



## **Chairman's statement**

Sales revenue for the year was \$95.004 million, compared with \$38.427 million in the previous year, a growth of 147%. The company recorded a profit after tax of \$2.652 million for the year to 30 June 2006. This represents Earnings per Share (EPS) of \$0.017, a strong increase over the previous year (before IFRS adjustments to FY05), despite having to carry a goodwill amortization charge of \$3.164 million arising from the acquisition of Ferma SA.

While Gross Profit declined to 40% (43.6% in FY05) as a consequence of the different business mix introduced by the acquisition, the new lower margin revenue element also brought with it a welcome component of stability. One of the core objectives of the forward business plan is a steady increase in margins whilst maintaining current double digit revenue growth.

This financial performance represents a solid full year result, highlighted by major new contracts and strong upgrade demand from our installed base, which is now the largest of any independent telecoms advanced services software company.

The integration of the Ferma SA business was itself a major endeavour but we now have a settled management team and a clear plan for FY07 and beyond.

Net cash at 30 June, 2006 was \$5.471 million.

Our recent contract success in the Middle East, incorporating both original products and new products from our recent acquisition, underlines the ability of eServGlobal to quickly incorporate and integrate additional technologies into our overall solution offerings.

## **Outlook**

As networks converge, carriers face the challenge of managing their businesses across a diversity of network types and media types. The increased breadth of the eServGlobal offering, across all layers of charging control, from payments systems right up to specialized network elements, ensures best value for carriers. As telecoms carriers implement real-time business control across new converged and quad-play networks, the trend should enable us to capture further value.

Ian Buddery  
Executive Chairman

## Financial Summary

Results for the year to 30 June 2006	PRE-IFRS		IFRS					
	Full Year to 30 Jun 06		Full Year to 30 Jun 05		Full Year to 30 Jun 05		Full Year to 30 Jun 04	
<b>Sales Revenue</b>	<b>95,004</b>	100%	<b>38,427</b>	100%	<b>38,427</b>	100%	<b>28,951</b>	100%
Cost of Sales	57,391		21,681		21,681		17,508	
<b>Gross Profit</b>	<b>37,613</b>	40%	<b>16,746</b>	44%	<b>16,746</b>	44%	<b>11,443</b>	40%
Other Revenue	459		419		419		429	
<b>Total Revenue</b>	<b>95,463</b>		<b>38,846</b>		<b>38,846</b>		<b>29,380</b>	
Sales and Marketing Costs	11,513	12%	6,604	17%	6,604	17%	5,072	18%
Administration Costs (incl forex)	16,471	17%	6,430	17%	6,656	17%	5,449	19%
<b>EBITDA (before non-recurring)</b>	<b>10,088</b>	11%	<b>4,131</b>	11%	<b>3,905</b>	10%	<b>1,351</b>	5%
Non-recurring charges			587		587		1,738	
R&D writeoff							863	
<b>EBITDA</b>	<b>10,088</b>		<b>3,544</b>		<b>3,318</b>		<b>(1,250)</b>	
Depreciation and Amortisation	5,127		2,412		841		2,426	
EBIT	4,961		1,132		2,477		(3,676)	
Interest Expense	489		2		2		9	
<b>Profit Before Tax</b>	<b>4,472</b>		<b>1,130</b>		<b>2,475</b>		<b>(3,685)</b>	
Tax Expense	1,820		18		(1,908)		1,805	
<b>Profit After Tax</b>	<b>2,652</b>		<b>1,112</b>		<b>4,383</b>		<b>(5,490)</b>	
Minority Interest	68							
Profit Attributable to Members	2,584		1,112		4,383		(5,490)	

Note that 30 Jun 05 is restated for IFRS

### About eServGlobal

eServGlobal (LSE:ESG & ASX:ESV) specializes 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

Headquartered in Sydney, eServGlobal has operations in 15 countries 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.

More information can be found at: <http://www.eservglobal.com>

### Cautionary statements

Statements in this document expressing the beliefs and expectations of management regarding future performance are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management's expectations as of the date of this document and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these

expectations due to risks and uncertainties including, but not limited to, uncertainty in communications spending, the implementation of the Company's strategic repositioning and market acceptance of the Company's new solutions strategy, six-monthly fluctuations in financial results, the Company's ability to exploit fully the value of its technology and its strategic partnerships and alliances, the availability of products from product component vendors and other risks. In addition, while management may elect to update forward-looking statements at some point in the future, management specifically disclaims any obligation to do so, even if its estimates change. Any reference to our website in this press release is not intended to incorporate the contents thereof into this press release or any other public announcement.