

Encourage enhanced performance

The ASX Corporate Governance Council recommends that the board fairly review and actively encourage enhanced board and management effectiveness. In this regard it is suggested that the board and key executives should be equipped with the knowledge and information that they need to discharge their duties effectively, and that individual and collective performance is regularly and fairly reviewed. To achieve "best practice" it recommends that a company disclose the process for performance evaluation of the board; its committees; and individual directors and key executives.

The eServGlobal board uses a personal evaluation process to review the performance of directors. Individual directors are asked to write to the Remuneration & Nominations committee on a confidential basis to comment on their own performance, and the performance of the board and its committees. This information is presented to the chairman, who then assesses the information received and reports to the Board on the responses received from individual directors, and his own personal assessment. The Remuneration and Nominations Committee then determines whether any external advice or training is required, and ultimately provides a general report to the board identifying the outcome of the review.

Key executives are reviewed periodically against the business objectives and their own contractual obligations, including their personal KPIs.

Remunerate fairly and responsibly

The ASX Corporate Governance Council recommends that the company ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. In this regard it recommends that companies adopt remuneration policies that attract and maintain talented and motivated directors and employees so as to encourage enhanced performance, and that there be a clear relationship between performance and remuneration, and that the policy underlying executive remuneration be understood by investors.

The eServGlobal board's Remuneration and Nominations Committee at the date of this report consists of the following directors:

- Jim Pratt (Chairman)
- Anthony Gilbert

The Remuneration & Nominations Committee has specific responsibilities for the recommendation of board nominations, and for recommendations relating to remuneration policies applicable for all directors and senior executive officers.

In relation to board nominations, when it is considered necessary, the committee identifies an appropriate list of suitable candidates and makes recommendations to the board.

In relation to remuneration policies applicable to all directors and senior executive officers, the committee reviews the remuneration policies applicable to all directors and senior executive officers on an annual basis and makes recommendations on remuneration packages and terms of employment to the board. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the company's operations, the Remuneration & Nominations committee may seek the advice of external advisers in connection with the structure of remuneration packages.

Particulars concerning directors' and executives' remuneration and the company's executive and share option plan are set out in the notes to the financial statements and the directors' report.

Recognise the legitimate interests of stakeholders

The ASX Corporate Governance Council recommends that the company recognise the legal and other obligations to all legitimate stakeholders. In this regard it is acknowledged that companies have a number of legal and other obligations to non-shareholder stakeholders such as employees, clients/ customers and the community as a whole, and it is suggested that companies disclose a code of conduct.

eServGlobal Limited's code of conduct for managing the interests of all stakeholders is published internally on its intranet through its internal policies and procedures that guide the way the company conducts its business. The policies cover compliance with laws, employment practices, occupational health and safety, confidentiality and other legal compliance.

Independent audit report

to the Members of eServGlobal Limited



Deloitte.

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Report on the Financial Report

We have audited the accompanying financial report of eServGlobal Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 24 to 67.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of eServGlobal Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of eServGlobal Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Catherine Hill
Partner

Chartered Accountants

Sydney, 20 August 2008

Directors' declaration



The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (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 Company and the Group; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Ian Buddery
Director

20 August, 2008

Income statement

for the financial year ended 30 June 2008

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	2	177,934	153,591	7,432	5,571
Cost of sales	3	(82,721)	(80,378)	(6,285)	(2,991)
Gross profit		95,213	73,213	1,147	2,580
Other income	2	272	188	5,041	7,416
Research and development expenses		(25,062)	(18,771)	–	–
Sales and marketing expenses		(20,271)	(15,835)	(370)	(769)
Administration expenses		(25,990)	(19,861)	(2,413)	(3,773)
Earnings before interest, tax, depreciation and amortisation		24,162	18,934	3,405	5,454
Amortisation		(6,883)	(6,975)	–	–
Depreciation		(2,997)	(2,577)	(100)	(106)
Earnings before interest and tax		14,282	9,382	3,305	5,348
Finance costs		(400)	(266)	(1)	(173)
Profit before tax	3	13,882	9,116	3,304	5,175
Income tax expense	4	(3,342)	(3,506)	(1,219)	(1,173)
Profit for the year		10,540	5,610	2,085	4,002
Attributable to:					
Equity holders of the parent		10,391	5,425	2,085	4,002
Minority interest		149	185	–	–
		10,540	5,610	2,085	4,002
Earnings per share					
Basic (cents per share)	22	6.1	3.2		
Diluted (cents per share)	22	6.0	3.2		

Notes to the financial statements are included on pages 29 to 65.

Balance sheet as at 30 June 2008



	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current assets					
Cash and cash equivalents	29(a)	18,288	12,528	9,626	1,092
Trade and other receivables	8	80,120	73,328	8,493	8,517
Inventories	10	1,456	707	–	–
Current tax assets	4	5,555	98	–	–
Total current assets		105,419	86,661	18,119	9,609
Non-current assets					
Trade and other receivables	11	5,077	–	63,189	70,983
Other financial assets	12	–	–	38,432	38,432
Property, plant and equipment	13	5,855	4,703	85	131
Goodwill	14	46,804	46,210	–	–
Other intangible assets	15	22,544	28,424	–	–
Deferred tax assets	4	6,715	8,236	675	2,791
Total non-current assets		86,995	87,573	102,381	112,337
Total assets		192,414	174,234	120,500	121,946
Current liabilities					
Trade and other payables	16	46,164	34,003	1,128	1,829
Current tax payables	4	86	1,040	–	–
Provisions	17	5,346	4,946	128	125
Other	18	7,432	8,762	62	138
Total current liabilities		59,028	48,751	1,318	2,092
Non-current liabilities					
Deferred tax liabilities	4	8,510	9,756	207	132
Provisions	17	1,331	1,347	–	–
Total non-current liabilities		9,841	11,103	207	132
Total liabilities		68,869	59,854	1,525	2,224
Net assets		123,545	114,380	118,975	119,722
Equity					
Issued capital	19	115,325	115,005	115,325	115,005
Reserves	20	1,638	(308)	1,042	786
Retained earnings / (accumulated losses)	21	6,536	(447)	2,608	3,931
Equity attributable to equity holders of the parent		123,499	114,250	118,975	119,722
Minority interest		46	130	–	–
Total equity		123,545	114,380	118,975	119,722

Notes to the financial statements are included on pages 29 to 65.

Statement of recognised income and expense

for the financial year ended 30 June 2008

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Translation of foreign operations:					
Exchange differences taken to equity	20	1,690	(2,368)	–	–
Net income recognised directly in equity		1,690	(2,368)	–	–
Profit for the year		10,540	5,610	2,085	4,002
Total recognised income and expense for the year		12,230	3,242	2,085	4,002
Attributable to:					
Equity holders of the parent		12,081	3,057	2,085	4,002
Minority interest		149	185	–	–
		12,230	3,242	2,085	4,002

Notes to the financial statements are included on pages 29 to 65.

Cash flow statement

for the financial year ended 30 June 2008

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts from customers		176,215	149,963	3,583	3,841
Payments to suppliers and employees		(153,173)	(131,448)	(7,605)	(6,533)
Interest and other costs of finance paid		(400)	(266)	(1)	(173)
Income tax paid		(10,008)	(4,029)	(242)	(283)
Net cash (used in) / provided by operating activities	29(d)	12,634	14,220	(4,265)	(3,148)
Cash flows from investing activities					
Interest received		196	38	170	53
Payment for property, plant and equipment	13	(4,184)	(3,441)	(59)	(42)
Net cash outflow for acquisition of business assets	29(b)	–	(1,269)	–	–
Net cash provided by / (used in) investing activities		(3,988)	(4,672)	111	11
Cash flows from financing activities					
Proceeds from issues of equity securities	19	228	71	228	71
Repayment from borrowings		–	(2,000)	–	(2,000)
Loan repaid from other group Companies		–	–	15,868	7,177
Dividends paid	23	(3,408)	(2,040)	(3,408)	(2,040)
Net cash (used in) / provided by financing activities		(3,180)	(3,969)	12,688	3,208
Net increase in cash held		5,466	5,579	8,534	71
Cash and cash equivalents at the beginning of the financial year		12,528	7,471	1,092	1,021
Effects of exchange rate changes on the balance of cash held in foreign currencies		294	(522)	–	–
Cash and cash equivalents at the end of the financial year	29(a)	18,288	12,528	9,626	1,092

Notes to the financial statements are included on pages 29 to 65.

Notes to the Financial Statements

for the financial year ended 30 June 2008

1. Summary of Accounting Policies

Adoption of new and revised Accounting Standards

In the current year, 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 its operations and effective for the current annual reporting period. There was no material impact on the adoption of these new Standards and Interpretations. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)'
- AASB 7 'Financial Instruments: Disclosures'

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective. Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 'Presentation of Financial Statements (revised September 2007)	1 January 2009	30 June 2010
AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations, which are relevant to the financial report, is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 123 'Borrowing Costs' (revised)	1 January 2009	30 June 2010
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2009	30 June 2010
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010

The potential effect of the initial application of the following Standard has not yet been determined:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 3 'Business Combinations' and AASB 127 'Consolidated and Separate Financial Statements'	1 July 2009	30 June 2010

Notes to the financial statements

for the financial year ended 30 June 2008

1. Summary of Accounting Policies (cont.)

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group and Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 20 August 2008.

Basis of preparation

The financial report has been prepared on the basis of historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. 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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and financial institutions, investments in money market instruments with maturities of three months or less from the date of acquisition, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(b) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(c) Financial assets

Investments

Investments in subsidiaries are recognised at cost, less impairment losses, in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held to-maturity investments. Held to-maturity investments are recognised at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition.

The carrying amount of loans and receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying value of the allowance account are recognised in profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of:

- The amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- The amount initially recognised less, where appropriate, cumulative amortisation in accordance with the Group's revenue recognition policies.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised in an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost

(e) Foreign currency

Foreign currency transactions

All foreign currency transactions arising during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Foreign operations

All overseas subsidiaries, other than those that are part of the eServGlobal Holdings SAS group, report in their functional currency of AUD, as per AASB 121 "The Effects of Changes in Foreign Currency Exchange Rates" and as a consequence all exchange rate differences are taken to profit or loss. The eServGlobal Holdings SAS group reports in its functional currency of EUR and on consolidation, the assets and liabilities of the eServGlobal Holdings SAS group are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also note 1(h).

(h) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements

for the financial year ended 30 June 2008

1. Summary of Accounting Policies (cont.)

For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the synergies of the business combination.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(i) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able

to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. eServGlobal Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(j) Intangible assets

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Software and Documentation

Software and Documentation are recorded initially at fair value and have an estimated useful life. Amortisation is charged on a straight line basis over their useful lives.

Customer Relationships

Customer Relationships are recorded initially at fair value and have an estimated useful life. Amortisation is charged on a straight line basis over their useful lives.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(l) Leases

Operating lease payments, where substantially all of the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Minority interest in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of the assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 "Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the groups interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(n) Property, plant and equipment

Plant and equipment, office furniture and fittings and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Notes to the financial statements

for the financial year ended 30 June 2008

1. Summary of Accounting Policies (cont.)

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Office furniture and fittings	5 years
Plant and equipment	3 years
Leasehold improvements	over the period of the lease

(o) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Onerous Contracts

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the contractual obligations exceeds the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

(p) Research and development costs

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(q) Revenue recognition

Sale of Goods and Licences

Revenue from the sale of goods and licences is recognised when the Group has passed control of the goods or other assets to the buyer, except in the case of projects involving significant customisation where revenue is recognised by reference to the stage of completion of the project.

Rendering of Services

Revenue from services to supply custom designed and developed software or solutions is recognised by reference to the stage of completion of the project. The stage of completion is determined by assessing, at the reporting date, the level of actual services performed as a percentage of total services to be performed in relation to the project.

Revenue recognised in advance of the corresponding bill being raised is recorded as 'work in progress', whilst bills raised in advance of the services being performed is recorded as 'deferred income'.

Where a loss is expected to occur it is recognised immediately and a provision is made in relation to any future work on the contract.

Revenue from Support, Maintenance and Facilities Management Agreements

Revenue from support and maintenance contracts is recognised over time as it is earned.

Work in Progress

Work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented in other liabilities.

Contracts costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customers under the terms of the contract.

(r) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 July 2005, are measured at fair value at the date of grant. Fair value is measured by use of either a Black Scholes or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

(s) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to transactions arising from specific customer orders. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair value of all derivative financial instruments outstanding at the balance sheet date are recognised in the balance sheet as either financial assets or financial liabilities. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity, with any ineffective portion being recognised in the income statement. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item.

If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments, or other non financial host contracts, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

(t) Critical accounting judgments and key sources of estimation uncertainty

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of goodwill. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates described in note 14.

Revenue recognition

Revenue in relation to the supply of custom designed and developed software or solutions is recognised on each project by reference to the stage of completion of the project. The method of calculating the percentage completion of the project involves an element of judgement based on future project costs and profitability of each project. The information used to forecast these costs is based on historical events and current economic data on a customer by customer basis.

Notes to the financial statements

for the financial year ended 30 June 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
2. Revenue				
Revenue from continuing operations consisted of the following items:				
Revenue from the sale of goods	101,567	90,399	1,955	69
Revenue from the rendering of services	76,367	63,192	4,077	968
Related parties	–	–	1,400	4,534
	177,934	153,591	7,432	5,571
Interest revenue:				
Bank deposits	196	38	170	53
Related parties	–	–	4,795	3,313
	196	38	4,965	3,366
Other income	76	150	76	150
Dividends from subsidiaries	–	–	–	3,900
	272	188	5,041	7,416
	178,206	153,779	12,473	12,987

3. Profit before tax

Profit before tax has been arrived at after charging the following expenses from continuing operations:

Net foreign exchange loss	677	816	87	327
Finance costs:				
Interest – other entities	400	266	1	173
Depreciation of non-current assets:				
Office furniture and fittings	685	383	–	1
Leasehold improvements	26	23	16	15
Plant and equipment	2,286	2,171	84	90
	2,997	2,577	100	106
Amortisation of intangible assets:				
Customer relationships, software and documentation	6,883	6,975	–	–
Operating lease rental expenses:				
Minimum lease payments	3,246	2,730	140	135
Net loss on disposal of non-current assets				
Plant and equipment	5	193	5	–
Employee benefit expense:				
Contributions to defined contribution plans	197	223	197	139
	197	223	197	139
Share-based payments:				
Equity settled share-based payments	348	329	348	329
	348	329	348	329
Termination benefits	140	340	140	24

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

4. Income taxes

(a) Income tax recognised in profit

Tax expense comprises:

Current tax expense / (income)	3,472	4,976	(1,051)	424
Adjustments recognised in the current year in relation to the current tax of prior years	123	(59)	79	19
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	(253)	(1,411)	2,191	730
Total tax expense	3,342	3,506	1,219	1,173

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit from operations	13,882	9,116	3,304	5,175
Income tax expense calculated at 30%	4,165	2,735	991	1,553
Non-deductible expenses	1,533	368	149	771
Non-assessable item – R&D tax concessions	(1,711)	(211)	–	–
Non-assessable income	(1,544)	–	–	–
Effect of different tax rate in foreign operations	751	482	–	–
Effect on deferred tax balances due to change of rate in other jurisdiction	25	191	–	–
Non assessable dividend	–	–	–	(1,170)
(Over) / under provision of income tax in previous year	123	(59)	79	19
	3,342	3,506	1,219	1,173

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Current tax assets and liabilities

Current tax assets:

Tax refund receivable	5,555	98	–	–
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Current tax payables:

Income tax payable	86	1,040	–	–
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Notes to the financial statements

for the financial year ended 30 June 2008

4. Income taxes (cont.)

Deferred tax balances

Deferred tax assets and liabilities arise from the following:

	Consolidated			Closing balance \$'000
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	
2008				
Deferred tax liabilities:				
Accrued income	132	75	–	207
Exchange difference on foreign subsidiary	–	–	190	190
Property, plant and equipment	89	51	–	140
Intangible assets	9,535	(1,562)	–	7,973
	9,756	(1,436)	190	8,510
Deferred tax assets:				
Tax losses – revenue	3,408	(592)	–	2,816
Foreign tax credits	392	(378)	–	14
Trade receivables	1,327	(160)	–	1,167
Property, plant and equipment	121	(11)	–	110
Deferred income	39	9	–	48
Accrued costs	1,474	38	–	1,512
Retirement provisions	355	103	–	458
Exchange difference on foreign subsidiary	562	–	(338)	224
Other – AIM listing costs	34	(17)	–	17
Other – share issue expenses	524	(175)	–	349
	8,236	(1,183)	(338)	6,715
2007				
Deferred tax liabilities:				
Accrued income	631	(499)	–	132
Property, plant and equipment	81	8	–	89
Intangible assets	11,907	(2,372)	–	9,535
	12,619	(2,863)	–	9,756
Deferred tax assets:				
Tax losses – revenue	3,838	(430)	–	3,408
Foreign tax credits	797	(405)	–	392
Trade receivables	1,145	182	–	1,327
Property, plant and equipment	142	(21)	–	121
Deferred income	35	4	–	39
Accrued costs	2,091	(617)	–	1,474
Retirement provisions	326	29	–	355
Exchange difference on foreign subsidiary	108	–	454	562
Other – AIM listing costs	52	(18)	–	34
Other – share issue expenses	700	(176)	–	524
	9,234	(1,452)	454	8,236

2008	Company		
	Opening balance \$'000	Charged to income \$'000	Closing balance \$'000
Deferred tax liabilities:			
Accrued income	132	75	207
	132	75	207
Deferred tax assets:			
Tax losses – revenue	1,184	(1,127)	57
Foreign tax credits	392	(392)	–
Trade receivables	200	(200)	–
Property, plant and equipment	34	3	37
Accrued costs	423	(208)	215
Other – AIM listing costs	34	(17)	17
Other – share issue expenses	524	(175)	349
	2,791	(2,116)	675
2007			
Deferred tax liabilities:			
Accrued income	363	(231)	132
	363	(231)	132
Deferred tax assets:			
Tax losses – revenue	1,256	(72)	1,184
Foreign tax credits	797	(405)	392
Trade receivables	–	200	200
Property, plant and equipment	31	3	34
Accrued costs	916	(493)	423
Other – AIM listing costs	52	(18)	34
Other – share issue expenses	700	(176)	524
	3,752	(961)	2,791

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is eServGlobal Limited. The members of the tax-consolidated group are identified at note 25.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, eServGlobal Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Notes to the financial statements

for the financial year ended 30 June 2008

5. Key management personnel compensation

The Remuneration and Nominations Committee reviews the remuneration packages of all key management on an annual basis and makes recommendations to the Board. The Boards approach on Remuneration Policies is set out in the Remuneration Report which forms part of the Directors' Report.

The aggregate compensation made to key management personnel of the company and the Group is set out below:

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits	2,200,435	2,419,621	982,465	955,481
Post-employment benefits	290,240	74,370	199,183	73,306
Termination benefits	140,000	315,774	140,000	–
Other	–	500,000	–	500,000
Other long term employee benefits	56,841	79,736	–	–
Share-based payment	118,360	135,369	60,038	18,124
	2,805,876	3,524,870	1,381,686	1,546,911

6. Executive and employee share options

The Group has ownership-based remuneration schemes for directors, executives and employees of the Group. In accordance with the provisions of the scheme, directors and employees may be granted options to acquire ordinary shares in the company. The board believes that the options scheme has a significant role to play in motivating employees to help ensure the continued performance of the Group, although the obligations under A-IFRS to expense the notional benefit of options issued has impacted the attractiveness of issuing options. The vesting of any share options is not dependent on any performance criteria, however, is dependent on a period of service relative to the vesting dates.

During the financial year, the company issued 660,000 options (2007: 2,525,000).

At the date of this report, option holders are entitled to purchase an aggregate of nil (2007: 87,454) ordinary shares of the entity as a result of options issued prior to the introduction of the eServGlobal Employee Share Option Plan. 50,000 of these options expired during the financial year and 37,454 were exercised in September 2007 at an exercise price of \$0.20.

Under the eServGlobal Employee Share Option Plan, established 4 August 2000 to assist in the attraction, retention and motivation of employees and Directors of the company and its related bodies corporate, at 30 June 2008, executives and employees are entitled to purchase an aggregate of 4,979,478 (2007: 5,215,481) ordinary shares of the entity at an exercise price ranging from \$0.15 to \$0.97 (2007: \$0.15 to 0.69) per ordinary share. At 30 June 2008 3,336,131 (2007 3,827,935) of these options had vested. The options may be exercised at various times up until 26 October 2012. The holders of such options do not have the right, by virtue of the option to participate in any share issue or interest issue of any other body corporate or scheme, and do not participate in any dividends declared.

The following share-based payment arrangements were in existence during the period:

Option Series	Number	Grant Date	Expiry Date	Exercise Price \$	Fair value at grant date
Issued 1 January 2000 ^(iv)	37,454	1-Jan-00	2007	0.20	32,061
Issued 8 September 2000 ^(iv)	50,000	8-Sep-00	2007	1.00	58,200
Issued 4 September 2002 ⁽ⁱ⁾	156,666	4-Sep-02	2007	0.18	136,455
Issued 12 November 2003 ⁽ⁱⁱ⁾	250,000	12-Nov-03	2008	0.20	34,250
Issued 12 November 2003 ⁽ⁱⁱⁱ⁾	250,000	12-Nov-03	2008	0.40	28,500
Issued 20 December 2003 ⁽ⁱⁱ⁾	500,000	20-Dec-03	2008	0.15	72,500
Issued 20 December 2003 ⁽ⁱⁱⁱ⁾	500,000	20-Dec-03	2008	0.40	53,000
Issued 30 June 2004 ⁽ⁱ⁾	626,673	30-Apr-04	2009	0.23	261,960
Issued 29 May 2006 ⁽ⁱⁱⁱ⁾	1,457,142	29-May-06	2011	0.66	364,286
Issued 17 November 2006 ⁽ⁱ⁾	500,000	17-Nov-06	2011	0.69	148,333
Issued 7 March 2007 ⁽ⁱ⁾	975,000	7-Mar-07	2012	0.69	321,750
Issued 26 September 2007 ⁽ⁱ⁾	300,000	26-Sep-07	2012	0.97	129,100
Issued 4 October 2007 ⁽ⁱ⁾	310,000	4-Oct-07	2012	0.97	136,917
Issued 26 October 2007 ⁽ⁱ⁾	50,000	26-Oct-07	2012	0.97	21,367

In accordance with the terms of the Employee Share Option Plan:

- (i) options issued in these series vest as to one-third on each of the first, second and third anniversary dates from the date of issue and expire five years from date of issue.
- (ii) options issued in these series vest on the third anniversary date from the date of issue and expire five years from the date of issue.
- (iii) options issued in this series vest one-half immediately on issue and the balance on the first anniversary date from the date of issue and expire five years from date of issue.
- (iv) options issued in these series vest as to one-third on each of the first, second and third anniversary dates from the date of issue and expire seven years from date of issue.

In accordance with the terms of the Employee Share Option Plan, options may be exercised at any time from the date on which they vest to the date of their expiry.

The weighted average fair value of the share options granted during the financial year is \$0.435 (2007: \$0.312).

Options issued December 1998 to June 2004

Options were priced with the assistance of an appropriately qualified expert using the Black Scholes model. Where relevant, the expected life used in the model has been adjusted based on a best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the semi-annual historical volatility of share prices as at the grant date. The interest rate has been derived from swap market interest rates on the valuation date in the model. This data is sourced from the Bloomberg financial data provider.

Inputs into the models

Inputs into the models for the series of options issued from September 2000 to June 2004 are:

Issue Date	Underlying Price	Exercise Price	Expiry Date	Vesting Date	Expected Life	Interest Rate	Historical Volatility
8-Sep-00	\$1.80	\$1.00	8-Sep-07	8-Sep-03	7-Sep-05	6.64%	50.00%
4-Sep-02	\$0.20	\$0.18	4-Sep-07	4-Sep-03	3-Sep-05	5.09%	53.88%
4-Sep-02	\$0.20	\$0.18	4-Sep-07	4-Sep-05	4-Sep-06	5.24%	53.88%
12-Nov-03	\$0.20	\$0.20	12-Nov-08	12-Nov-06	12-Nov-07	6.07%	110.43%
12-Nov-03	\$0.20	\$0.40	12-Nov-08	12-Nov-06	12-Nov-07	6.07%	110.43%
20-Dec-03	\$0.21	\$0.15	20-Dec-08	20-Dec-06	20-Dec-07	5.87%	97.18%
20-Dec-03	\$0.21	\$0.40	20-Dec-08	20-Dec-06	20-Dec-07	5.87%	97.18%
30-Jun-04	\$0.25	\$0.23	30-Jun-09	30-Jun-05	30-Jun-07	5.48%	107.44%
30-Jun-04	\$0.25	\$0.23	30-Jun-09	30-Jun-06	30-Dec-07	5.79%	107.44%
30-Jun-04	\$0.25	\$0.23	30-Jun-09	30-Jun-07	30-Jun-09	5.84%	107.44%

Notes to the financial statements

for the financial year ended 30 June 2008

6. Executive and employee share options (cont.)

Options issued since June 2004

Options were priced by an appropriately qualified expert who chose to use the binomial pricing model, because it allows for performance hurdles and settlement before expiry. Where relevant, the expected life used in the model has been adjusted based on a best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The risk-free rate is sourced from the Reserve Bank of Australia. To allow for effects of early exercise, it was assumed that employees would exercise the options after vesting date when the share price was two times the exercise price.

Inputs into the models for the series of options issued post June 2004:

Issue Date	Share price at grant date	Risk free rate of return to expiry (p.a.)	Years to expiration/ exercise	Dividend yield (p.a.)	Volatility	Sub optimal early exercise factor
29-May-06	0.66	5.62%	5	0.0%	50.00% – 60.00%	2.00
17-Nov-06	0.70	5.80%	5	1.5%	50.00% – 60.00%	2.00
7-Mar-07	0.77	5.80%	5	1.5%	45.00% – 55.00%	2.00
26-Sep-07	1.06	6.36%	5	1.5%	45.00% – 50.00%	2.00
4-Oct-07	1.07	6.42%	5	1.5%	45.00% – 50.00%	2.00
26-Oct-07	1.05	6.41%	5	1.5%	45.00% – 50.00%	2.00

The following reconciles the outstanding share options granted under the executive share option plan at the beginning and the end of the financial year:

	2008		2007	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at the beginning of the year	5,302,935	0.497	4,420,933	0.413
Granted during the year	660,000	0.970	2,525,000	0.690
Exercised during the financial year	(933,457)	0.244	(333,330)	0.212
Forfeited during the financial year	–	–	(1,309,668)	0.660
Expired during the year	(50,000)	1.00	–	–
Balance at the end of the year	4,979,478	0.602	5,302,935	0.497
Exercisable at the end of the financial year	3,336,131	0.503	3,827,935	0.422

Exercised during the financial year

The following options were exercised during the financial year:

Issued	Number Exercised	Exercise Date	Share Price at Exercise Date \$
1-Jan-00	37,454	6-Sep-07	0.95
4-Sep-02	50,000	30-Aug-07	0.95
4-Sep-02	106,666	9-Aug-07	0.98
20-Dec-03	500,000	4-Jun-08	0.93
30-Jun-04	87,000	9-Oct-07	1.08
30-Jun-04	40,000	30-Nov-07	1.08
30-Jun-04	42,002	9-Aug-07	0.98
30-Jun-04	22,001	4-Mar-08	1.15
30-Jun-04	10,000	9-Aug-07	0.98
30-Jun-04	13,334	23-Apr-08	1.06
30-Jun-04	20,000	8-Jan-08	1.20
30-Jun-04	5,000	26-Oct-07	1.05
	933,457		

The following options were exercised during the previous financial year:

Issued	Number Exercised	Exercise Date	Share Price at Exercise Date \$
4-Sep-02	100,000	4-Aug-06	0.55
4-Sep-02	20,000	8-May-07	0.77
30-Jun-04	16,666	11-Jul-06	0.64
30-Jun-04	6,666	11-Jul-06	0.64
30-Jun-04	13,333	4-Aug-06	0.55
30-Jun-04	6,666	4-Aug-06	0.55
30-Jun-04	13,333	18-Sep-06	0.68
30-Jun-04	30,666	18-Sep-06	0.68
30-Jun-04	15,333	18-Sep-06	0.68
30-Jun-04	5,000	18-Sep-06	0.68
30-Jun-04	7,000	23-Oct-06	0.63
30-Jun-04	16,667	23-Oct-06	0.63
30-Jun-04	16,667	23-Oct-06	0.63
30-Jun-04	20,000	17-Nov-06	0.70
30-Jun-04	3,334	17-Nov-06	0.70
30-Jun-04	13,333	10-Apr-07	0.85
30-Jun-04	15,333	10-Apr-07	0.85
30-Jun-04	13,333	8-May-07	0.77
	333,330		

Notes to the financial statements

for the financial year ended 30 June 2008

6. Executive and employee share options (cont.)

Balance at the end of the financial year

The share options outstanding at the end of the financial year are as follows:

Issued	No.	Vested No.	Unvested No.	Expiry Date	Exercise Price \$	Contractual Life (days)	
Issued 12 November 2003	250,000	250,000	–	2008	\$0.20	135	
Issued 12 November 2003	250,000	250,000	–	2008	\$0.40	135	
Issued 20 December 2003	250,000	250,000	–	2008	\$0.15	173	
Issued 20 December 2003	250,000	250,000	–	2008	\$0.40	173	
Issued 30 June 2004	387,336	387,336	–	2009	\$0.23	365	
Issued 29 May 2006	1,457,142	1,457,142	–	2011	\$0.66	1,063	
Issued 17 November 2006	500,000	166,666	333,334	2011	\$0.69	1,235	
Issued 7 March 2007	975,000	324,987	650,013	2012	\$0.69	1,346	
Issued 26 September 2007	300,000	–	300,000	2012	\$0.97	1,549	
Issued 4 October 2007	310,000	–	310,000	2012	\$0.97	1,557	
Issued 26 October 2007	50,000	–	50,000	2012	\$0.97	1,579	
	4,979,478	3,336,131	1,643,347				
				Consolidated		Company	
				2008	2007	2008	2007
				\$	\$	\$	\$

7. Remuneration of auditors

Auditor of the Parent Entity

Auditing of the financial report	228,000	310,000	228,000	310,000
Other services – Taxation advice	6,500	58,416	6,500	58,416
Other services – Other	5,775	5,250	5,775	5,250
	240,275	373,666	240,275	373,666

Other Auditors

Auditing the financial report	306,405	245,128	–	–
Other services – Taxation	11,047	5,000	–	–
	317,452	250,128	–	–
	557,727	623,794	240,275	373,666

The auditor of eServGlobal is Deloitte Touche Tohmatsu in Australia and the Other Auditors are all affiliated firms of Deloitte Touche Tohmatsu.

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables ⁽ⁱ⁾	57,123	47,838	2,658	493
Prepayments	2,342	1,400	91	68
Goods and services tax (GST) receivable	2,438	2,050	124	5
Amount owed by wholly-owned controlled entities	–	–	4,931	7,508
Work in progress (note 9)	14,911	19,814	687	438
Deposits	3,306	2,226	2	5
	80,120	73,328	8,493	8,517

- (i) The average credit period on sales of goods and rendering of services is 60 days. Historically, the Group has had no requirement to charge interest on overdue receivables, although customer contractual terms include the ability to do this. Objective evidence is determined by reference to knowledge of disputes at balance date. The Group also considers any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date.

Before accepting any new customers, the Group obtains, where considered necessary, third party references to assess the potential customer's credit worthiness. The majority of the Group and Company's outstanding trade receivables consist of large Telecommunication companies and are considered high quality creditworthy customers.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$14.5 million (2007: \$16.4 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average days overdue for these receivables is 56 days (2007: 79 days).

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Ageing of past due but not impaired				
By up to 30 days	8,364	6,822	471	–
30 – 90 days	3,214	4,245	243	–
90 – 120 days	405	289	206	–
120 + days	2,498	5,013	141	–
	14,481	16,369	1,061	–

Notes to the financial statements

for the financial year ended 30 June 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
9. Work in progress				
Contract work in progress	95,345	116,135	2,454	9,981
Progress billings and advances received	(87,866)	(105,083)	(1,829)	(9,681)
	7,479	11,052	625	300
Recognised and included in the financial statements as amounts due:				
From customers:				
Current (note 8)	14,911	19,814	687	438
To customers as deferred income:				
Current (note 18)	(7,432)	(8,762)	(62)	(138)
	7,479	11,052	625	300

10. Current inventories

finished goods – at net realisable value	1,456	707	–	–
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11. Non-current trade and other receivables

Amount owed by wholly-owned controlled entities – at amortised cost ⁽ⁱ⁾	–	–	63,189	70,983
Other	5,077	–	–	–
	5,077	–	63,189	70,983

(i) The wholly-owned controlled entity receivable is due from a creditworthy related party. The amount is not past due or impaired and no allowance has been provided on the receivable. The outstanding amount is available on call and bears interest at a variable rate.

12. Other non-current financial assets

Shares in controlled entities – at cost	–	–	38,432	38,432
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Consolidated	Office furniture and fittings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
13. Property, plant and equipment				
Gross carrying amount – at cost				
Balance at 1 July 2006	942	403	8,103	9,448
Additions	473	44	2,924	3,441
Acquisitions through business combinations	–	–	326	326
Disposals	(3)	–	(286)	(289)
Net foreign currency	(59)	23	(254)	(290)
Balance at 30 June 2007	1,353	470	10,813	12,636
Additions	662	3	3,519	4,184
Disposals	–	–	(535)	(535)
Net foreign currency	143	(35)	318	426
Balance at 30 June 2008	2,158	438	14,115	16,711
Accumulated depreciation				
Balance at 1 July 2006	557	347	4,647	5,551
Depreciation expense	383	23	2,171	2,577
Disposal	(3)	–	(93)	(96)
Net foreign currency	(33)	20	(86)	(99)
Balance at 30 June 2007	904	390	6,639	7,933
Depreciation expense	685	26	2,286	2,997
Disposal	–	–	(530)	(530)
Net foreign currency	133	(28)	351	456
Balance at 30 June 2008	1,722	388	8,746	10,856
Net book value				
As at 30 June 2007	449	80	4,174	4,703
As at 30 June 2008	436	50	5,369	5,855

Notes to the financial statements

for the financial year ended 30 June 2008

13. Property, plant and equipment (cont.)

Company	Office furniture and fittings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Gross carrying amount – at cost				
Balance at 1 July 2006	31	208	829	1,068
Additions	1	7	34	42
Balance at 30 June 2007	32	215	863	1,110
Additions	–	2	57	59
Disposals	–	–	(499)	(499)
Balance at 30 June 2008	32	217	421	670
Accumulated depreciation / amortisation				
Balance at 1 July 2006	31	180	662	873
Depreciation expense	1	15	90	106
Balance at 30 June 2007	32	195	752	979
Depreciation expense	–	16	84	100
Disposals	–	–	(494)	(494)
Balance at 30 June 2008	32	211	342	585
Net book value				
As at 30 June 2007	–	20	111	131
As at 30 June 2008	–	6	79	85

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

14. Goodwill

Gross carrying amount and net book value

Balance at the beginning of the financial year	46,210	45,685	–	–
Additional amounts recognised from business combinations occurring during the year	–	943	–	–
Translation effects of foreign currency exchange movements	594	(418)	–	–
Balance at end of financial year	46,804	46,210	–	–

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to a single cash generating unit, being the entire business. This is because substantially the entire product list of the combined entity is available for sale to, and being sold to, substantially the entire customer base of the combined entity.

The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by management covering a 7 year period, and a terminal value based upon an extrapolation of cash flows beyond the 7 year period using an estimated growth rate of 4% per annum.

The key assumptions used in the value-in-use calculation for the cash generating unit are as follows:

- Sales are expected to grow over the forecast period at 9% – 16%.
- A gross margin of 54% over the forecast period: this is based upon average gross margins achieved in the period immediately before the forecast period.
- In performing the value-in-use calculations, the company has applied post-tax discount rates to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rate is 26.14% per annum.
- Operating expenses are expected to increase steadily over the forecast period, but at a rate lower than the sales growth.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

	Consolidated		Total \$'000
	Software & documentation \$'000	Customer relationships \$'000	
15. Intangibles			
Gross carrying amount			
Balance at 1 July 2006	17,950	22,353	40,303
Effects of foreign currency exchange movements	(356)	(444)	(800)
Balance at 30 June 2007	17,594	21,909	39,503
Effects of foreign currency exchange movements	415	591	1,006
Balance at 30 June 2008	18,009	22,500	40,509
Accumulated amortisation and impairment			
Balance at 1 July 2006	(2,393)	(2,126)	(4,519)
Amortisation expense	(3,690)	(3,285)	(6,975)
Effects of foreign currency exchange movements	220	195	415
Balance at 30 June 2007	(5,863)	(5,216)	(11,079)
Amortisation expense	(3,642)	(3,241)	(6,883)
Effects of foreign currency exchange movements	(2)	(1)	(3)
Balance at 30 June 2008	(9,507)	(8,458)	(17,965)
Net book value			
As at 30 June 2007	11,731	16,693	28,424
As at 30 June 2008	8,502	14,042	22,544

Significant intangible assets

The carrying amount of 'Software & Documentation' of \$8.502 million (2007: \$11.731 million) will be fully amortised in 3 years (2007: 4 years).

The carrying amount of 'Customer Relationships' of \$14.042 million (2007: \$16.693 million) will be fully amortised in 5 years (2007: 6 years).

Notes to the financial statements

for the financial year ended 30 June 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables ⁽ⁱ⁾	13,007	8,844	148	36
Accruals and other payables	33,157	25,159	980	1,793
	46,164	34,003	1,128	1,829

(i) The average credit period on purchases of certain goods is 45 days. No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

17. Provisions

	Employee leave provisions \$'000	Retirement contribution plans ⁽ⁱ⁾ \$'000	Onerous contracts \$'000	Total \$'000
Consolidated				
Balance as at 1 July 2007	4,946	1,034	313	6,293
Additional provisions recognised	400	297	–	697
Utilised / reversed during the period	–	–	(313)	(313)
Balance as at 30 June 2008	5,346	1,331	–	6,677
Current	5,346	–	–	5,346
Non-current	–	1,331	–	1,331
	5,346	1,331	–	6,677
Company				
Balance as at 1 July 2007	125	–	–	125
Additional provisions recognised	3	–	–	3
Balance as at 30 June 2008	128	–	–	128
Current	128	–	–	128

(i) The retirement contribution plan is the statutory termination payment due to eligible employees in France.

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred income (note 9)	7,432	8,762	62	138

18. Other current liabilities

19. Issued capital

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
171,009,598 fully paid ordinary shares (2007: 170,076,141)	115,325	115,005	115,325	115,005

	Consolidated and Company			
	2008		2007	
	No. '000	\$ '000	No. '000	\$ '000
Fully Paid Ordinary Shares				
Balance at the beginning of financial year	170,076	115,005	169,743	114,896
Issue of shares under the executive and employee share option plan (note 6)	933	228	333	71
Transfer from employee equity-settled benefits reserve	–	92	–	38
Balance at the end of financial year	171,009	115,325	170,076	115,005

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share Options

In accordance with the executive and employee share option plan as at 30 June 2008, employees are entitled to purchase shares in the company. Details of the executive and employee share option plan are contained in note 6 to the financial statements.

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

20. Reserves

Foreign currency translation	596	(1,094)	–	–
Employee equity-settled benefits	1,042	786	1,042	786
	1,638	(308)	1,042	786

Foreign currency translation reserve

Balance at beginning of financial year	(1,094)	1,274	–	–
Translation of foreign operations (net of deferred tax)	1,690	(2,368)	–	–
Balance at the end of the financial year	596	(1,094)	–	–

Exchange differences relating to the translation from Euros, being the functional currency of the eServGlobal SA group, into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

Employee equity-settled benefits reserve

Balance at beginning of financial year	786	495	786	495
Share based payments	348	329	348	329
Transfer to issued share capital (note 19)	(92)	(38)	(92)	(38)
Balance at the end of the financial year	1,042	786	1,042	786

The employee equity-settled benefits reserve arises on the grant of share options to executives and employees under the executive and employee share option plan. Amounts are transferred out of the reserve and into issued capital when options are exercised. Further information about share-based payments to executives and employees is contained in note 6 to the financial statements.

Notes to the financial statements

for the financial year ended 30 June 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
21. Retained earnings / (accumulated losses)				
Balance at beginning of the financial year	(447)	(3,832)	3,931	1,969
Profit for the year attributable to equity holders of the parent	10,391	5,425	2,085	4,002
Dividends paid (note 23)	(3,408)	(2,040)	(3,408)	(2,040)
Balance at end of financial year	6,536	(447)	2,608	3,931

	Consolidated	
	2008 Cents per share	2007 Cents per share

22. Earnings per share

Basic earnings per share	6.1	3.2
Diluted earnings per share	6.0	3.2

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2008 \$'000	2007 \$'000
Earnings – being the profit for the year attributable to equity holders of the parent	10,391	5,425
	2008 No.	2007 No.
Weighted average number of ordinary shares	170,435,344	169,978,020

Diluted earnings per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2008 \$'000	2007 \$'000
Earnings – being the profit for the year attributable to equity holders of the parent	10,391	5,425
	2008 No.	2007 No.
Weighted average number of ordinary shares and potential ordinary shares ^(a)	172,535,632	171,523,802

(a) Weighted average numbers of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic EPS	170,435,344	169,978,020
Shares deemed to be issued for no consideration in respect of employee options	2,100,288	1,545,782
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	172,535,632	171,523,802

	Consolidated and Company			
	2008		2007	
	Cents per share	Total \$'000	Cents per share	Total \$'000

23. Dividends

Recognised Amounts

Final dividend

Fully Paid Ordinary Shares unfranked	2.0	3,408	1.2	2,040
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Unrecognised Amounts

Final dividend

Fully Paid Ordinary Shares unfranked	3.0	5,130	2.0	3,408
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On 24 July 2008, the directors declared an unfranked final dividend of 3.0 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2008, to be paid to shareholders on 15 September 2008. As this dividend was declared post year end it has not been included as a liability in these financial statements. The dividend will be paid to all shareholders on the Register of Members on 29 August 2008. The total estimated dividend to be paid is \$5.130 million.

	Company	
	2008 \$'000	2007 \$'000
Adjusted franking account balance (tax paid basis)	99	99
Impact on franking account of unrecognised dividends	–	–

24. Leases

Operating Leases

Leasing arrangements

Operating leases relate to office facilities with lease terms of up to six years. The company/Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-cancellable operating leases				
Not longer than 1 year	2,662	2,724	70	131
Longer than 1 year and not longer than 5 years	12,853	4,444	–	66
Longer than 5 years	2,179	1,260	–	–
	17,694	8,428	70	197

Notes to the financial statements

for the financial year ended 30 June 2008

	Country of incorporation	Ownership Interest	
		2008 %	2007 %
25. Subsidiaries			
Parent Entity			
eServGlobal Limited	Australia ^{(vii)(viii)}	–	–
Subsidiary			
eServGlobal Holdings SAS	France ⁽ⁱ⁾	100	100
eServGlobal SAS	France ^{(i)(iii)(ix)}	100	100
PT eServGlobal Indonesia	Indonesia ^{(i)(x)}	100	100
eServGlobal (Beijing) Telecommunication Technical Services, Co Ltd	China ^{(i)(x)}	100	100
eServGlobal Telecom Romania Srl	Romania ^{(i)(x)}	50	50
eServGlobal (NZ) Pty Limited	Australia ^{(ii)(vi)(vii)}	100	100
eServGlobal (HK) Limited	Hong Kong ⁽ⁱ⁾	100	100
eServGlobal NVSA	Belgium ⁽ⁱ⁾	100	100
eServGlobal UK Limited	United Kingdom ⁽ⁱ⁾	100	100
eServ UK Limited	United Kingdom ⁽ⁱ⁾	100	100
eServGlobal Inc	United States of America ^(iv)	100	100
eServGlobal Aust Pty Limited (formerly Integrator Pty Limited)	Australia ^{(v)(vi)(vii)}	100	100

(i) These subsidiaries carry on business in their country of incorporation; France, Indonesia, China, Romania, Hong Kong, Belgium and United Kingdom .

(ii) eServGlobal (NZ) Pty Ltd carries on business in Australia and has a branch which carries on business in New Zealand.

(iii) eServGlobal SAS carries on business in France and has branches which carry on business in Egypt, Poland, India and the United Arab Emirates.

(iv) This subsidiary did not trade during the current financial year and is relieved from the requirement to prepare, audit and lodge a financial report.

(v) This subsidiary did not trade in the year ended 30 June 2008.

(vi) These subsidiaries are classified as small proprietary companies and, in accordance with the Corporations Act 2001, are relieved from the requirement to prepare, audit and lodge a financial report.

(vii) These companies are members of the Australian tax consolidated group.

(viii) eServGlobal Limited is the head entity within the tax consolidated group.

(ix) This company is a subsidiary of eServGlobal Holdings SAS.

(x) These companies are subsidiaries of eServGlobal SAS.

26. Acquisition of business

Names of businesses acquired	Principal Activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition \$'000
2008	Nil			
2007				
Empower Interactive	Global provider of telecommunications value added services software	23 February 2007	Nil	1,269

During the year some of the assets (described below) of Empower Interactive Group Limited were purchased from the Administrator. As the company was insolvent and had been placed in Administration the book value is based on the contract purchase value. The cost of acquisition comprises cash £0.5 million (A\$1.269 million).

Included in the net profit for the period is \$Nil attributable to the additional business generated by Empower. This strategic acquisition will provide benefits in the future.

Net assets acquired	Empower Interactive		
	Book value \$'000	Fair Value adjustment \$'000	Fair Value on Acquisition \$'000
Current Assets			
Trade Debtors	12	(12)	–
Non Current Assets			
Property, plant and equipment	326	–	326
			326
Goodwill			943
Total cash and non cash consideration			1,269

27. 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	External Sales		Inter-segment		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Geographical						
Asia Pacific	10,807	2,662	6,972	5,842	17,779	8,504
Europe	167,203	151,079	271	–	167,474	151,079
Total of all geographies	178,010	153,741	7,243	5,842	185,253	159,583
Eliminations					(7,243)	(5,842)
Unallocated					196	38
Consolidated					178,206	153,779

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

Segment Revenues	External Sales		Inter-segment		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Geographical						
Middle East	109,873	81,296	–	–	109,873	81,296
Asia Pacific	25,885	37,239	–	–	25,885	37,239
Europe	31,078	23,759	–	–	31,078	23,759
Africa	7,433	8,807	–	–	7,433	8,807
Central and South America	3,741	2,640	–	–	3,741	2,640
Total of all geographies	178,010	153,741	–	–	178,010	153,741
Eliminations					–	–
Unallocated					196	38
Consolidated					178,206	153,779

The group does not capture costs and assets information based on customer geographies.

Notes to the financial statements

for the financial year ended 30 June 2008

28. Related party disclosures

a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

b) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 5 to the financial statements.

c) Key management personnel equity holdings

Fully paid ordinary shares issued by eServGlobal Limited

	Balance at 1 July No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.
2008				
I Buddery ⁽ⁱ⁾	15,055,982	–	–	15,055,982
A Gilbert	90,000	–	–	90,000
J M Hartigan ⁽ⁱⁱⁱ⁾	10,000	–	–	10,000
JP Labat ⁽ⁱⁱ⁾	99,464	–	–	99,464
G Lemoing ⁽ⁱⁱ⁾	99,464	–	–	99,464
J Pratt	–	500,000	–	500,000
2007				
I Buddery ⁽ⁱ⁾	15,055,982	–	–	15,055,982
A Gilbert	–	–	90,000	90,000
R Agniel ⁽ⁱⁱ⁾	397,855	–	–	397,855
J M Hartigan ⁽ⁱⁱⁱ⁾	10,000	–	–	10,000
JP Labat ⁽ⁱⁱ⁾	99,464	–	–	99,464
G Lemoing ⁽ⁱⁱ⁾	99,464	–	–	99,464

(i) Relevant interest held in shares registered in the name of Wallaby Hill Pty Ltd in which I Buddery holds an interest.

(ii) Shares held by a company in trust.

(iii) Held indirectly.

Options issued by eServGlobal Limited to Executives

	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercisable No.	Vested and exercisable No.	Vested during the year No.
2008									
J M Hartigan	500,000	–	–	–	500,000	500,000	–	500,000	–
JP Labat	242,857	–	–	–	242,857	242,857	–	242,857	–
G Lemoing	242,857	–	–	–	242,857	242,857	–	242,857	–
L Lafarge	–	300,000	–	–	300,000	–	–	–	–
2007									
J M Hartigan	500,000	–	–	–	500,000	500,000	–	500,000	500,000
JP Labat	242,857	–	–	–	242,857	242,857	–	242,857	121,429
G Lemoing	242,857	–	–	–	242,857	242,857	–	242,857	121,429
R Agniel	–	1,050,000	–	(1,050,000)	–	–	–	–	–

All executive share options issued to key management during the financial year were made in accordance with the provisions of the executive share option plan. Each executive share plan option converts into 1 ordinary share of eServGlobal Limited when the option is exercised and the exercise price paid. When options are issued, no amounts are paid or payable by the recipient of the option (Refer note 6).

d) Non executive directors option holdings

	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercisable No.	Vested and exercisable No.	Vested during the year No.
2008									
F Barrault	500,000	–	–	–	500,000	500,000	–	500,000	–
A Gilbert	500,000	–	–	–	500,000	166,667	–	166,667	166,667
J Pratt	500,000	–	(500,000)	–	–	–	–	–	–
D Smart	50,000	–	–	(50,000)	–	–	–	–	–
2007									
F Barrault	500,000	–	–	–	500,000	500,000	–	500,000	500,000
A Gilbert	–	500,000	–	–	500,000	–	–	–	–
J Pratt	500,000	–	–	–	500,000	500,000	–	500,000	500,000
D Smart	50,000	–	–	–	50,000	50,000	–	50,000	–

All executive share options issued to non executive directors during the financial year were made in accordance with the provisions of the executive share option plan. Each executive share plan option converts into 1 ordinary share of eServGlobal Limited when the option is exercised and the exercise price paid. When options are issued, no amounts are paid or payable by the recipient of the option (Refer note 6).

Notes to the financial statements

for the financial year ended 30 June 2008

28. Related party disclosures (cont.)

e) Other transactions with key management personnel

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
The profit from operations includes the following items of expenditure that resulted from transactions, other than compensation or equity holdings, with key management personnel or their related entities:				
Graham Libbesson (a non-executive director) is a director of the company Unorfadox Pty Limited which provided services in relation to the group's taxation position, on normal commercial terms.	27,000	8,500	27,000	8,500
Anthony Gilbert (a non-executive director) provided services in relation to professional consulting services, on normal commercial terms.	59,312	–	59,312	–

f) Transactions within the Wholly-Owned Group

The wholly-owned group includes:

- the ultimate parent entity in the wholly-owned group; and
- wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is eServGlobal Limited.

Amounts owed by wholly-owned controlled entities are disclosed in notes 8 and 11 to the financial statements.

Details of dividend revenue derived by the entity from entities in the wholly-owned group are disclosed in note 2 to the financial statements.

During the financial year eServGlobal Limited provided accounting and administration services, at cost, to entities in the wholly-owned group.

Under the Australian Tax Consolidation system eServGlobal Ltd assumed all of the tax liabilities of the Australian tax consolidated group.

g) Parent Entities

The parent entity in the Group is eServGlobal Limited.

29. Notes to the cash flow statement

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	18,288	12,528	9,626	1,092
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b) Business acquisition

During the previous financial year some of the assets (described below) of Empower Interactive Group Limited were purchased from the Administrator.

Details of that transaction was as follows:

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

Consideration

Cash and cash equivalents	–	1,269	–	–
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Fair value of net assets acquired

Fair value of net assets acquired	–	326	–	–
Goodwill on acquisition	–	943	–	–
	–	1,269	–	–

Net cash outflow on acquisition

Cash and cash equivalents consideration	–	(1,269)	–	–
Less cash and cash equivalent balances acquired	–	–	–	–
	–	(1,269)	–	–

c) Financing facilities

Secured bank facilities with a maturity date of 30 September 2008 which may be extended by mutual agreement

• amount used in guarantee	1,318	–	–	–
• amount unused	3,682	5,000	5,000	5,000
	5,000	5,000	5,000	5,000

A bank guarantee allowing the group to participate in a specific customer bid (Bid Bond) was entered into during the financial year and remains valid until the expiry date of 25 August 2008. At balance sheet date the facility limit has been reduced by \$1.318 million to partake in this tender process. The bank guarantee is expected to be released on expiry date and the facility limit will return to \$5 million.

Notes to the financial statements

for the financial year ended 30 June 2008

29. Notes to the cash flow statement (cont.)

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
d) Reconciliation of profit for the year to net cash flows from operating activities				
Profit for the year	10,540	5,610	2,085	4,002
Interest received	(196)	(38)	(170)	(53)
Depreciation of non-current assets	2,997	2,577	100	106
Amortisation of non-current assets	6,883	6,975	–	–
Loss on disposal of non-current assets	5	193	5	–
Equity settled share-based payments	348	329	348	329
Dividends receivable	–	–	–	(3,900)
Increase / (decrease) in current income tax balances	(6,411)	1,829	–	–
Increase / (decrease) in deferred tax balances	(253)	(1,411)	2,191	730
Changes in net assets and liabilities, net of effects from acquisition of businesses:				
(Increase) / decrease in assets:				
– Current receivables	(6,792)	(1,962)	(3,563)	(1,477)
– Other current inventories	(749)	1,862	–	–
– Other assets	(5,077)	–	(4,489)	(3,008)
Increase / (decrease) in liabilities:				
– Current trade payables	12,285	1,919	(699)	290
– Current provisions	400	(800)	3	(157)
– Other current liabilities	(1,330)	(2,922)	(76)	(10)
– Non-current provisions	(16)	59	–	–
Net cash from operating activities	12,634	14,220	(4,265)	(3,148)

30. Financial instruments

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

b) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group includes cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. At 30 June 2008 and 30 June 2007 the Group had no borrowings, although it does have the available finance facilities disclosed in note 29. Operating cash flows are used to maintain and expand the Group's assets as well as to pay for operating expenses, tax liabilities and development activities.

c) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and exchange rate markets and seeks to minimise potential adverse effects on the Group's performance. The Group seeks to minimise the effect of foreign currency risks using derivative financial instruments detailed at 30 (e). A risk management framework, including the policy on use of financial derivatives is governed by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

d) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. In the last two financial years the Group has entered into forward foreign exchange contracts to cover foreign currency receipts arising from specific customer orders. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

e) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise. Exchange rate exposures arising from specific customer orders are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

	Assets		Liabilities	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
US dollars	8,698	5,231	476	2,114
Euro	477	102	42	–

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover foreign currency receipts arising from specific customer orders. The Group has entered into fixed price contracts to supply Software and Services and as a consequence has, in certain cases, entered into forward foreign exchange contracts (for terms not exceeding 12 months) to hedge the exchange risk arising from these transactions.

The following table details the forward foreign currency contract outstanding as at the reporting date:

Outstanding Contracts	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2008	2007	2008 USD'000	2007 USD'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sell US Dollars								
Less than 3 months	0.9440	0.8585	4,658	2,771	4,934	3,227	77	8
3 to 6 months	0.9535	0.8563	2,407	2,206	2,524	2,577	4	10
7 to 9 months	0.9499	0.8759	1,507	1,571	1,586	1,794	2	8
10 to 12 months	0.9428	0.8588	772	262	819	306	2	6
			9,344	6,810	9,863	7,904	85	32

As at reporting date the aggregate amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions is \$85,000 (2007: \$32,000 unrealised gain). In the current and prior year, these unrealised gains have not been recognised as they are not significant to the results of the Group.

Notes to the financial statements

for the financial year ended 30 June 2008

30. Financial instruments (cont.)

Categories of financial instruments

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial Assets				
Cash and cash equivalents	18,288	12,528	9,626	1,092
Loans and receivables				
Receivables	57,123	47,838	2,658	493
Deposits	3,306	2,226	2	5
Related party loans – current	–	–	4,931	7,508
Related party loans – non current	–	–	63,189	70,983
Financial Liabilities				
At amortised cost				
Trade payables	13,007	8,844	148	36

Foreign currency sensitivity analysis

The following table details the Company's and Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies, which represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (arising from monetary assets and liabilities held at balance date in a currency different to the functional currency of the respective entities holding the assets or liabilities) and adjusts their translation at a period end for a 10% change in foreign currency rates.

	USD Impact			
	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit or loss	860	326	315	120
	Euro Impact			
	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit or loss	48	11	48	11

A positive number indicates an increase in profit or loss with the Australian Dollar strengthening against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit, and the amounts above would be negative.

In management's opinion, the above sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

In addition, the Group includes certain subsidiaries whose functional currencies are different to the Group's presentation currency. The main operating entity outside of Australia is based in France. This entity transacts primarily in its functional currency, the Euro, and does not have significant foreign currency exposures, because of the hedging policies outline above. As stated in the Group's Accounting Policies Note 1(e), on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing on the balance sheet date. The income and expenses of these entities is translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the Euro.

f) Interest Rate Risk Management

The Company's and Group's exposure to interest rate risk at 30 June 2008 is limited to the interest generated on deposits balances invested during the course of the year which attract a variable interest rate and yielded a 6.3% (2007: 4.4%) weighted average interest rate for the financial year.

Interest rate sensitivity analysis

The Group's sensitivity to interest rates is restricted only to surplus cash placed on short-term deposit or short-term drawings on facilities utilised to manage operational cash requirements across the entities within the group. The Company's sensitivity to interest rate is restricted to surplus cash placed and loans from wholly-owned controlled entities which are available on call.

g) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company or Group. The Group has adopted the policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a relatively small number of closely managed customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable as part of the overall client management process.

The carrying amount of the financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's and Group's maximum exposure to credit risk.

h) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's and Group's short, medium and long-term funding and liquidity management requirements. The Company and Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$
Consolidated					
2008					
Trade payables – Non-interest bearing	–	3,975	8,974	58	–
2007					
Trade payables – Non-interest bearing	–	3,652	5,192	–	–
	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$
Company					
2008					
Trade payables – Non-interest bearing	–	148	–	–	–
2007					
Trade payables – Non-interest bearing	–	36	–	–	–

Notes to the financial statements

for the financial year ended 30 June 2008

30. Financial instruments (cont.)

The following tables detail the company's and the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company/Group anticipates that the cash flow will occur in a different period based on the earliest date on which the Group can expect to receive payment. The table includes both interest and principal cash flows.

Consolidated	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2008						
Cash and cash equivalents	3.73	18,288	–	–	–	–
Deposits	–	3,306	–	–	–	–
Trade receivables – Non-interest bearing	–	23,465	22,386	11,272	–	–
		45,059	22,386	11,272	–	–
2007						
Cash and cash equivalents	0.38	12,528	–	–	–	–
Deposits	–	2,226	–	–	–	–
Trade receivables – Non-interest bearing	–	15,251	22,224	10,363	–	–
		30,005	22,224	10,363	–	–
Company	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2008						
Cash and cash equivalents	6.91	9,626	–	–	–	–
Deposits	–	2	–	–	–	–
Trade receivables – Non-interest bearing	–	1,258	1,400	–	–	–
Intercompany loan – Variable interest rate instruments	6.73	–	–	4,931	29,528	33,661
		10,886	1,400	4,931	29,528	33,661
2007						
Cash and cash equivalents	4.28	1,092	–	–	–	–
Deposits	–	5	–	–	–	–
Trade receivables – Non-interest bearing	–	368	125	–	–	–
Intercompany loan – Variable interest rate instruments	6.10	–	–	7,508	–	–
Intercompany loan – Variable interest rate instruments	4.90	–	–	–	28,522	42,461
		1,465	125	7,508	28,522	42,461

i) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

31. Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32. Additional Company Information

eServGlobal Limited is a listed public company, incorporated in Australia and operating in Australia, Europe, the Middle East, North Africa, Asia and Asia/Pacific.

Registered Office

Level 2, 10 Spring Street
Sydney NSW 2000
Australia

Tel: +61 2 9364 2700

Additional stock exchange information

as at 11 August 2008

Ordinary share capital

171,009,598 fully paid ordinary shares are held by 1,068 individual shareholders on the Australian Securities Exchange and 113 individual depository interest holders on the London Stock Exchange (AIM).

All issued ordinary shares carry one vote per share.

Options

82 individual option holders hold 4,979,479 options.

Options do not carry a right to vote.

Distribution of holders of equity securities

	Fully Paid Ordinary Shares Listed on ASX	Depository Interests Listed on LSE (AIM)	Options – not listed
1-1,000	98	15	–
1,001-5,000	463	20	2
5,001-10,000	178	10	21
10,001-100,000	271	31	49
100,001-Over	58	37	10
Total	1,068	113	82
Holding less than a marketable parcel	32		

Substantial shareholders

Ordinary Shareholders	Number	Percentage
Guinness Peat Group plc and subsidiaries	31,400,395	18.36%
Wallaby Hill Pty Ltd	15,055,982	8.8%

Twenty largest holders of quoted equity securities

Australian Securities Exchange Ordinary Shareholders	Number	% of capital
GPG Nominees Pty Limited	24,231,046	14.17%
Wallaby Hill Pty Ltd	15,055,982	8.80%
National Nominees Limited	9,366,473	5.48%
Link 405 Pty Ltd	8,106,536	4.74%
RBC Dexia Investor Services Australia Nominees Pty Limited	7,322,411	4.28%
GPG Nominees Pty Limited	7,169,350	4.19%
Andy Taylor	5,794,535	3.39%
ANZ Nominees Limited	4,195,439	2.45%
Ian McManamey	3,198,654	2.29%
GPG Nominees Pty Ltd	2,000,000	1.17%
James Cone	1,946,008	1.14%
Adrian Seal	1,764,862	1.03%
Invia Custodian Pty Limited	1,759,756	1.03%
Patrick McGrory	1,730,426	1.01%
JP Morgan Nominees Australia Limited	769,884	0.45%
Citicorp Nominees Pty Limited	714,021	0.42%
Janvin Pty Ltd	600,000	0.35%
HSBC Custody Nominees (Australia) Limited	581,524	0.34%
Sandhurst Trustees Ltd	530,927	0.31%
Mr James Pratt	500,000	0.29%

London Stock Exchange (AIM)

Depository Interest Holders

	Number	% of capital
Vidacos Nominees Limited	12,421,828	7.26%
Nortrust Nominees Limited	5,387,749	3.15%
Roy Nominees Limited	4,173,913	2.44%
BNY Gil Client Account (Nominees) Limited	4,026,017	2.35%
Nortrust Nominees Limited	3,480,907	2.04%
Chase (GA Group) Nominees Limited	2,898,479	1.69%
Nortrust Nominees Limited	2,135,364	1.25%
Chase Nominees Limited	2,025,000	1.18%
Vidacos Nominees Limited	1,811,265	1.06%
Deutsche Bank Aktiengesellschaft London	1,400,000	0.82%
BNYNorwich Union Nominees Limited	995,965	0.58%
Mellon Nominees (UK) Limited	974,969	0.57%
Cuim Nominee Limited	939,291	0.55%
Euroclear Nominees Limited	743,000	0.43%
Barnard Nominees Ltd	675,000	0.39%
BNY Gil Client Account (Nominees) Limited	593,756	0.35%
Pershing Nominees Limited	527,500	0.31%
State Street Nominees Limited	504,092	0.29%
W B Nominees Limited	480,500	0.28%
New Street Nominees Limited	463,249	0.27%

Secretary

Ian Buddery

Chief Financial Officer

Jonathan Macleod (B Com, CA (Aust) CA (NZ), GAICD)

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Share Registry

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Stock Exchange listings

eServGlobal Limited's ordinary shares are quoted on the Australian Securities Exchange Limited under the ticker "ESV", and on the London Stock Exchange (AIM) as Depository Interests under the ticker "ESG".

Annual General Meeting

The annual general meeting will be held in Press Room 1 at the Radisson Plaza Hotel, 27 O'Connell Street Sydney on Wednesday, 5 November 2008 at 3.00pm. The business of the meeting will include the normal business for an annual general meeting and will be set out in a formal Notice of Meeting.

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