

Welcome to the new network economics



Delivering better
network intelligence

ANNUAL REPORT 2005



eServGlobal develops and supplies next generation intelligent network (IN) software and services which help telecommunications carriers reduce capital and operating costs and bill every call accurately. We are increasingly recognised around the world as a leading contributor to 'the new network economics'.

Our systems already handle over 250 million revenue-generating calls and messages every day, across 15 major networks. We are now expanding our focus to include fast growth telephony markets in Asia, Africa, Eastern Europe and Latin America.



EUROPE

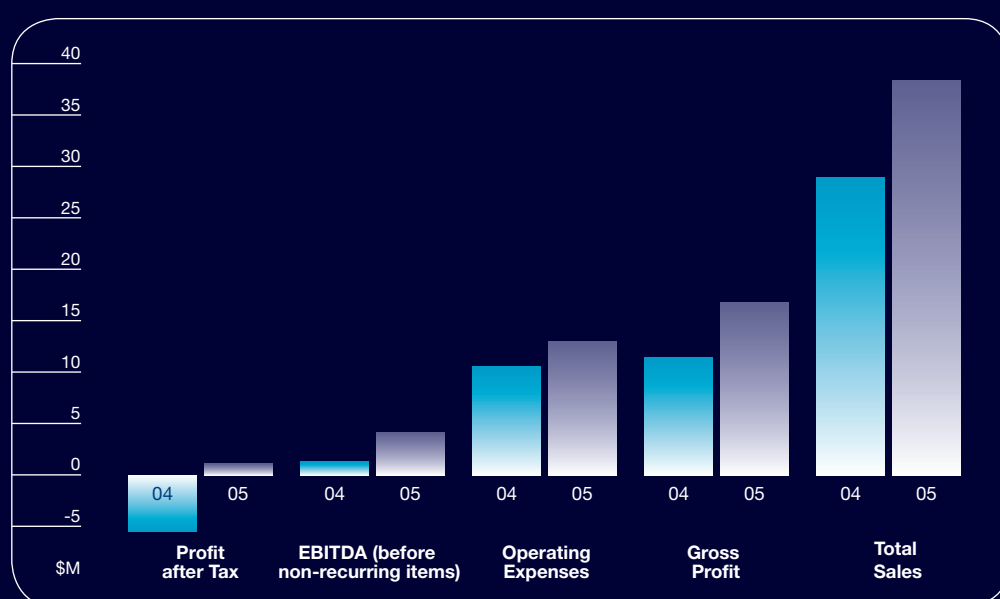


AUSTRALIA AND ASIA

33%
REVENUE GROWTH

Financial Highlights

FULL YEAR RESULTS ANALYSIS



FINANCIAL PERFORMANCE

Results for the year to 30 June 2005

	Full Year to 30 Jun 05	%	Full Year to 30 Jun 04	%
Sales Revenue	\$38,427	100.00%	\$28,951	100.00%
Cost of Sales	21,681		17,508	
Gross Profit	16,746	43.58%	11,443	39.53%
Other Revenue	419		429	
Sales and Marketing Costs	6,604	17.19%	5,072	17.52%
Administration Costs (incl forex)	6,430	16.73%	5,449	18.82%
EBITDA (before non-recurring)	4,131	10.75%	1,351	4.67%
Non-recurring charges	587		1,738	
R&D writeoff	0		863	
EBITDA	3,544		(1,250)	
Depreciation and Amortisation	2,412		2,426	
EBIT	1,132		(3,676)	
Interest Expense	2		9	
Profit before Tax	1,130		(3,685)	
Tax Expense	18		1,805	
Profit after Tax	1,112		(5,490)	



CHAIRMAN'S OVERVIEW

The 2005 fiscal year has produced yet another remarkable performance from eServGlobal, as we continue to demonstrate our ability and our potential as the world's most exciting IN software company.

Producing 33% year-on-year revenue growth would be cause for celebration on its own, but the revelation is that we achieved this whilst positioning ourselves for sustained growth from a flexible cost-base, whilst continuing to invest in the most modern and capable software platform in the industry and whilst establishing new marketing channels with the world's major messaging and billing suppliers.

We achieved every aspect of our ambitious financial plan in FY05, producing \$38.4 million in revenue and \$4.1 million in EBITDA. The growth was produced not only from our established installed base of customers, but also by the addition of major new customers, bringing a corresponding increase in our long-term contracted maintenance revenue. We thus enter FY06 with a record backlog of contracted revenue, matched with a record pipeline of prospective new sales.

Our listing on the London Stock Exchange AIM market occurred in October 2004 and we have since recorded a 200% increase in our shareprice, with over 22% of our shares trading in London. During the course of 2005 we have welcomed a number of prestigious investment institutions to our register, including Merrill Lynch and Canada Life. We believe that there is much opportunity for further value growth and we will continue building our engagement with the UK investment community in the coming years.

The other highlight of FY05 was the completion of our OEM agreement with Comverse. This partnership, with the world's largest messaging software

company, offers significant growth potential for eServGlobal and, moreover, it is just the first delivery in our long-term strategy to position ourselves as the IN platform supplier to the industry.

The international telecommunications industry is evolving at a rapid rate. The promise of new technology and the availability of large scale telecommunications at lower cost are bringing benefits to established markets and developing countries alike. eServGlobal is in the vanguard of this movement, reducing the cost to serve has been our credo for many years and is now helping to position us at the forefront of the fastest growing markets in the world.

For all of these reasons, eServGlobal is confident of delivering growth in the years ahead. We will continue to build on our technology advantage, continue to develop key partnerships with leading vendors and continue to drive shareholder value in the international investment market.

As always, we owe most of our success to the dedicated, enthusiastic and untiring professionals who develop, deploy and support our solutions around the world. eServGlobal's people are amongst the finest in the industry and are a key factor in our confidence in the future and in our confidence in delivering value and growth to our shareholders.

Ian Buddery
Executive Chairman



CHIEF EXECUTIVE OFFICER'S REPORT

The growth we have achieved in 2005 is a credit to all of the people at eServGlobal. They have transformed our business. I am proud to have the privilege to work with such an outstanding team of experts.

Dear Shareholders,

It is with pleasure that I welcome you to our annual report for the year ended June 30, 2005.

This year in review has delivered the results that we promised at our 2004 AGM, where I talked about establishing our platforms for profitability. These platforms, now in place across the business, have delivered profitable results and also firmly established the basis for continued, profitable growth.

Our Results

We achieved revenue of \$38.427 million for the year. The revenue for the second half was \$20.981 million, compared with \$17.446 million for the first half. 64% of customer revenue was generated in Europe and 36% in Asia-Pacific, compared with 72% in Europe and 28% in Asia Pacific last year. In the second half 42% of customer revenue was generated in Asia Pacific reflecting major new contract wins in the high growth Asia Pacific markets.

We delivered \$16,746 million of gross profit for the year, compared to \$11,443 million for the previous year. This was a significant achievement at 44% of revenue, compared to 40% for 2004, 32% for 2003 and 35% for the 2002 financial years. This achievement is a reflection of the improved operational quality arising from the implementation of our business plan. We have managed the costs associated with our growth, created a more efficient business and increased our scalability.

We delivered an EBITDA of \$4,131 million (before non-recurring charges) for the half year to 30 June 2005, this compares positively to the \$1,351 million EBITDA profit reported for the previous year (before

non-recurring charges). The growth of EBITDA on revenue from less than 5% to over 10% year on year again reflects the platform for profitability we have achieved. Moreover, the restructuring and re-listing costs, identified as non-recurring charges, that recovered the value of our company, are now complete for this stage of our evolution.

Most importantly, we delivered a profit after tax of \$1,112 million compared to the \$5,490 million loss reported last year.

Our cash resources reduced due to the timing of the delivery of specific customer projects, thus our receivables and unbilled receivables grew from \$6,672 million at the start of the year to \$13,427 million at June 30, 2005. We started the year with \$14.658 million in cash and completed the year with \$11.742 million. To a large extent, this is a predictable by-product of our high growth and an appropriate use of our cash reserves; however our ongoing focus on cash collection will not diminish.

In looking back at the accomplishments of our company over the last few years it is evident that our focus on profitability, the execution of our business plan and the strategy that underpins it, is working.

We kept investing at a time when others slowed or stopped investing. At the same time, we grew revenue and improved the efficiency of our operations. This combination has enabled us to deliver these results and positioned us well for the next stage of growth. Our product based investment strategy has not only delivered profitable returns for our company but for our customers as well. We continue to provide more function at a lower total cost of ownership than our competition – we call this the *New Network Economics*.

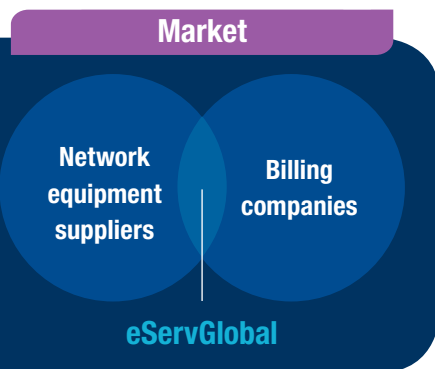
Market Background

Why does the world need *New Network Economics*? Because in the developed world, penetration rates (teledensity) are high. Most people have access to a telephony service. The key to earnings growth for operators in these markets is cost reduction coupled with new enhanced services to maintain current revenue levels.

In the developing world, we have half the people in the world who have never used a telephone. They never will – unless we build the systems that change the economics of delivering telephony services to these markets.

Many of the larger players in our industry are not in a position to do this given their current cost structures, market position and focus. Even if they were in a position to do it, it would be an unlikely choice, because they are not focused exclusively on the development of cost efficient service delivery platforms, as we are.

We have further leveraged this position by engaging with the world's largest infrastructure and billing vendors, enabling their provision of unique solutions such as convergent real-time billing for GSM and CDMA networks.



eServGlobal has a unique position, as the only independent IN services software supplier positioned between network infrastructure providers and billing providers. This is underlined by the major deployments with both types of partner worldwide.

By moving the company to this partner-driven model, we have the privilege to work with leaders in the industry. This part of our plan has enabled us to increase our coverage of the market while minimising our fixed cost growth.

Our Plan

In the 2006 financial year the company will continue to utilise the proven strategies that have delivered the results over the last year. We will complement this by further exploiting our partner-driven model, to grow and consolidate our role as a supplier to the industry.

We will continue to invest.

Our investment strategy is focused on three major trends in telecommunications industry:

- The need for real time billing;
- The need for advanced messaging;
- The need for next generation network technology.

Our investment in real-time convergent billing solutions helps our customers reduce bad debt exposure and provide more flexible billing arrangements to their subscribers.

Our investment in messaging helps our customers reduce their costs and increase the functionality they deliver, by combining and transcending all popular message technologies (e.g. email, IM, SMS, MMS) with a single scalable software platform.

Our investment in next generation, packet switched, network solutions helps our customers to increase the return from their investments in next generation network infrastructures such as IMS.

Helping our customers' increase their revenues while reducing their costs has delivered profitable results this year and will continue to do so into the future.

Efficiency is a key to our success. We will continue to drive efficiencies across our product lines.

We will continue to develop our partnerships.

Our unique market position, underpinned by our investments in state of the art solutions, enables us to provide these solutions to larger players in the industry. Our long standing relationships with customers and suppliers alike mean that partnering is a core part of the culture of our business. We know how to do it and we do it well.

We will continue to deliver.

Our company has significant delivery obligations for all of our stakeholders – customers, shareholders, partners and employees. In all of these relationships eServGlobal is focused on delivering value. We thrive on mutually beneficial business relationships.

Looking back as my first full year as the CEO of eServGlobal I can say that the transformation and change programmes that we have undertaken, have been successful.

The growth we have achieved in 2005 is a credit to all of the people at eServGlobal. They have transformed our business. I am proud to have the privilege to work with such an outstanding team of experts.

We continue to embrace the values of teamwork, achievement, communications and trust which have helped us reach this point.

I would like to thank you, all of our shareholders, for your continued support. As I look forward to the new financial year and beyond, I believe that we are all part of an exciting future in the telecommunications industry.

I am committed to continuing to deliver the highest levels of shareholder value to you and I look forward to working with you all in the future. Sincerely,

Patrick McGrory, CEO

“eServGlobal is considered the benchmark for support whenever we evaluate new technology.”

EXCELCOM, INDONESIA

“The smooth service migration, reliability and significantly lowered Opex and Capex resulting from that project convinced KPN of the attractiveness and viability of undergoing a complete IN replacement project.”

KPN, NETHERLANDS

“The ability of eServGlobal’s IN service platform to rapidly adapt to new capabilities available in our switching systems is key to rapid delivery of new revenue generating services.”

ORANGE, DENMARK

“In working with eServGlobal, we have had a faultless and speedy deployment of this new equipment in our network. In less than three months, this complex technology investment has been fully bedded down in our network and is generating revenue for PowerTel.”

POWERTEL, AUSTRALIA

PRODUCT OVERVIEW

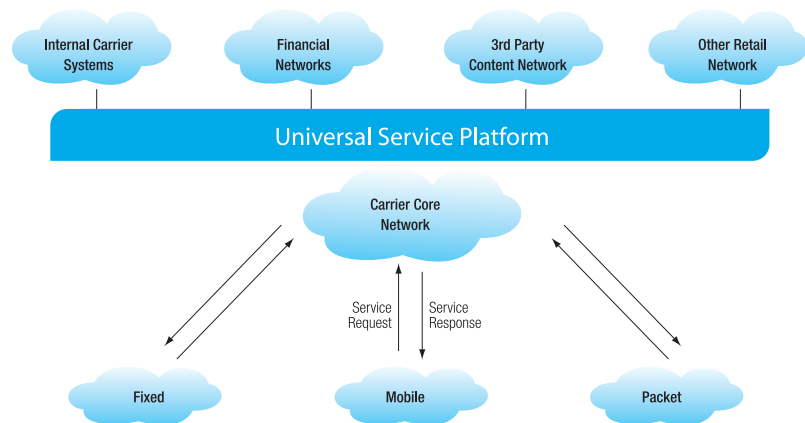
eServGlobal is a visionary provider of service control and rating software for telecoms operators.

eServGlobal is focused on delivering enhanced economic results for our customers.

We achieve this by using network technology more effectively and applying it to business applications.

We deliver solutions which integrate across network and business boundaries. This means our customers get more value from our solutions.

This is Better Network Economics.



Our application products are designed for use in all types of networks: fixed, mobile, circuit or packet (Internet Protocol).

This enables us to deliver greater returns on our R&D expenditure because we can address more requirements per R&D dollar spent. It also means we can solve more problems for our customers at lower cost. Because one solution costs less than two.

Our applications provide a wide range of network based service functionality, enabling both subscriber retention and acquisition as well as increasing the revenue our customers generate.

As part of our Universal Services Architecture, our applications integrate into multi vendor switching networks and allow operators to rapidly deploy a wide range of services.

SOLUTIONS HIGHLIGHTS

Better Business Control

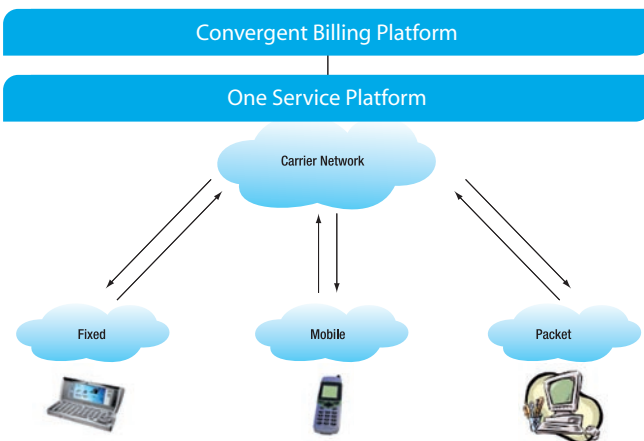
Converging prepaid and postpaid billing with real-time control provides telephone companies with more flexibility to differentiate themselves in their markets, whilst enabling them to run their business in real-time.

eServGlobal delivered the first convergent real-time billing solution in the world. We have subsequently partnered with most major billing vendors to provide solutions to our customers. eServGlobal is unique in this capability.

These solutions support millions of subscribers in production today and have been chosen by both competitive and incumbent mobile providers. Because eServGlobal works with all major billing vendors worldwide, our customers have the ability to choose the billing system that best meets their needs.

In addition to this, eServGlobal's rating capability complements existing offerings from the billing suppliers.

eServGlobal solutions support charging for voice, data and messaging services.



eServGlobal connects telephone networks to billing systems in real-time across different types of telephone networks. The world's leading billing providers choose eServGlobal to deliver these solutions, because we pioneered the technology, because we have delivered it to production networks at massive scale and because we achieve 100% success.

eServGlobal's solutions deliver to carriers the flexibility to choose their billing architecture according to market and subscriber needs. This is how we build shareholder value.

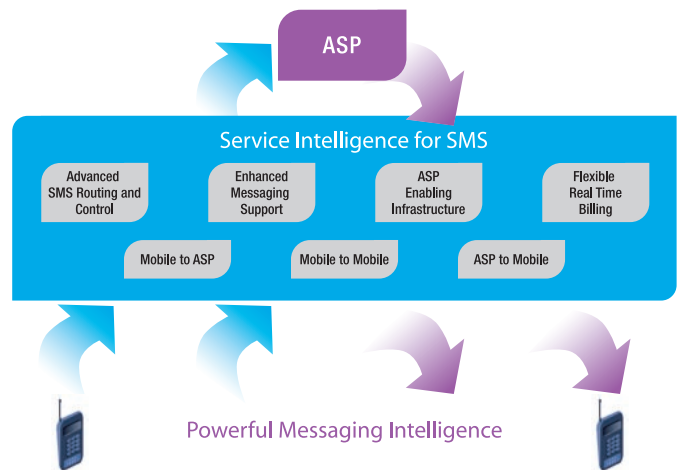
This is Better Network Economics.

Better Messaging Intelligence

Applying service intelligence to SMS provides mobile telephone companies with a way to deliver short messages at lower cost and higher capacity.

eServGlobal's MessageMax is a complete suite of short messaging services, specifically designed to deliver more functionality and more control at lower cost.

It provides a platform for handling SMS and other messaging with ultimate precision and control and delivers real value to the operator with its unique proposition based on low cost open infrastructure.



Next Generation Networks

eServGlobal looks at telephone networks from the following point of view – how much does it cost to deliver a new service to a subscriber?

Our approach to Next Generation Networks is based on providing solutions that deliver improved ROI to our customers, by getting more subscribers on to the lower cost NGN faster. This is a unique approach which has already helped our customers in production networks today. These solutions are based on a proven approach to improve network economics.

The Service Control Agent, an intelligent SIP proxy, enables operators to use existing advanced services in SIP networks. This protects their current and previous investments while providing for the services of tomorrow.

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