

Appendix 4D

eServGlobal Limited

ABN 59 052 947 743

Half-year report and appendix 4D for the half-year ended 31 December 2006

The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2006 annual financial report.

Half-year report and appendix 4D for the half year ended 31 December 2006

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eServGlobal Limited
Half year ended
31 December 2006

Results for announcement to the market

Results	A\$ '000		
Revenues	Up	127%	to 74,202
Profit after tax attributable to members	Up	1,047%	to 2,203
Dividends (distributions)	Amount per security		Franked amount per security
<i>Current period</i>			
Interim dividend declared	Nil¢		-%
Final dividend paid	1.2 ¢		100%
<i>Previous corresponding period</i>			
Interim dividend declared	Nil ¢		-%
Final dividend paid	1 ¢		100%
Record date for determining entitlements to the dividend.	N/A		

Brief explanation of revenue, net profit and dividends (distributions).

The consolidated entity achieved sales revenue for the period of \$74.202million (2005 \$32.711million) – an increase of 127%. The gross profit realised was \$26.400million (36%) (2005 \$11.040million (34%)). EBITDA for the period was \$9.022million (2005 EBITDA \$1.69million).

The net result of the consolidated entity for the half year ended 31 December 2006 was a profit after tax and minority interest for the period of \$2,203,000 (2005 \$192,000). Earnings per share were 1.3cents (2005 0.1cents)

The operating cash flow for the period was a net inflow of \$1.041million. Cash at 31 December 2006 was \$6.076 million.

eServGlobal Limited
Half year ended
31 December 2006

Directors' report

The directors of eServGlobal Limited submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half year are:

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

Roger Agniel (former Chief Executive Officer and Director) ceased 18 January 2007

Review of Operations

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

eServGlobal Limited is a public company listed on the Australian Stock Exchange and the London Stock Exchange (AIM). With its Head Office in Sydney, Australia, the eServGlobal group has operations throughout the world.

eServGlobal (LSE: ESG & ASX:ESV) specialises in enhanced multimedia communication services and real-time multi-networks control solutions. Our systems enable Service Providers to maximize today's proven revenue streams whilst ensuring service continuity and new revenue opportunities when evolving to next generation networks.

eServGlobal solutions are designed for use in all types of networks from fixed to mobile to NGN/IMS. eServGlobal provides cost-effective and reliable multimedia messaging delivery from voice to video mail; from SMS routing, antispam control and value-added services to instant messaging and presence services. eServGlobal delivers the most advanced prepaid top-up methods and real-time rating enabling innovative marketing and prepaid-postpaid convergence

eServGlobal has operations worldwide. More than 75 Service Providers in over 50 countries are taking advantage of our advanced solutions and multi-network expertise to successfully address their business challenges.

In addition to its Sydney office, the group has offices in Paris (France), Wellington (NZ), Hong Kong, Ipswich (UK), Brussels (Belgium), the Netherlands, Denmark, India, Egypt, Singapore, Indonesia, Beijing, Romania and Poland.

The consolidated entity achieved sales revenue for the period of \$74.202million (2005 \$32.711million) – an increase of 127%. The gross profit realised was \$26.400million (36%) (2005 \$11.040million (34%)). EBITDA for the period was \$9.022million (2005 EBITDA \$1.69million).

The net result of the consolidated entity for the half year ended 31 December 2006 was a profit after tax and minority interest for the period of \$2,203,000 (2005 \$192,000).

eServGlobal Limited
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31 December 2006

The operating cash flow for the period was a net inflow of \$1.041million. Cash at 31 December 2006 was \$6.076million.

Auditor's independence declaration

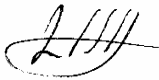
The auditor's independence declaration is included on page 4 of the half-year financial report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors, made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors



Ian Buddery
Executive Chairman & Chief Executive Officer

Sydney, 26 February 2007

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

26 February 2007

Dear Board Members

eServGlobal Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of eServGlobal Limited.

As lead audit partner for the review of the financial statements of eServGlobal Limited for the half-year ended 31 December 2006 I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Catherine Hill
Partner
Chartered Accountants
Sydney, 26 February 2007

Independent review report to the members of eServGlobal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of eServGlobal Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half year as set out on pages 7 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report not accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of eServGlobal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

eServGlobal Limited
Half year ended
31 December 2006

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of eServGlobal Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Catherine Hill
Partner
Chartered Accountants
Sydney, 26 February 2007

eServGlobal Limited
Half year ended
31 December 2006

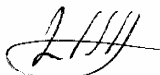
Directors' declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



Ian Buddery
Executive Chairman & Chief Executive Officer

Sydney, 26 February 2007

eServGlobal Limited
Half year ended
31 December 2006

Consolidated income statement
for the half-year ended 31 December 2006

	Consolidated	Consolidated
	Half-Year	Half-Year
	Ended	Ended
	31 December	31 December
	2006	2005
	\$'000	\$'000
Revenue	74,202	32,711
Cost of sales	(47,802)	(21,671)
Gross profit	26,400	11,040
Other income	3	193
Sales and marketing expenses	(6,579)	(4,747)
Administration expenses	(15,482)	(5,533)
Finance costs	(133)	(57)
Profit before tax	4,209	896
Income tax expense	(1,942)	(719)
Profit for the period	2,267	177
Attributable to:		
Equity holders of the parent	2,203	192
Minority interest	64	(15)
	2,267	177
Earnings per share:		
Basic (cents per share)	1.3	0.1
Diluted (cents per share)	1.3	0.1

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

eServGlobal Limited
Half year ended
31 December 2006

Consolidated balance sheet
as at 31 December 2006

	Note	Consolidated	
		31 December 2006 \$'000	30 June 2006 \$'000
Current Assets			
Cash and cash equivalents		6,076	7,471
Trade and other receivables		75,144	71,366
Inventories		1,300	2,569
Current tax assets		117	1,341
Total Current Assets		82,637	82,747
Non-Current Assets			
Property, plant and equipment		3,910	3,897
Deferred tax assets		7,984	9,234
Goodwill		46,282	45,685
Other intangible assets		33,327	35,784
Total Non-Current Assets		91,503	94,600
Total Assets		174,140	177,347
Current Liabilities			
Trade and other payables		32,268	31,159
Borrowings		2,750	2,000
Current tax payables		134	-
Provisions		3,984	5,746
Other	2	8,608	11,684
Total Current Liabilities		47,744	50,589
Non-Current Liabilities			
Deferred tax liabilities		11,631	12,619
Provisions		1,366	1,288
Total Non-Current Liabilities		12,997	13,907
Total Liabilities		60,741	64,496
Net Assets		113,399	112,851
Equity			
Issued Capital	6	114,984	114,896
Reserves	7	2,050	1,769
Retained earnings		(3,669)	(3,832)
Parent Entity Interest		113,365	112,833
Minority Interest		34	18
Total Equity		113,399	112,851

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

eServGlobal Limited
Half year ended
31 December 2006

Consolidated statement of recognised income and expense
for the half-year ended 31 December 2006

	Consolidated	
	Half-year ended 31 December 2006 \$'000	Half-year ended 31 December 2005 \$'000
Exchange differences arising on the translation of foreign operations	(248)	152
Employee equity-benefit reserve	168	312
Net income recognised directly in equity	80	464
 Profit for the period	 2,267	 177
 Total recognised income and expense for the period	 2,347	 641
 Attributable to:		
Equity holders of the parent	2,283	656
Minority interest	64	(15)
	2,347	641

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

eServGlobal Limited
Half year ended
31 December 2006

Consolidated cash flow statement
for the half-year ended 31 December 2006

	Consolidated	
	Half-Year	Half-Year
	Ended	Ended
	31 December	31 December
	2006	2005
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers	69,128	33,417
Payments to suppliers and employees	(66,614)	(31,231)
Interest received	3	193
Interest and other costs of finance paid	(133)	(58)
Income tax paid	(1,343)	(4)
	<hr/>	<hr/>
Net cash provided by operating activities	1,041	2,317
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(1,170)	(838)
Payment for business	-	(63,007)
Proceeds from sale of property, plant and equipment	-	7
	<hr/>	<hr/>
Net cash used in investing activities	(1,170)	(63,838)
Cash Flows From Financing Activities		
Proceeds from issues of equity securities	57	62,954
Payment for share issue costs	-	(2,809)
Proceeds from borrowings	750	1,000
Dividends paid to members of parent company	(2,040)	(1,099)
	<hr/>	<hr/>
Net cash provided by financing activities	(1,233)	60,046
Net Decrease In Cash and Cash Equivalents	(1,362)	(1,475)
Cash At The Beginning Of The Period	7,471	11,742
Effects of exchange rate changes on the balance of cash held in foreign currencies	(33)	383
	<hr/>	<hr/>
Cash and Cash Equivalents At The End Of The Period	<u>6,076</u>	<u>10,650</u>

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

eServGlobal Limited
Half year ended
31 December 2006

Notes to the consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006.

2. Other Current Liabilities

	Consolidated	
	31 December 2006 \$'000	30 June 2006 \$'000
Deferred income	8,608	11,684

3. Dividends

	Half Year ended 31 December 2006		Half Year ended 31 December 2005	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
<i>Recognised amounts</i>				
Final dividend paid in respect of prior financial year	1.2	2,040	1.0	1,099

eServGlobal Limited
Half year ended
31 December 2006

4. Segment Information

The consolidated entity operates in one business segment, the Telecommunications Software Solutions business, and in the following geographical segments:

Information on geographical segments (primary reporting format)

Segment Revenues

GEOGRAPHICAL	EXTERNAL SALES		INTER SEGMENT		TOTAL	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asia Pacific	499	6,282	-	834	499	7,116
Europe	73,703	25,595	-	-	73,703	25,595
Total of all segments					74,202	32,711
Other Income					3	193
Consolidated					74,205	32,904

5. Issuances, repurchases and repayment of securities

During the half-year eServGlobal Limited issued 271,331 ordinary shares for \$57 thousand on exercise of 271,331 share options issued under its executive and employee share option plans. As a result of this share issue, \$31 thousand was transferred from the equity-settled employee benefits reserve of \$632 thousand to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the company in the current half-year.

eServGlobal Limited issued 1,550,000 share options (6 months to 31 December 2005: 100,000) over ordinary shares under its executive and employee share option plan during the half-year reporting period. These share options had an average fair value at grant date of \$0.30 per share option (6 months to December 005: \$0.44).

6. Issued Capital

170,014,142 fully paid ordinary shares (30 June 2006: 169,742,811)

Consolidated	
31 December 2006 \$'000	30 June 2006 \$'000
114,984	114,896

31 December 2006

30 June 2006

eServGlobal Limited
Half year ended
31 December 2006

	No. '000	\$ '000	No. '000	\$ '000
Fully Paid Ordinary Shares				
Balance at the beginning of the financial period	169,743	114,896	109,800	53,076
Shares issued in the period	271	57	59,943	63,781
Share issue costs	-	-	-	(2,038)
Transfer from employee equity-benefit reserve	-	31	-	77
Balance at the end of the financial period	<u>170,014</u>	<u>114,984</u>	<u>169,743</u>	<u>114,896</u>

In accordance with the executive and employee share option plan employees are entitled to purchase shares in the company. The exercise of such share options in the period resulted in the ordinary share capital increasing by 271,331 (note 5).

7. Reserves

	31 December 2006 \$'000	30 June 2006 \$'000
Employee equity-benefit	632	495
Foreign currency translation	1,418	1,274
	<u>2,050</u>	<u>1,769</u>

eServGlobal Limited
Half year ended
31 December 2006

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

Net tangible assets per security	Current period	Previous corresponding period
Net tangible assets per security	19.9 cents	20.1cents

Dividends

	Amount	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend	Date paid/payable
Interim dividend: Current year	Nil	N/A	N/A	N/A	N/A
Previous year	Nil	N/A	N/A	N/A	N/A
Final dividend paid in respect of previous financial year:					
<i>Current period:</i> Final dividend	2,039,890	1.2c	Fully Franked	N/A	N/A
<i>Previous corresponding period:</i> Special dividend Final dividend	1,099,423	1.0c	Fully franked	N/A	

The dividend or distribution plans shown below are in operation.

N/A.

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

eServGlobal Limited
Half year ended
31 December 2006

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period		Aggregate share of net profit (loss) contributed to the reporting entity	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
Total	N/A	N/A	N/A	N/A