eServGlobal Limited (eServGlobal or the "Company")

eServGlobal Preliminary Results (LSE:AIM) and Appendix 4E (ASX): FY2014

Paris: 19 December 2014

eServGlobal (AIM: ESG & ASX: ESV), the provider of end-to-end mobile financial services to emerging markets, is pleased to announce its preliminary results and ASX Appendix 4E for the financial year ended 31 October 2014.

FINANCIAL HIGHLIGHTS

- Net profit after tax of A$14.2m (£7.9m) compared to a prior year profit of A$10.4m (£6.6m)
- Gain on sale recognised following the completion of the HomeSend Joint Venture of A$31.7m (£17.5m). eServGlobal now recognizes its 35% share of the profits and losses of HomeSend.
- Core domestic mobile money business adjusted EBITDA of A$2.6m (£1.4m) compared to a prior year EBITDA of A$1.7m (£1.1m).
- During the financial year, technology development costs of A$5.4m (£3.0) have been capitalised in respect of a new feature rich and hardware agnostic mobile money platform enabling eServGlobal to sell through channel partners and improve project margins
- Cash and cash equivalents at 31 October 2014 of A$3.7m (£2.0m). Net cash flow used in operating activities reduced from A$8.9m (£5.6m) in FY13 to A$4.1m (£2.3m) in FY14
- Recurring support and SaaS revenues represent approximately 40% of total revenue

Summary Financials	FY14 Full Year A$M	FY14 Full Year £M+	FY13 Full Year A$M	FY13 Full Year £M
Revenue	**31.3**	**17.3**	**31.0**	**19.6**
Cost of Sales	13.4	7.4	11.8	7.5
Gross Profit	**17.9**	**9.9**	**19.2**	**12.2**
Gain recognised on disposal of HomeSend	-31.7	-17.5		
Share of loss of associate	2.3	1.3		
Adjusted Operating Costs*	15.3	8.5	17.5	11.1
Adjusted EBITDA	**2.6**	**1.4**	**1.7**	**1.1**
Net Interest	-0.3	-0.1	-0.4	-0.2
Amortization	0.0	0.0	-1.9	-1.2
Depreciation	-0.6	-0.3	-0.5	-0.3
Adjusted PBT*	1.7	1.0	-1.1	-0.6
Reported PBT	27.8	15.3	4.5	2.8
Income Tax	13.5	7.5	5.9	3.7
PAT	**14.2**	**7.9**	**10.4**	**6.6**

+Average exchange rate was 0.5521 GBP to AUD (FY2013 0.633)
* Excludes Gain recognised on disposal of Homesend and share of HomeSend loss of A$29.4m (FY2013 nil), foreign exchange losses of A$0.4m (FY2013 gain of A$8.0m), non-recurring costs of A$2.5m (FY2013 A$2.0m), interest income of A$0.03m (FY2013 A$0.06m) and share based payments of A$0.4m (FY2013 A$0.5m)
**Numbers in summary financials may not necessary total due to rounding

OPERATIONAL HIGHLIGHTS

- The HomeSend Joint Venture was successfully closed on 3 April, taking the international money transfer platform to its next level of worldwide expansion. The JV is now operating as an independent entity, with the full support of all three partners; eServGlobal, MasterCard and BICS.
- During FY14 significant progress has been made in activating new HomeSend corridors, creating an extensive footprint of connected countries. There are currently 486 technically live corridors (compared to 51 live corridors at the same time in 2013) connecting 99 sending countries and 32 receiving countries.
- HomeSend transaction numbers and volumes are showing strong growth: as at November 2014, HomeSend transaction numbers had increased over 600% YOY. As new corridors go live, the number of transactions will increase exponentially.
- eServGlobal's customer base remains stable with more than 65 core business customers in over 50 countries. Having invested in building this base over recent years, the company is now benefitting from expansion and extension business.
- The company has continued the strategic diversification of its customer base throughout FY14 to include a higher mix of Financial Institutions (FIs) complementing the existing footprint with Mobile Network Operators (MNOs).
- eServGlobal's customer footprint includes presence in four of the Tier 1 Operator Groups (Zain, Orange, Ooredoo and Vodafone) reducing customer concentration and providing geographic diversification.
- eServGlobal is realizing the rewards of investment in its scalable and modular technology platform as the revenue mix moves to a higher proportion of repeatable, high margin expansion and extension sales.
- Recurring revenues represented 40% during FY14 through predictable, ongoing service and support agreements.
- eServGlobal has a backlog of work of A$4.9M (£2.7m) (43% more backlog than the same time last year).

Paolo Montessori, CEO and Managing Director, eServGlobal, said:

"2014 has been an eventful year and a period of considerable progress for eServGlobal. The creation of the HomeSend JV, with our partners MasterCard and BICS, has opened a new chapter for the multilateral international remittance and payments hub. HomeSend has shown encouraging leaps forward during 2014, including a significant increase in the number of live international remittance corridors driving growth in transaction volumes by over 600%, and this leaves me very positive about the outlook of this business.

"Our core business of delivering mobile financial services in emerging markets is showing positive progress. We enter the new financial year with a stable and diversified customer base, high proportion of recurring revenues, and a healthy backlog of work. This, combined with continuing investment and drive, gives me great confidence that we will deliver growth and improved operating margins in the coming years."

An interview with CEO and Managing Director, Paolo Montessori, presenting these results is available at the following link: http://www.eservglobal.com/investors/FY14_Results

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About eServGlobal

eServGlobal (AIM:ESG, ASX:ESV) offers mobile money solutions which put feature-rich services at the fingertips of users worldwide, covering the full spectrum of mobile financial services, mobile wallet, mobile commerce, recharge, promotions and agent management features. eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 65 customers in over 50 countries.

Together with MasterCard and BICS, eServGlobal is a joint venture partner of the HomeSend global payment hub, a market leading solution based on eServGlobal technology and enabling cross-border money transfer between mobile money accounts, payment cards, bank accounts or cash outlets from anywhere in the world regardless of the users location.

eServGlobal also builds on its extensive experience in the telco domain to offer a comprehensive suite of sophisticated, revenue generating Value-Added Services to engage subscribers in a dynamic manner. eServGlobal has been a source of innovative solutions for mobile and financial service providers for 30 years.

INTRODUCTION

The mobile phone represents the opportunity to facilitate financial inclusion. There are currently 2.5 billion working-age adults who are unbanked with as many as 80% of adults in Africa not having access to formal financial services.

Simultaneously, the numbers of people living outside their country of birth is continually increasing. The World Bank estimates that remittances sent by migrants to developing countries grew by 5% in 2014 to reach US$435bn.

These are two distinct but related markets which represent an immense opportunity. eServGlobal is well positioned to address both of these markets. Through its core business the Company provides domestic mobile financial services to emerging markets, while through the HomeSend Joint Venture, the company addresses the significant international remittance market.

eServGlobal continues to consolidate its position as one of the top mobile money vendors in the industry. The company’s investment in customer acquisition and technology evolution in recent years is now coming to fruition as project lifecycles progress from the initial low-margin deployment phase to expansion and extension projects as well as predictable recurring revenue through support and service agreements.

eServGlobal’s flagship mobile money technology, PayMobile, is built on a modular platform which is scalable to easily accommodate expansion and extensions as the customer’s market grows in size and matures in requirements. Operating within a nascent market such as mobile money, it is crucial to have a platform which can adapt to the varying levels of financial services demanded in individual markets.

In April 2014, the HomeSend global payments hub was successfully launched as a joint venture of MasterCard, eServGlobal and BICS. eServGlobal maintains a 35% share in the joint venture and has two seats on the 6-person Board of Directors. HomeSend provides unique technology, purpose-built for remittances. The combination of HomeSend's technology with MasterCard's network provides an exponential reach to consumers around the world.

Following several years of focusing on customer acquisition and technology development, HomeSend has progressed in FY14 to focus on deployment of live corridors. There are now 486 technically live corridors connecting 99 sending countries and 32 receiving countries. FY15 will see the emphasis progress to increasing transaction numbers and volumes.

OPERATIONAL REVIEW

In FY14, eServGlobal reported an adjusted EBITDA of A$2.6M (£1.4M). Efforts over the last few years have seen eServGlobal reduce its cost structure and transition into higher margin projects to record a second consecutive year of EBITDA profitability, in line with analyst expectations.

The Company has an improved backlog of work compared to the same time last year, which will positively impact FY2015.

Core business: Mobile money and mobile financial services

eServGlobal's 'core' business consists of a comprehensive suite of mobile money and mobile financial solutions for domestic transactions in emerging markets. The Company focusses on providing a technology which can 'bank the unbanked'. Mobile Network Operators (MNOs) or Financial Institutions (FIs) are looking to this type of technology to extend their business into new markets and to facilitate financial inclusion. eServGlobal's solutions are being delivered to customers worldwide in more than 50 countries.

Developments and highlights throughout the year:

- During FY14 the Company invested in the development and deployment of a new release of eServGlobal's flagship mobile money platform, PayMobile 3.0. Following the significant new customer wins in FY13, the rollout of these projects on the new release of this modular, scalable platform was a key priority in FY14.
    - PayMobile 3.0 is now live in several locations with positive feedback from customers.
    - As these projects mature, PayMobile 3.0 will easily expand capacity to keep pace with growing subscriber numbers and can be extended to offer additional features as new services launch. Launching mobile money services in financially underserved markets is an evolutionary process and PayMobile's platform architecture will support this type of high-margin extension work.
- The Company continued to expand its customer footprint with several new projects, both with traditional telco players and with new players such as financial institutions. These new projects positioned eServGlobal in several new geographies.
    - eServGlobal signed an MOU with BDCOM Online Ltd, Bangladesh, to extend mobile financial services across Bangladesh
    - Announced a partnership with MNepal Limited, a consortium of bank and non-bank entities, to offer a mobile financial service solution in the Nepal market

    - The company's mobile money platform, PayMobile was launched with VivaCell-MTS, Armenia, strengthening the presence within the VivaCell Group and continuing the geographic diversification of the customer footprint into Eastern Europe.
- eServGlobal was named as a winner of Juniper Research's Future Mobile Awards in the category of best Mobile Money Transfer solution.
- Continued progress within the Zain Group, eServGlobal was featured as a key Technology Partner at the Zain Group's Technology Conference in November.

HomeSend: International remittance

HomeSend enables consumers to send money to and from mobile money accounts, payment cards, bank accounts or cash outlets – regardless of their location or that of the recipient. HomeSend's vision is to create a global open ecosystem to enable any type of payment across service providers and industries. HomeSend natively interfaces with eServGlobal's domestic mobile money platform, providing a synergy between the two solutions.

HomeSend is a joint venture of MasterCard, eServGlobal and BICS. Following a five-year strategic partnership between eServGlobal and BICS, the HomeSend joint venture was successfully launched in April 2014. During the first year of independent operation, the joint venture has made substantial progress in establishing key relationships and connections globally.

Developments and highlights throughout the year:

- Significant progress in corridor deployments continued throughout the year, driving a strong increase in volume and transaction numbers. New connections are going live each month, currently 486 technically live corridors, connecting 99 sending countries and 32 receiving countries. Some of the significant expansions include:
    - MoneyGram, a leading global money transfer and payment services company, now has live connections to HomeSend.
    - Xpress Money has expanded its reach via HomeSend to Mobile wallets in countries such as Ghana
    - WorldRemit, one of the largest online MTOs, is also now live from the US leveraging HomeSend.
    - Vodafone Fiji (receiver mobile wallet) is live with sending connections from World Remit and mHITs
    - HomeSend and Indosat announced an agreement to make remittance services available to 60 million subscribers across Indonesia through Indosat's Dompetku mobile money platform.
- The pipeline of prospects includes a strong mix of traditional MTOs, emerging digital players and a range of mobile money and ewallet offerings across the developing world.
- New strategic initiatives on how HomeSend can deliver value beyond remittances such as government payments, aid disbursements and connection to NGOs to deliver micro-finance initiatives.
- Integration of HomeSend to MasterCard's MoneySend service has commenced with completion expected in FY15.
- Strong outlook for the business; forecasts for FY16 and FY17 are larger than eServGlobal's expectations at the time of the joint venture formation.
- HomeSend partner marketing is increasing with recent campaigns from Xpress Money, World Remit, Vodafone Fiji and mHITs amongst others.
- MasterCard reiterated their commitment to the joint venture. HomeSend is an important part of MasterCard's strategy to target new flows of payment and electronify remittances.

HomeSend's aspiration is to become the largest processor of digital remittances and to drive the shift to digital.

MARKET REVIEW

Domestic mobile money services in emerging markets

Market size and potential

There are 7.2 billion mobile connections globally, of which 5.7 billion are in the developing world. In emerging markets, infrastructure is developing differently to the developed world. Some countries have opted to skip landlines and go straight to mobile. The mobile is not just a method of communication, but a catalyst to access to life-changing services.

Mobile money and mobile financial services in emerging markets is an opportunity with immeasurable potential. The number of live deployments has been steadily increasing for the last decade; however there remains a substantial untapped market. There are 687 mobile network operators in the 'developing world', of these only 156 currently offer mobile money services. Mobile money can be launched by either mobile network operators or financial institutions, further extending the potential market. Of the 251 'mobile money for the unbanked' deployments which are currently live, more than 30% are offered by financial institutions.

eServGlobal is well positioned to service this growing market, with extensive experience in holding customer balances and an in-depth understanding of the mobile infrastructure.

The GSMA MMU State of the Industry Report published in 2014 found that 70% of existing mobile money service providers are planning to increase their investments in mobile money in the coming year.

Technology and product mix review
As a nascent industry, mobile money service providers must take an evolutionary approach to launching new services. Industry body, the GSMA MMU, found that P2P (person-to-person) payments, airtime recharge and bill payments are offered by the vast majority of service providers and are usually the first products to be launched.

As the financial literacy of the market matures, the service provider can nourish the deployment with new services. In 2013 bulk payment was adopted faster than any other product at an annualised growth rate of 617%. There is a demand for faster and more efficient mechanisms for delivering bulk payments, such as salary disbursements or government-to-person (G2P) transfers.

eServGlobal's platform approach is optimised to accompany service providers on the journey from initial essential services to more advanced features as the subscriber base demands. By adopting a modular approach, eServGlobal can easily extend the solution to include new features and expand license capacity.

International Remittance

The World Bank reports that remittances to developing countries are projected to grow by 5.0% to reach US$435bn in 2014 (accelerating from the 3.4% expansion of 2013); and rise further by 4.4% to US$454bn in 2015. In 2013, remittances were more than three times larger than ODA (Official Development

Assistance) and, excluding China, significantly exceed foreign direct investment flows to developing countries.

Forced migration due to conflict is at its highest level since WW2, affecting more than 51 million people. In addition, forced migration driven by natural disasters affects another 22 million people bringing the total to at least 73 million. Increased migration levels directly impact the levels of international remittance.

The World Bank highlights the increasing number of electronic payment service providers (including mobile money providers) as supporting remittances and financial inclusion. "The establishment of digital payments from remittances instead of cash is of enormous benefit to poor people in emerging markets.[1]" The World Bank notes international interoperability of mobile systems and AML-CFT regulations still create barriers for wider adoption of international remittances through mobile phones. As an open and neutral hub, HomeSend is uniquely positioned to address these barriers and to tap this substantial market.

While the global trend shows a falling average cost for sending remittance, the cost to Africa remains stubbornly high, above 11%, with some corridors to Sub-Saharan Africa incurring fees ranging from 18% to 22% of the transaction amount. HomeSend, with a lower average transaction fee, is targeting the substantial remittance flows in these regions. HomeSend represents a more affordable, instant and safe way to send remittance to emerging countries.

The GSMA MMU State of the Industry Report found that many service providers of domestic mobile money services intend to expand their product offering to launch international remittance in the near future. The number of mobile money services offering international remittance doubled from 2012 to 2013 and a further 45% those in the study were expecting to launch international remittance services during 2014.

FINANCIAL REVIEW

The consolidated entity achieved sales revenue for the year of A$31.3 million (2013: A$31.0 million).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was A$29.2 million after foreign exchange losses of A$0.4 million and share based payments of A$0.4 million (2013: EBITDA was A$7.3 million after foreign exchange gains of A$8.0 million and share based payments of A$0.5 million).

The net result of the consolidated entity for the year to 31 October 2014 was a profit after tax and minority interest for the period of A$14.8 million (2013: A$10.4 million). Included in this result was an income tax expense of A$13.5 million (2013: income tax credit of $5.9 million). Earnings per share were 5.8 cents (2013: 4.3 cents).

The operating cash flow for the year was a net outflow of A$4.2 million (2013: A$8.7 million). Total cash flow for the period was a net outflow of A$1.3 million (2013: net inflow of A$0.9 million). Cash at 31 October 2014 was A$3.7 million.

The full unaudited accounts are presented in the Appendix 4E.

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[1] The World Bank, Migration and Development Brief #23, October 2014

OUTLOOK

eServGlobal has made substantial progress in FY14. The customer footprint remains strong and the Company continues to aggressively pursue the sizeable addressable market for the core business.

Investment has been made in the development of the PayMobile platform, the latest version of which is now in operation at several customer sites. Feedback is positive, and this highly scalable and modular platform will open new opportunities with channel partners and new customer types on both a global and local level.

eServGlobal will continue to invest in the rapid deployment of projects to enable the Company to benefit as the customer project lifecycle moves into higher margin work, such as the expansion of services, and capacity extensions as subscriber numbers increase.

The HomeSend Joint Venture has made significant progress. eServGlobal believes the Joint Venture will realise its ambitions to be a leading player in global digital payments.

Appendix 4E

Preliminary Final Report

for the year ended 31 October 2014

eServGlobal Limited

ABN 59 052 947 743

1. Reporting Period

Current reporting period : Financial year ended 31 October 2014

Previous reporting period : Financial year ended 31 October 2013

2. Results (unaudited) for announcement to the market

Results				**A$ '000**
Revenue	Up	0.8%	to	31,261
Profit/(Loss) after tax	Up	37.3%	to	14,240
Profit/(Loss) after tax attributable to members	Up	37.6%	to	14,102

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend	Nil ¢	0%
Final dividend	Nil ¢	0%
Previous corresponding period		
Interim dividend	Nil ¢	0%
Final dividend	Nil ¢	0%

Record date for determining entitlements to the dividend.	-

Brief explanation of the figures above

The consolidated entity achieved sales revenue for the year of $31.3 million (2013: $31.0 million).

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was $28.6 million after foreign exchange losses of $0.4 million and share based payments of $0.4 million (2013: EBITDA was $7.3 million after foreign exchange gains of $8.0 million and share based payments of $0.5 million).

The net result of the consolidated entity for the year to 31 October 2014 was a profit after tax and minority interest for the period of $14.2 million (2013: $10.4 million). Included in this result was an income tax expense of $13.5 million (2013: income tax credit of $5.9 million). Earnings per share were 5.6 cents (2013: 4.3 cents).

The operating cash flow for the year was a net outflow of $4.1 million (2013: $8.7 million). Total cash flow for the period was a net outflow of $1.3 million (2013: net inflow of $0.9 million). Cash at 31 October 2014 was $3.7 million.

Subsequent Events

There has not been any matter or circumstance 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.

3. Consolidated statement of profit or loss and other comprehensive income

	Note	Year Ended 31 Oct 2014 $'000	Year Ended 31 Oct 2013 $'000
Revenue		31,261	31,003
Cost of sales		(13,359)	(11,789)
Gross profit		17,902	19,214
Interest income		30	55
Gain recognised on disposal of HomeSend business	9	31,684	-
Foreign exchange (loss)/ gain		(449)	8,024
Research and development expenses		(2,151)	(2,717)
Sales and marketing expenses		(5,218)	(4,683)
Administration expenses		(10,900)	(12,614)
Share of loss of associate	10	(2,275)	-
Earnings before interest expense, tax, depreciation and amortisation		28,623	7,279
Amortisation expense		-	(1,875)
Depreciation expense		(584)	(468)
Earnings before interest expense and tax		28,039	4936
Interest expense		(284)	(441)
Profit before tax		**27,755**	**4,495**
Income tax credit/(expense)		(13,515)	5,879
Profit for the year		**14,240**	**10,374**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations (nil tax impact)		(471)	(4,475)
Total comprehensive income for the year		**13,769**	**5,899**
Profit attributable to:			
Equity holders of the parent		14,102	10.248
Non controlling interest		138	126
		14,240	**10,374**
Total comprehensive income attributable to:			
Equity holders of the parent		13,599	5,784
Non controlling interest		170	115
		13,769	**5,899**
Earnings per share:			
Basic (cents per share)		**5.6**	**4.3**
Diluted (cents per share)		**5.5**	**4.2**

4. Consolidated statement of financial position

	Note	31 Oct 2014 $'000	31 Oct 2013 $'000
Current Assets			
Cash and cash equivalents		3,679	4,909
Trade and other receivables		27,604	21,846
Inventories		173	74
Current tax assets		98	4,272
		31,554	31,101
Assets classified as held for sale		-	7,754
Total Current Assets		31,554	38,855
Non-Current Assets			
Investment in associate	10	27,777	-
Property, plant and equipment		3	482
Deferred tax assets		1,701	10,325
Goodwill		3,568	3,523
Other intangible assets	7	5,443	-
Other receivables	9(a)	4,939	-
Total Non-Current Assets		43,431	14,330
Total Assets		74,985	53,185
Current Liabilities			
Trade and other payables		11,512	8,143
Borrowings		3,000	3,000
Current tax payables		2,023	150
Provisions		1,174	1,800
Deferred revenue		1,117	1,989
Total Current Liabilities		18,826	15,082
Non-Current Liabilities			
Provisions		865	749
Total Non-Current Liabilities		865	749
Total Liabilities		19,691	15,831
Net Assets		55,294	37,354
Equity			
Issued capital	5, 6	110,574	106,695
Reserves	5	(4,155)	(4,090)
Accumulated Losses		(51,349)	(65,451)
Parent entity interest		55,070	37,154
Non controlling interest		224	200
Total Equity		55,294	37,354

5. Consolidated statement of changes in equity

	Issued Capital $'000	Foreign Currency Translation Reserve $'000	Employee equity-settled benefits Reserve $'000	Accumu-lated Losses $'000	Attributable to owners of the parent $'000	Non controlling Interest $'000	Total $'000
Balance at 1 November 2013	106,695	(6,563)	2,473	(65,451)	37,154	200	37,354
Profit for the year	-	-	-	14,102	14,102	138	14,240
Exchange differences arising on translation of foreign operations	-	(503)	-	-	(503)	32	(471)
Total comprehensive income for the year (net of tax)	-	(503)	-	14,102	13,599	170	13,769
Issue of new shares (Note 6)	3,879	-	-	-	3,879	-	3,879
Payment of dividends	-	-	-	-	-	(146)	(146)
Equity settled payments	-	-	438	-	438	-	438
Balance at 31 October 2014	110,574	(7,066)	2,911	(51,349)	55,070	224	55,294
Balance at 1 November 2012	90,770	(2,099)	2,017	(75,699)	14,989	85	15,074
Profit for the year	-	-	-	10,248	10,248	126	10,374
Exchange differences arising on translation of foreign operations	-	(4,464)	-	-	(4,464)	(11)	(4,475)
Total comprehensive income for the year (net of tax)	-	(4,464)	-	10,248	5,784	115	5,899
Issue of new shares (Note 6)	15,925	-	-	-	15,925	-	15,925
Equity settled payments	-	-	456	-	456	-	456
Balance at 31 October 2013	106,695	(6,563)	2,473	(65,451)	37,154	200	37,354

6. Issue of new shares

During the current year the company issued a total of 5,928,055 shares (2013: 52,198,291), raising a total of $3.879 million net of expenses (2013: $15.925 million).

A total of 4,500,000 shares were issued by way of a broker managed placement of shares to Australian investors at an issue price of $0.75 per share, raising a total of $3.365 million net of expenses.

1,428,055 shares were issued during the year through the exercise of employee share options at an option price of $0.36 per share, raising $0.514 million.

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7. Other intangible assets

During the financial year eServGlobal commenced development of a new technology platform designed to strengthen the company's position as the leading mobile money solution provider. The development costs incurred in the year of $5.443 million have been capitalised.

8. Consolidated statement of cash flows

	Year Ended 31 Oct 2014 $'000	Year Ended 31 Oct 2013 $'000
Cash Flows from Operating Activities		
Receipts from customers	24,290	23,851
Payments to suppliers and employees	(30,100)	(31,058)
Refund of research & development tax credits	2,738	-
Interest and other finance cost paid	(282)	(591)
Income tax paid	(720)	(1,088)
Net cash used in operating activities	(4,074)	(8,886)
Cash Flows From Investing Activities		
Proceeds from HomeSend business divestment, net of transaction costs	5,418	-
Interest received	11	11
Payment for property, plant and equipment	(76)	(111)
Software development costs	(6,327)	(1,839)
Net cash used in investing activities	(974)	(1,939)
Cash Flows From Financing Activities		
Proceeds from issue of shares	3,889	16,802
Payment for share issue costs	(10)	(877)
Dividend paid by controlled entity to non-controlling interest	(146)	-
Proceeds from borrowings	-	3,000
Repayment of borrowings	-	(7,200)
Net cash provided by financing activities	3,733	11,725
Net (decrease)/ increase in Cash and Cash Equivalents	(1,315)	900
Cash At The Beginning Of The Year	4,909	3,794
Effects of exchange rate changes on the balance of cash held in foreign currencies	85	215
Cash and Cash Equivalents At The End Of The Year	3,679	4,909

8.1 Notes to the consolidated statement of cash flows

	31 Oct 2014 $'000	31 Oct 2013 $'000
a) Reconciliation of cash		
Cash and cash equivalents	3,679	4,909

	Year Ended 31 Oct 2014 $'000	Year Ended 31 Oct 2013 $'000
b) Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	14,240	10,374
Interest received	(11)	(11)
Depreciation of non-current assets	584	468
Amortisation of non-current assets	-	1,875
(Profit)/Loss on disposal of non-current assets	2	(10)
Foreign exchange (gain)/loss, including changes in foreign currency net assets and liabilities	(718)	(6,534)
Equity settled share-based payments	438	456
Gain on disposal of business	(31,684)	-
Share of loss of associate	2,275	-
(Increase)/decrease in current income tax balances	6,048	(4,101)
(Increase)/decrease in deferred tax balances	8,624	(4,320)
Changes in net assets and liabilities:		
- (Increase)/decrease in assets:		
- Trade Receivables	(5,758)	(7,752)
- Inventories	(99)	84
Increase/(decrease) in liabilities:		
- Trade and other payables	3,369	327
- Provisions	(511)	394
- Other liabilities	(873)	(136)
Net cash used in operating activities	(4,074)	(8,886)

9. Disposal of HomeSend business

On 19 December 2013 the Group announced the sale of its international mobile money transfer business, HomeSend to a newly formed entity, HomeSend SRCL, which is a joint venture between eServGlobal, MasterCard and BICS.

The transaction was subject to certain conditions precedent and was subsequently completed on 3 April 2014.

		31 October 2014 $'000
(a)	***Consideration received***	
	Cash consideration received	8,205
	Deferred sales proceeds (i)	5,134
	Total consideration received	13,339

(i) Deferred sales proceeds, which relate to the sale of HomeSend to the associate company HomeSend SRCL, are held in escrow and are subject to indemnification provisions within the transaction agreement. The funds are due to be paid to the Company on 3 April 2016, two years after the transaction agreement date.

(b)	***Gain on disposal of business***	
	Consideration received (a)	13,339
	Plus: fair value of investment retained	31,125
	Less: business net assets disposed	(8,700)
	Less: disposal related costs	(4,080)
	Gain on disposal	31,684

Net assets disposed comprise of:

Allocated goodwill	3,540
Intangible assets (capitalised R&D expenditure)	5,160
Net assets disposed of	8,700

10. Investment in associate

Details of the material investment in associate at the end of the reporting period are as follows:

Name of associate	**Principal activity**	**Place of incorporation and principal place of business**	**Proportion of ownership interest and voting rights held by the Group**	
			31 October 2014	**31 October 2013**
Homesend SRCL (i)	Provision of international mobile money services	Brussels, Belgium	35%	N/A

(i) HomeSend SRCL was formed on 3 April 2014. The directors have determined that the Group exercises significant influence over HomeSend SRCL by virtue of its 35% voting power in shareholders meetings and its contractual right to appoint two out of six directors to the board of directors of that company.

The associate is accounted for using the equity method.

Reconciliation of the carrying amount of the investment in associate:

	31 October 2014 $000
Initial recognition of investment in associate	31,125
Share of current period loss of the associate	(2,275)
Effects of foreign currency exchange movements	(1,073)
Carrying value of investment	**27,777**

11. Net Tangible Assets per security

	31 October 2014	31 October 2013
Net tangible assets per security	18 cents	10.5 cents

12. 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:	Current year	Nil	N/A	N/A	N/A	N/A
	Previous year	Nil	N/A	N/A	N/A	N/A

There are no Dividend Reinvestment Plans.

13. Control gained over entities

N/A

13.1 Loss of control over entities

N/A

14. Subsequent Events

There has not been any matter or circumstance 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.

15. Commentary on Results for the Period

Refer to the explanation of results in Section 2.

16. Accounts

This report is based on accounts which are in the process of being audited.

PAOLO MONTESSORI
Director
19 December 2014