

eServGlobal Preliminary Results (LSE:AIM) and Appendix 4E (ASX): FY2015

Paris: 24 December 2015

eServGlobal (AIM: ESG & ASX: ESV), the provider of end-to-end mobile financial services to emerging markets, announces its preliminary results and ASX Appendix 4E for the financial year ended 31 October 2015.

FINANCIAL SUMMARY

- Revenue of A\$25.9m (£13.0m) compared to the prior year of A\$31.3m (£17.3m)
- EBITDA loss of A\$24.2m (£12.2m) compared to the prior year EBITDA profit of A\$28.6m (£15.8m)
- Core mobile money business adjusted EBITDA loss of A\$10.4m (£5.2m) compared to a prior year adjusted EBITDA profit of A\$2.6m (£1.4m).
- Net loss after tax of A\$33.7m (£17.0m) compared to a prior year profit of A\$14.2m (£7.9m)
- During the financial year, technology development costs of A\$2.7m (£1.4m) have been capitalised in respect of the PayMobile 3.0 mobile money platform, enabling eServGlobal to sell through channel partners and improve project margins. Development was completed by 30 April 2015.
- Loan funding of A\$15.5m (£7.5m) obtained during the year
- 10 million shares issued during the year raising a total of A\$5.2m (£2.6m) net of expenses
- Cash and cash equivalents at 31 October 2015 of A\$5.0m (£2.5m). Net cash flow used in operating activities increased from A\$4.1m (£2.3m) in FY14 to A\$15.7m (£7.9m) in FY15

Summary Financials	FY15	FY15	FY14	FY14
	Full Year	Full Year	Full Year	Full Year
	A\$M	£M+	A\$M	£M+
Revenue	25.9	13.0	31.3	17.3
Cost of Sales	20.6	10.3	13.4	7.4
Gross Profit	5.3	2.7	17.9	9.9
Gain recognised on disposal of HomeSend	-	-	-31.7	-17.5
Share of loss of associate	3.8	1.9	2.3	1.3
Adjusted Operating Costs*	17.1	8.6	15.3	8.5
Adjusted EBITDA (Core Business)**	-10.4	-5.2	2.6	1.4
Net Interest	-1.4	-0.7	-0.3	-0.1
Amortization	-1.9	-1.0	0.0	0.0
Depreciation	-0.1	-0.1	-0.6	-0.3
Adjusted PBT*	-13.8	-7.0	1.7	1.0
Reported PBT	-31.6	-15.9	27.8	15.3
Income Tax	2.1	1.1	13.5	7.5
PAT	-33.7	-17.0	14.2	7.9

+ Average exchange rate was 0.5021 GBP to AUD (FY2014 0.5521)

* Excludes gain recognised on disposal of HomeSend (FY2014 A\$31.7m), equity-accounted share of HomeSend loss of A\$3.8m (FY2014 A\$2.3m), foreign exchange gains of A\$0.9m (FY2014 loss of A\$0.4m), non-recurring costs of A\$3.3m (FY2014 A\$2.5m), interest income of A\$0.05m

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(FY2014 A\$0.03m), share based payments of A\$0.1m (FY2014 A\$0.4m) goodwill impairment of A\$4.0m (FY2014 nil) and debtor and work in progress provisions made after impairment re-assessment of prudent provisioning policies of A\$6.9m (FY2014 nil)

** Excludes all items above (*) except goodwill impairment of A\$4.0m (FY2014 nil) which is included in the profit and loss statement below the EBITDA total

Note: numbers in summary financials may not necessary total due to rounding

John Conoley, Executive Chairman, eServGlobal, said: “These numbers confirm the very poor year that was 2015 for eServGlobal. The consequent effect is that working capital remains tight in terms of operational cash flow in the short term. We expect to begin a recovery in the second quarter of the 2016 financial year. The Board and management are targeting generating operational cash in 2016 based on better management, better control, better sales execution, and the substantially lower cost base.”

“eServGlobal’s Board remain confident in the long term prospects for the HomeSend joint venture based on continued progress in 2015. HomeSend achieved 386% growth in live corridors during the 12 months to 30 November 2015. The joint venture has seen growing traction with the world’s leading money transfer operations on the sending side and the opening of key new markets, such as China, on the receiving side. The coming year is crucial as the business transitions from the start-up phase, focussing on structural development, into a growing business beginning to focus on growing volumes through a widening number of active corridors. The Board of eServGlobal expects significant progress in 2016”

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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 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.

FINANCIAL REVIEW

The consolidated entity achieved sales revenue for the year of A\$25.9 million (2014: A\$31.3 million).

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was a loss of A\$24.2 million after foreign exchange gains of A\$0.9 million and share based payments of A\$0.1 million (2014: EBITDA profit of A\$28.6 million after foreign exchange losses of A\$0.4 million and share based payments of A\$0.4 million).

The net result of the consolidated entity for the year to 31 October 2015 was a loss after tax and minority interest for the period of A\$33.7 million (2014: profit after tax and minority interest A\$14.2 million). Included in this result was an income tax expense of A\$2.1 million (2014: income tax expense of A\$13.5 million). Loss per share was 12.8 cents (2014: earnings per share 5.6 cents).

The operating cash flow for the year was a net outflow of A\$15.7 million (2014: net outflow A\$4.1 million). Total cash flow for the period was a net inflow of A\$1.0 million (2014: net outflow of A\$1.3 million). Cash at 31 October 2015 was A\$5.0 million.

Adjusted EBITDA for the core business was a loss of A\$10.4 million. The main adjustments to the total EBITDA loss of A\$24.2 million are for the equity-accounted share of the losses of the HomeSend joint venture company of A\$3.8 million, non-recurring costs of A\$3.3 million and the debtor and work in progress provisions of A\$6.9 million made after impairment re-assessment of prudent provisioning policies.

The loss for the year includes significant provisions for old debtors and work in progress, together with a full impairment of the carrying value of goodwill.

The group operates in jurisdictions where delays are frequently encountered in receipting invoiced receivables due to banking and other regulatory issues, and where political instability and other factors can cause delays in provision of contractual services to customers. This has led to a historical and continuing high level of trade receivables and work in progress relative to the group’s operational revenues. In the current year the new management team have undertaken a detailed review of the trade debtors and work in progress position and have changed the method adopted in estimating the required provision against these balances. The new method requires, unless particular circumstances dictate otherwise, a full provision to be adopted against trade receivables where these are overdue by more than 12 months and a full provision against recorded work in progress to be adopted where there has been inactivity on a particular contract (beyond the control of the group) for a period of 12 months or longer. These new provisioning estimation methods have resulted in the significant provisioning expense being recorded in the current year of A\$4.6 million in respect of trade receivables and A\$2.3 million in respect of work in progress. Management are confident that these policies are prudent and appropriate in recognition of the particular regulatory and political hurdles the company faces in the geographical regions in which it presently operates.

In light of the Group’s poor performance in the current year, and in response to the Goodwill impairment assessment that has been undertaken by management as is required under Accounting Standards, the directors have resolved to fully impair the recorded carrying value of Goodwill in the statement of financial position totalling A\$4.0 million. Whilst the historical Goodwill balance was attributable to the overall cash generating unit in which the group presently operates, the Goodwill is not seen to be

directly related to the primary current and future income streams of the business and has therefore been impaired in full in the current year's accounts.

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

OPERATIONAL REVIEW

In FY15, eServGlobal reported an adjusted EBITDA loss of A\$10.4M (£5.2M) for the core business. As previously announced, delays in closing certain high margin orders before year-end have impacted the Company's FY15 results, however these projects remain largely in the pipeline and it is expected they will be booked in FY16. In addition to these contract slippages, significant additional costs were incurred in delivering prior period projects, in turn causing further delay in recognising work in progress.

Total overheads in FY2016 are planned to be below A\$14M, against a backdrop of approximately A\$20M incurred for FY2015. The Company is targeting revenues of A\$31 – A\$34M in FY2016 and expects to be EBITDA positive for the year (a reduced cost base and improved sale process is expected to support a breakeven point of A\$29 – A\$31M in revenues). Substantial changes, including changes to the sales process and structure, are now largely complete and the Company will continue to focus on cost and process optimisation going forward.

With a streamlined and revitalised Board and management team, the Company is now better positioned to drive effective cash collection and deliver revenue growth. PayMobile 3 is the platform on which eServGlobal can execute. The Company's attention is now firmly on improving gross margins and revenue generation, and with our improved sales processes and streamlined costs, the Company is capable of exceeding a 20% EBITDA margin and with greater predictability. eServGlobal, however, remains cognisant of the usual macro and execution risks that any company may face (particularly in the emerging markets in which the Company operates).

During FY2015, Duncan Lewis, Francois Barrault and Paolo Montessori left the Board of Directors of the Company, with Stephen Blundell stepping down after year-end.

Core business: Mobile money and mobile financial services

eServGlobal offers best-in-breed mobile money and advanced recharge for emerging markets. eServGlobal develops and implements technology solutions which enable simple and secure financial inclusion, through the mobile phone, for people across the world.

Developments throughout the year:

- Completion of the PayMobile 3.0 platform, a mobile money and advanced recharge technology for emerging markets.
 - PayMobile 3.0 is now live in 5 customer sites and the Company is realising the benefits of offering a true industrialised product. The first end-to-end implementation of the standardised platform was completed for a customer in Botswana. This project was completed 35% faster than previous projects on PayMobile 2.0, allowing payment milestones to be reached earlier while investing less time and resources in development.
 - Adoption of a new hardware architecture and a new handling process with PayMobile 3.0, making significant time savings through software standardisation. This approach brings the

- average project duration down from 6 - 8 months to 3 - 5 months, which equals to a 43% average saving in time and resources costs.
 - Opportunities for both gross margin enhancement over time and for easier cash collection.
- eServGlobal launched a white-label smartphone app to cater to the increasing penetration of low-cost smartphones in emerging markets. The app has already been sold to five existing customers, including services in Armenia and Somalia. The app will make eServGlobal's PayMobile 3.0 solution more attractive to new customers looking for a comprehensive mobile money solution. It will also encourage the subscribers of existing customers to increase usage of their mobile wallet, therefore generating extension and upgrade projects.
- The company has made continued progress within the Zain Group. eServGlobal was featured as a key Technology Partner at the Zain Group's Technology Conference in December 2015.
 - eServGlobal now has live services in four Zain affiliates.

HomeSend: International remittance

HomeSend is a disruptive, multilateral global payments hub that allows all players in the global payments space to interoperate via a single connection. HomeSend, as a B2B solution, plays a unique role in offering interconnectivity between MTOs, Telcos, Banks, Mobile Money Providers and Financial Service Providers. Through a connection to HomeSend, hub members can offer their subscribers (individuals, business, state bodies or NGOs) the ability to send money to and from bank accounts, mobile money accounts, payment cards or cash outlets – regardless of their location or that of the receiver. HomeSend natively interfaces with eServGlobal's domestic mobile money platform, providing a synergy between the two solutions.

HomeSend has been operating as a joint venture of MasterCard, eServGlobal and BICS since April 2014. During FY15, the joint venture has made substantial progress in corridor deployment; expanding customer coverage, both geographically and in terms of the types of partnerships; and progress on strategic initiatives such as the payment institution licence and move to a new PCI-DSS compliant data centre.

Developments and highlights throughout the year:

- Significant progress in corridor deployments with 2,362 live corridors at end of November 2015, a 50% increase from June 2015 and a 386% increase since November 2014. New connections are going live each month, connecting over 200 sending countries and 33 receiving countries, representing more than 100% increase in sending countries since November 2014.
- As new corridors go live, the number and volume of transactions continues to climb. 301% annual growth in transaction volume compared to November 2014.
- HomeSend is establishing itself as the backbone of the mobile money transfer ecosystem. During FY15 the hub significantly expanded its coverage, both geographically and in terms of the types of service providers:
 - HomeSend's customers include several of the Top 10 MTOs worldwide, including MoneyGram, WorldRemit and Skrill. In FY15 HomeSend added to this with the launch of live services for Azimo and Transfer Galaxy.
 - In November 2015, HomeSend announced an agreement with GeoSwift, opening the substantial Chinese market to the hub. HomeSend's global partners can now send money directly to consumers and businesses in China, in local currency.
 - Throughout the year, HomeSend also announced agreements in several new markets including Armenia, South Africa, Sri Lanka, Nigeria, Zimbabwe and Fiji.
- MasterCard continues to show strong support for the joint venture, opening several new opportunities throughout the year. HomeSend will facilitate the international remittance capabilities

for MasterCard Send, an end-to-end, digital platform that will leverage the industry-leading MasterCard network, paired with key capabilities from other personal payments platforms including HomeSend.

- During FY15 the HomeSend Management team presented a strategy to accelerate growth to capitalise on current demand. The strategy includes:
 - Co-funded marketing initiatives to stimulate subscriber demand
 - Requirement for a new data center which is PCI-DSS compliant as a pre-requisite to connect to the MasterCard network
 - Acquisition of payment institution license (required to provide services in several key markets)

The requirement for extra capital from JV partners (€3.5 million eServGlobal contribution) was approved by the Board in September 2015. eServGlobal paid €0.875 million (\$1.353 million) on 14 October 2015 and is required to pay the balance of €2.625 million (\$4.059) on 15 April 2016.

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

OUTLOOK

The Company expects to achieve a small EBITDA surplus for the core business in the 2016 financial year with some revenue growth and a substantially lower cost base.

Working capital remains tight in terms of operational cash flow in the short term. A recovery is expected to start in the second quarter of FY16. The company expects to require the second tranche of the loan facility from Henderson Global Investors of £2.5 million (A\$ 5.0 million) before 31 March 2016, partly to underpin working capital requirements and also to repay the National Australia Bank loan of A\$3.0 million which is due for repayment on 31 March 2016. The Board and management are targeting generating operational cash in 2016 based on better management, better control, better sales execution, and the substantially lower cost base.

The Company remains confident in the long term prospects for the HomeSend joint venture based on continued progress in 2015. HomeSend achieved 386% growth in live corridors during the 12 months to 30 November 2015. The joint venture has seen growing traction with the world's leading money transfer operations on the sending side and the opening of key new markets, such as China, on the receiving side. The coming year is crucial as HomeSend transitions from the start-up phase, focussing on structural development, into a growing business beginning to focus on growing volumes through a widening number of active corridors. eServGlobal remains satisfied with the continuing progress of the HomeSend joint venture and expects significant progress in 2016.

Appendix 4E

Preliminary Final Report

for the year ended 31 October 2015

eServGlobal Limited

ABN 59 052 947 743

1. Reporting Period

Current reporting period : Financial year ended 31 October 2015

Previous reporting period : Financial year ended 31 October 2014

2. Results (unaudited) for announcement to the market

Results				A\$ '000
Revenue	Down	17.3%	to	25,866
Profit/(Loss) after tax	Down	>100%	to	(33,654)
Profit/(Loss) after tax attributable to members	Down	>100%	to	(33,820)
Dividends (distributions)		Amount per security		Franked amount per security
<i>Current period</i>				
Interim dividend	Nil ¢		0%	
Final dividend	Nil ¢		0%	
<i>Previous corresponding period</i>				
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 \$25.9 million (2014: \$31.3 million).

Earnings before interest, tax, depreciation and amortisation and goodwill impairment ("EBITDA") was a loss of \$24.2 million, inclusive of foreign exchange gains of \$0.9 million and share based payments of \$0.1 million (2014: EBITDA profit of \$28.6 million inclusive of foreign exchange losses of \$0.4 million and share based payments of \$0.4 million).

The net result of the consolidated entity for the year to 31 October 2015 was a loss after tax and minority interest for the period of \$33.7 million (2014: profit after tax and minority interest of \$14.2 million). Included in this result was an income tax expense of \$2.1 million (2014: income tax expense of \$13.5 million). Loss per share was 12.8 cents (2014: earnings per share 5.6 cents).

The operating cash flow for the year was a net outflow of \$15.7 million (2014: net outflow \$4.1 million). Total cash flow for the period was a net inflow of \$1.0 million inclusive of net proceeds from the issue of shares of \$5.5 million and proceeds from borrowings of \$15.5 million (2014: net outflow of \$1.3 million inclusive of net proceeds from the issue of shares of \$3.9m). Cash at 31 October 2015 was \$5.0 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

	Year Ended 31 Oct 2015 \$'000	Year Ended 31 Oct 2014 \$'000
Revenue	25,866	31,261
Cost of sales	(20,608)	(13,359)
Gross profit	5,258	17,902
Gain recognised on disposal of HomeSend business	-	31,684
Foreign exchange (loss)/ gain	883	(449)
Research and development expenses	(931)	(2,151)
Sales and marketing expenses	(7,008)	(5,218)
Administration expenses	(18,522)	(10,900)
Share of loss of associate	(3,831)	(2,275)
<i>Earnings before interest, tax, depreciation, amortisation and goodwill impairment</i>	(24,151)	28,593
Amortisation expense	(1,883)	-
Depreciation expense	(137)	(584)
Impairment of goodwill	(4,002)	-
<i>Earnings before interest and tax</i>	(30,173)	28,009
Finance cost	(1,356)	(254)
(Loss)/ Profit before tax	(31,529)	27,755
Income tax credit/(expense)	(2,125)	(13,515)
(Loss)/ Profit for the year	(33,654)	14,240
Other comprehensive income/(loss) <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on the translation of foreign operations (nil tax impact)	4,297	(471)
Total comprehensive (loss)/income for the year	(29,357)	13,769
(Loss)/Profit attributable to:		
Equity holders of the parent	(33,820)	14,102
Non-controlling interest	166	138
	(33,654)	14,240
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	(29,545)	13,599
Non-controlling interest	188	170
	(29,357)	13,769
Earnings per share:		
Basic (cents per share)	(12.8)	5.6
Diluted (cents per share)	(12.8)	5.5

4. Consolidated statement of financial position

	Note	31 Oct 2015 \$'000	31 Oct 2014 \$'000
Current Assets			
Cash and cash equivalents		4,976	3,679
Trade, other receivables and work in progress	8	22,140	24,620
Other current assets	9(a)	7,606	2,191
Inventories		66	173
Current tax assets		107	98
Total Current Assets		34,895	30,761
Non-Current Assets			
Investment in associate	13	31,473	27,777
Property, plant and equipment		84	3
Deferred tax assets		976	1,701
Goodwill	10	-	3,568
Other intangible assets – capitalised software development		6,939	5,443
Other non-current assets	9(b)	3,456	4,939
Total Non-Current Assets		42,928	43,431
Total Assets		77,823	74,192
Current Liabilities			
Trade and other payables	11	19,619	10,719
Borrowings	12	3,000	3,000
Current tax payables		235	2,023
Provisions		1,380	1,174
Deferred revenue		1,286	1,117
Total Current Liabilities		25,520	18,033
Non-Current Liabilities			
Borrowings	12	16,531	-
Provisions		943	865
Total Non-Current Liabilities		17,474	865
Total Liabilities		42,994	18,898
Net Assets		34,829	55,294
Equity			
Issued capital	5, 6	116,074	110,574
Reserves	5	3,512	(4,155)
Accumulated Losses		(85,169)	(51,349)
Parent entity interest		34,417	55,070
Non-controlling interest		412	224
Total Equity		34,829	55,294

5. Consolidated statement of changes in equity

	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Share Based Payments Reserve \$'000	Accumu- lated Losses \$'000	Attributable to owners of the parent \$'000	Non- controlling Interest \$'000	Total \$'000
Balance at 1 November 2014	110,574	(7,066)	2,911	(51,349)	55,070	224	55,294
(Loss)/Profit for the year	-	-	-	(33,820)	(33,820)	166	(33,654)
Exchange differences arising on translation of foreign operations	-	4,275	-	-	4,275	22	4,297
Total comprehensive income for the year (net of tax)	-	4,275	-	(33,820)	(29,545)	188	(29,357)
Issue of new shares (Note 6)	5,500	-	-	-	5,500	-	5,500
Equity settled payments	-	-	3,392	-	3,392	-	3,392
Balance at 31 October 2015	116,074	(2,791)	6,303	(85,169)	34,417	412	34,829
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

6. Issue of new shares

During the current year the company issued a total of 10,000,000 shares (2014: 5,928,055), raising a total of \$5.212 million net of expenses (2014: \$3.879 million).

The fundraising was by way of subscription agreements with existing and new Australian institutional investors at an issue price of \$0.55 per share.

In addition, 800,000 employee share options were exercised during the period at an option price of \$0.36 per share, raising a total of \$0.288 million.

7. Consolidated statement of cash flows

	Year Ended 31 Oct 2015 \$'000	Year Ended 31 Oct 2014 \$'000
Cash Flows from Operating Activities		
Receipts from customers	21,244	24,290
Payments to suppliers and employees	(33,374)	(30,100)
Refund of research & development tax credits	-	2,738
Interest and other finance cost paid	(426)	(282)
Income tax paid	(3,148)	(720)
Net cash used in operating activities	(15,704)	(4,074)
Cash Flows From Investing Activities		
Proceeds from HomeSend business divestment, net of transaction costs	-	5,418
Investment in HomeSend joint venture company	(1,353)	-
Interest received	3	11
Payment for property, plant and equipment	(163)	(76)
Software development costs	(2,758)	(6,327)
Net cash used in investing activities	(4,271)	(974)
Cash Flows From Financing Activities		
Proceeds from issue of shares	5,788	3,889
Payment for share issue costs	(288)	(10)
Dividend paid by controlled entity to non-controlling interest	-	(146)
Proceeds from borrowings	15,457	-
Net cash provided by financing activities	20,957	3,733
Net increase/(decrease) in Cash and Cash Equivalents	982	(1,315)
Cash At The Beginning Of The Year	3,679	4,909
Effects of exchange rate changes on the balance of cash held in foreign currencies	315	85
Cash and Cash Equivalents At The End Of The Year	4,976	3,679

7.1 Notes to the consolidated statement of cash flows

	31 Oct 2015 \$'000	31 Oct 2014 \$'000
a) Reconciliation of cash		
Cash and cash equivalents	4,976	3,679
	Year Ended 31 Oct 2015 \$'000	Year Ended 31 Oct 2014 \$'000
b) Reconciliation of (loss)/ profit for the year to net cash flows from operating activities		
(Loss)/Profit for the year	(33,654)	14,240
Interest received	(3)	(11)
Depreciation of non-current assets	137	584
Amortisation of non-current assets	1,883	-
(Profit)/Loss on disposal of non-current assets	-	2
Foreign exchange (gain)/loss, including changes in foreign currency net assets and liabilities	373	(718)
Equity settled share-based payments	54	438
Non cash finance cost	977	-
Gain on disposal of business	-	(31,684)
Share of loss of associate	3,831	2,275
(Increase)/decrease in current income tax balances	(1,798)	6,048
(Increase)/decrease in deferred tax balances	726	8,624
Impairment of goodwill	4,002	-
Impairment loss recognised on trade receivables and work in progress	7,193	245
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets:</i>		
- Trade receivables, work in progress and other assets	(4,825)	(6,003)
- Inventories	106	(99)
<i>Increase/(decrease) in liabilities:</i>		
- Trade and other payables	4,840	3,369
- Provisions	284	(511)
- Other liabilities	170	(873)
Net cash used in operating activities	(15,704)	(4,074)

8. Trade, other receivables and work in progress

	31 October 2015 \$'000	31 October 2014 \$'000
(a) Current trade, other receivables and work in progress		
Trade receivables	17,029	15,050
Less : Allowance for doubtful debts	(5,514)	(890)
	<u>11,515</u>	<u>14,160</u>
Work in progress	13,433	10,618
Less : Allowance for non-recoverability and losses	(3,362)	(793)
	<u>10,071</u>	<u>9,825</u>
Goods and services tax receivable	554	635
	<u>22,140</u>	<u>24,620</u>

9. Other assets

	31 October 2015 \$'000	31 October 2014 \$'000
(a) Current		
Deferred sales proceeds held in escrow account (i)	5,343	-
Prepayments	1,117	1,097
Deposits and other assets	1,146	1,094
	<u>7,606</u>	<u>2,191</u>
(b) Non-current		
Deferred sales proceeds held in escrow account (i)	-	4,939
Unamortised loan facility cost (ii)	3,456	-
	<u>3,456</u>	<u>4,939</u>

- (i) Escrow funds expected to be released in April 2016, therefore classified as current receivable as at 31 October 2015.
- (ii) Unamortised loan facility cost includes loan establishment cost (net of amortisation) of \$0.334 million and fair value of share options issued associated with the loan (net of amortisation) of \$3.122 million.

10. Goodwill

	31 October 2015 \$'000	31 October 2014 \$'000
Net carrying balance at the beginning of the financial year	3,568	3,523
Translation effects of foreign currency exchange movements	434	45
Impairment of goodwill (i)	4,002	-
Net carrying balance at end of financial year	-	3,568

- (i) Following the annual impairment assessment, goodwill was determined to be fully impaired and written off in the consolidated statement of profit or loss and other comprehensive income.

11. Trade and other payables

	31 October 2015 \$'000	31 October 2014 \$'000
Trade payables	5,108	3,004
Balance due on partly paid shares subscribed in associate company (i)	4,059	-
Accruals and other payables	10,452	7,715
	19,619	10,719

- (i) On 5th October 2015 the company agreed to subscribe for partly paid shares, with full voting rights, in the HomeSend joint venture company so as to maintain its shareholding at 35%.

The company paid 0.875 million Euros (\$1.353 million) on 14th October 2015 and is required to pay the balance of 2.625 million Euros (\$4.059 million) on 15th April 2016.

12. Borrowings

	31 October 2015 \$'000	31 October 2014 \$'000
Interest bearing secured loans		
Current (i)	3,000	3,000
Non-current (ii)	16,531	-
	19,531	3,000

- (i) Current borrowings from National Australia Bank due for repayment on 31 March 2016.
- (ii) Non-current related party shareholder borrowings from Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited. \$10.3 million (GBP 5 million) plus capitalised interest is repayable on 4 June 2017. \$5.2 million (GBP 2.5 million) plus capitalised interest is repayable on 4 October 2017.

Reconciliation of non-current borrowings:	31 October 2015 \$'000
Proceeds from loan	15,457
Capitalised interest and premium	701
Foreign currency movement	373
Total non-current borrowings at amortised cost (iii)	16,531

- (iii) Amortised cost of the loan as at 31 October 2015 is \$13.075 million being \$16,531 million per (ii) above less unamortised facility cost of \$3.456 million shown in non-current assets at Note 9(b).

13. 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 2015	31 October 2014
Homesend SCRL (i)	Provision of international mobile money services	Brussels, Belgium	35%	35%

- (i) HomeSend SCRL was formed on 3 April 2014. The directors have determined that the Group exercises significant influence over HomeSend SCRL 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.

14. Net Tangible Assets per security

	31 October 2015	31 October 2014
Net tangible assets per security	10 cents	18 cents

15. 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.

16. Control gained over entities

N/A

16.1 Loss of control over entities

N/A

17. 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.

18. Commentary on Results for the Period

Refer to the explanation of results in Section 2.

19. Accounts

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

Director

Print name: JOHN CONOLEY

Date : 24 December 2015