

## **eServGlobal annual report 2006**

### **Chairman's Review**

The 2006 fiscal year has seen the dramatic transformation and success of eServGlobal.

We have moved from a niche supplier of advanced IN (Intelligent Network) technology to a position of leadership in charging and messaging technology.

We have grown revenues to \$95.463m in FY06, from \$38.846m in FY05.

We have grown EBITDA to \$10.088m, from \$4.131m in FY05 (before restatement for A-IFRS).

The acquisition of Ferma SA, completed in November 2005, now means that we are delivering our products and services to over 70 telecoms carriers, with more than 120 million subscribers utilising those networks. eServGlobal has a customer reach and a product portfolio that we believe makes us the most significant independent supplier in the global telecommunications software industry.

We believe that we will achieve further strong growth in FY07, with steadily improving EBITDA margin as the operating efficiencies and synergies from the merger take effect.

Our objective is to deliver long-term value growth to shareholders, from a business that is better balanced against the impact of localised economic cycles, better equipped with technologies that address current and new generation networks and better positioned for the ongoing consolidation of the telecommunications industry.

This consolidation has gathered pace in 2006, we have seen carriers both large and small divest and acquire for strategic benefit and we have seen major equipment vendors merging in order to gain efficiencies and market reach. This environment creates new challenges for all suppliers, but eServGlobal is the only independent IN supplier with installed customers in all of the world's fastest growing markets and, we believe, the only supplier with the products and delivery capability to enable those customers to succeed in the rapidly evolving telecommunications environment.

Industry consolidation also means that carriers are looking for improved supply chain efficiency and wish to deal with fewer vendors in their networks. Our success in building partner relationships means that we are today an active and strategic partner to many leading telecommunications equipment and software vendors, we are able to leverage these partnerships in the new business environment.

We achieved a number of new customer wins in FY06, but perhaps the most significant was our success in the United Arab Emirates. Apart from being one of our largest contracts to date, this will also be one of the most advanced networks in the world, eventually delivering fixed and mobile voice, broadband data, and IPTV. The eServGlobal convergent charging solution combines products from both sides of the pre-merger catalogue and illustrates the capabilities and opportunities that we now have.

Our presence on the London Stock Exchange AIM market has continued to grow, with over 40% of our shares held in London, up from 22% last year. We will continue to focus on AIM, where we see continuing opportunity for share value growth and increased engagement with the UK investment community.

Once again, I am proud to recognise the outstanding efforts of our staff throughout FY06. Mergers are always challenging, but our people have demonstrated their commitment and calibre. We have welcomed many new people to the company and will no doubt welcome more in the year ahead.

Patrick McGrory departed the company early in 2006, after six years in a number of key roles, most recently as CEO and Executive Director. Patrick's enthusiasm and creativity were key drivers in the early development of our business, we thank him for his contribution and wish him every success in his next role.

We now look forward to the challenges and rewards of the 2007 year, confident that we can demonstrate the strength and capability of our new team.

Ian Buddery  
Executive Chairman