H1 FY2013 Interim Results

Revenue increase of 24%
25% increase in customer base over the past 12 months
Strategic partnership with MasterCard
A$15m+ revenue backlog

Paris: 28 June 2013

eServGlobal (LSE: ESG & ASX: ESV), the provider of end-to-end mobile financial services to emerging markets, is pleased to provide results for the six month period ended 30 April 2013 ("H1 FY2013").

Financial Highlights:

- H1 FY2013 revenue of A$13.6m (£9.1m[1])
  - 24% increase over H1 FY2012 revenues of A$11.0m, excluding legacy revenues[2]
  - Strong pipeline moving into the second half of the year
  - Revenue backlog in excess of A$15m due to significant new deals and partnerships in the first half
- Total costs in H1 2013 of A$14.3m (15% lower than in H1 FY2012)[3]
- H1 FY2013 reported EBITDA loss of A$0.3m (£0.2m) showing significant improvement over H1 FY2012 (loss of A$8.1m)
- Gross margin of 61% shows strong improvement over H1 FY2012 (40%)
- Placing and subscription completed 6 December raising A$9.5m (£6.2m), and secondary element completed in January raising A$7.3m (£4.8m)Shareholder loans repaid in full during the period; no debt on the balance sheet

Operational Highlights:

- Signed new strategic partnership with MasterCard enabling eServGlobal to offer mobile money solutions compatible with the legacy payment environment including merchant point of sales, legacy ATMs, etc.
- Secured largest mobile money deal to date: a strategic framework contract with a major operator group in the Middle East and North Africa, expected to realise revenues in excess of US$12m over the next three years.
- Significant investment in mobile money technology platform, including the migration of PayMobile to the latest Service Oriented Architecture and the ability to integrate the platform with Near Field Communication ("NFC") technology
- Previously announced Board and management changes now in effect, with Paolo Montessori assuming the role of CEO and Managing Director and Steve Blundell, Chief Financial Officer, joining the Board as Finance Director.
- HomeSend now live in 32 markets in Europe, the Middle East, Africa and Asia and covering approximately 1.2 billion potential customers (+316% in the past year)
- 19 new customers added in the past year (including HomeSend customers and Group Frame Agreements) (+25% in the past year)
- Moving into the second half with a strong pipeline of new and existing customers

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[1] Average exchange rate over the period was 0.6645 GBP to AUD
[2] Legacy revenues of A$1.6m were recognized in H1 FY2012 as part of the now completed contract coverage performed as part of the divestiture of the USP assets and business unit to Oracle in 2010.
[3] Non-recurring items, foreign exchange gains and losses and share based payments in the half resulted in a net gain of A$0.4m, primarily as a result of foreign exchange fluctuations with the Australian Dollar.

Paolo Montessori, Chief Executive Officer, commented:

"Following the strong support from our shareholders earlier in the year in the form of a capital raise, we are pleased to see early evidence that a stronger balance sheet has enhanced our ability to work with larger partners and compete for larger contracts. Since the capital raise, we have successfully executed on our stated goals: we signed a strategic partnership with MasterCard and won our largest mobile money deal to date with an estimated value of US$12m over the next three years. In addition to repaying all debt, we have made significant investments in our technology; our new Service-Oriented Architecture has been critical to our success in key bids and we have taken international airtime transfer live on the HomeSend platform.

"Looking forward, we are excited by the future and by our ability to work with some of the world's leaders in mobility and financial services. With partners like MasterCard, Oracle, BICS, and Wincor Nixdorf, we are well-positioned for the years ahead."

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Introduction

This first six months of the financial year have established eServGlobal as a leading provider of end-to-end mobile money solutions in emerging markets. We have secured significant new mobile money customers and partners, made significant investments in our mobile money offerings and grown our HomeSend addressable market to over 1.2 billion people. New customer wins in our core mobile money and value-added services business have led to revenue growth of 24% in the first half above those in the first half of last year (H1 FY2012: A$11.0M[4]).

Total operational costs for the period (costs of goods sold and operating costs) were A$14.3m (15% lower than those in H1 FY2012: A$16.9m), resulting in a significant reported EBITDA improvement over H1 FY2012 (A$0.3m loss in H1 FY2013 vs. A$8.1m loss in H1 FY2012). Gross margin was 61%, which was a significant improvement on H1 FY2012: 40%.

Operational Review

eServGlobal product portfolio (excluding HomeSend)

Over 70 businesses worldwide are now deploying elements of our mobile financial services. We are enjoying a growing momentum in the business, with new entrants to the mobile money industry taking note of our performance in this high-growth market and coming to us for solutions.

We are collaborating with some of the world's leading innovators in the payments and mobility space. For example:

- We are working with MasterCard as part of their Mobile Money Partnership Program (MMPP). Together we are proposing cohesive solutions that address the needs of both banked and under banked users with a seamless end-user experience.
- Oracle continues to be an important partner with opportunities to deploy our Value Added Services solutions on top of their offering, resulting in two new mobile operator wins during the half year.
- Wincor Nixdorf, one of the world's largest payment terminal vendors, is showcasing eServGlobal's mobility offerings. With our combined solution, mobile money users can transact directly at Wincor terminals without the need for a card or a bank account.

As the market evolves, mobile operators are approaching the second phase of mobile money with an eye for mature solutions. Many of these operators are working with eServGlobal to provide increasingly sophisticated mobile financial services. The competitive strengths of our platform and approach include:

- eServGlobal's new PayMobile platform is able to incorporate years of data on customer behaviour for airtime top-up and predict where mobile money funds will flow, what liquidity management tools are required and which customers are the most credit-worthy.
- Our end-to-end approach to mobile money enabled us to win significant deals in the previous 12 months, starting with a A$1.6m deal with a South East Asian Conglomerate and building to our recent landmark US$12m deal (over three years) with a major mobile operator group in the Middle East and North Africa. Looking forward, there is a significant pipeline of multinational groups looking to centralize and mature their approach to mobile money.

[4] Legacy revenues of A$1.6m were recognized in H1 FY2012 as part of the now completed contract coverage performed as part of the divestiture of the USP assets and business unit in 2010.

International Mobile Remittance: HomeSend

HomeSend, our disruptive mobile to mobile multilateral remittance hub, exceeded our objectives for subscriber coverage in 2012, and as of April 2013 covered 1.2 billion potential users around the world in 32 markets, both of which were an increase of over 300% over the year.

Key developments include:

- HomeSend is now attracting established regional Money Transfer Organizations who are seeking to extend their footprint into new markets without investing in building brick & mortar agencies.
- HomeSend covers the majority of subscribers in Africa through agreements with Ooredoo, Vodafone, Airtel Africa, MTN, Maroc Telecom, and Wafacash.
- UAE Exchange, the largest Money Transfer Organization in the Middle East is undergoing pre-launch testing with HomeSend to start sending funds to Africa.
- European deployments are accelerating as we work with innovative players including WorldRemit, MoneyTrans, and LycaMobile.

This success means the hub has now entered the next strategic stage of development - technical deployments. Technical deployment in each market involves technical connection, necessary regulatory approvals and soft launches to test functionality. The objective for 2013 is to have achieved technical deployments in 50 markets.

Market

The mobile money industry continues to expand, particularly in the developing markets to which eServGlobal caters. According to Berg Insight, the number of active mobile money users in emerging markets is expected to grow to 381 million by 2017, based on a compound annual growth rate (CAGR) of 36%.[5] This growth is largely expected to be driven by Mobile Network Operators (MNOs) which run 72% of live mobile money deployments[6]. In addition, deployments are reaching a new age of maturity. MNOs and customers are looking for whole of market visibility and a trusted partner that can deliver a comprehensive mobile money solution.

As the mobile money ecosystem continues to evolve and mature, service providers are building on successful services such as airtime transfer and bill payment to extend more advanced mobile financial services such as micro insurance, savings and loans. eServGlobal's technology is positioned to cater to this demand, offering the full spectrum of mobile financial services from recharge and agent management features through to mobile wallet and mobile commerce.

An emerging trend is the replacement of 'first-generation' mobile money deployments. 19.5% of mobile money service launches in 2012 were re-launches or replacements of existing services[7]. This evolution represents an important opportunity for eServGlobal as service providers are seeking experienced vendors with the ability to supply comprehensive solutions, particularly across multiple affiliates in a Group.

The World Bank continues to predict growth in remittance flows to developing countries at an average annual rate of 8.8% to reach around $515 billion in 2015, while the average cost of sending money remained broadly unchanged in 2012 at just above 9%. These findings position HomeSend well to capitalize on a growing market and extend an affordable international mobile money transfer alternative to migrant workers.

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[5] Berg Insight – berginsight.com
[6] GSMA Mobile Money for the Unbanked – State of the Industry Global Mobile Money Adoption Survey
[7] GSMA Mobile Money for the Unbanked – State of the Industry Global Mobile Money Adoption Survey

Product Development

eServGlobal has migrated its flagship mobile money product PayMobile to the latest Service Oriented Architecture. This modular and scalable architecture is enabling us to deliver and integrate our solutions in a more flexible and cost effective manner.

In anticipation of the market moving towards more advanced financial services, eServGlobal's PayMobile platform now offers sophisticated financial service capabilities, such as the ability to manage the creation, distribution and support of insurance, savings and loans products.

Our retention solution, PromoMax now offers couponing, loyalty and customer segmentation features and is powering the PayMobile promotion capability. This was highlighted as a key competitive differentiator by the Middle East Operator Group who selected our Mobile Money solution.

eServGlobal can now integrate its portfolio with NFC accessibility. Through a partnership with AIRTAG, a leading provider of mobile shopping eco-system innovations and secure applications, eServGlobal will supply NFC mobile transit app for a leading mobile network operator in the Middle East.

Our leading mobile remittance platform HomeSend has been migrated to a new scalable architecture running on virtualized servers. Enhancements have been added on different levels including security, Customer Care, KPI indicators and connectivity with Xpress Money.

Financial Review

The consolidated entity achieved sales revenue for the period of A$13.621 million (2012: A$12.599 million) – an increase of 8.1% due to new customer wins and existing customers extending their Mobile Money and Value Added Services footprint. Excluding legacy revenues recognised in H1 2012 this represents 24% revenue growth. The gross profit realised was A$8.349 million (gross profit margin: 61%) (2012: A$4.990 million (gross profit margin: 40%)). EBITDA for the period was a loss of A$0.327 million (2012: EBITDA loss A$7.764 million including interest income of A$0.290 million). Non-recurring items, foreign exchange gains and losses and share based payments in the half resulted in a net gain of A$0.4m, primarily as a result of foreign exchange fluctuations with the Australian Dollar.

The net result of the consolidated entity for the half year ended 30 April 2013 was a loss after tax and minority interest for the period of A$2.539 million (2012: A$11.278 million loss). Loss per share was 1.1 cents (2012: loss per share 5.7 cents).

In accordance with the Group's accounting policies, development expenditure incurred during the period of A$0.862 million (2012: A$0.586 million) was capitalised in the Statement of Financial Position. This expenditure related to internally generated software comprising the HomeSend platform.

The cash flow for the period was a net inflow of A$1.275 million primarily resulting from the issuance of 52,198,291 new ordinary shares at 21 pence (A$0.32) generating net cash receipts of A$15.925 million and the full repayment of A$7.200 million of shareholder loans. Cash at 30 April 2013 was A$5.087 million.

Placing

The company completed a Placing and Subscription on 6 December, raising gross proceeds of A$9.5m (£6.2m). These proceeds have been used to strengthen the Company's balance sheet, enhance the Company's ability to compete for larger contracts and partnerships, and further accelerate technology development. This placing has enabled eServGlobal to win its largest ever mobile money contract. An additional Second Placing was completed in January 2013, raising A$7.3m (£4.8m), which was used to repay outstanding shareholder loans.

Outlook

The Board is pleased to report that the pipeline remains strong and the Company is on strong footing for FY2013. Results in the first half of FY2012 comprised 42% of full year revenues[8]; the Board is pleased with revenue growth from H1 FY2012 to H1 FY2013. Given our market leading technology, robust financials and strong customer base, we are confident that we are well positioned to continue to benefit from the growth of the mobile money industry in emerging markets.

About eServGlobal

eServGlobal has been a source of innovative solutions for mobile and financial service providers for 30 years. eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 90 customers in over 65 countries.

Our mobile money solutions put feature-rich mobile financial services at the fingertips of users worldwide, covering the full spectrum of mobile wallet, mobile commerce, recharge and agent management features.

The international remittance service HomeSend®, based on eServGlobal technology and offered by our strategic business partner BICS, is the only mobile-centric hub endorsed by the GSMA.

eServGlobal also offers a comprehensive suite of sophisticated, revenue generating Value-Added Services to engage subscribers in a dynamic manner. These services can be seamlessly integrated with our mobile money portfolio to extend loyalty and promotion offers.

[8] Excluding legacy revenues. Legacy revenues of A$1.6m were recognized in H1 FY2012 as part of the now completed contract coverage performed as part of the divestiture of the USP assets and business unit to Oracle in 2010.

Appendix 4D

eServGlobal Limited

ABN 59 052 947 743

Half-year report and appendix 4D

for the half-year ended 30 April 2013

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 October 2012 financial report.

Half-year report and appendix 4D for the half year ended 30 April 2013

Contents

eServGlobal Limited

ABN 59 052 947 743

Half Year Ended 30 April 2013

Results for announcement to the market

Results				**A$ '000**
Revenues	Up	8.1%	to	13,621
Loss after tax attributable to members	Down	77.5%	to	(2,539)

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend declared	Nil ¢	0%
Final dividend paid	Nil ¢	0%
Previous corresponding period		
Interim dividend declared	Nil ¢	0%
Final dividend paid	Nil ¢	0%
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 $13.621 million (2012: $12.599 million) – an increase of 8.1% due to new customer wins and existing customers extending their Mobile Money and Value Added Services footprint. The gross profit realised was $8.349 million (gross profit margin: 61%) (2012: $4.990 million (gross profit margin: 40%)). EBITDA for the period was a loss of $0.327 million (2012: EBITDA loss $7.764 million).

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During the period, the cash flow for the period was a net inflow of $1.275 million primarily resulting from the issuance of 52,198,291 new ordinary shares at 21 pence ($0.32) generating net cash receipts of $15.925 million and the full repayment of $7.200 million of shareholder loans. Cash at 30 April 2013 was $5.087 million.

Directors' report

The directors of eServGlobal Limited submit herewith the financial report of eServGlobal Limited and its controlled entities (the Group) for the half-year ended 30 April 2013. 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:

Richard Mathews	Non Executive Chairman
Craig Halliday	Chief Executive Officer & Director
François Barrault	Non Executive Director
Stephen Baldwin	Non Executive Director
Stephen Blundell	Chief Finance Officer & Director (appointed 30 April 2013)
Paolo Montessori	Chief Operating Officer & Director (appointed 30 April 2013)
John Conoley	Non Executive Director (appointed 01 May 2013)
David Smart	Non Executive Director (resigned 22 March 2013)
Jamie Brooke	Non Executive Director (resigned 01 May 2013)

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 Securities Exchange (ASX:ESV) and the London Stock Exchange (AIM) (LSE:ESG). Along with its Head Office in Sydney, Australia, the eServGlobal group has operations worldwide.

eServGlobal specializes in mobile money solutions and value-added services (including promotions, loyalty, messaging, and multiplay) to help telecom service providers increase their revenue and gain and maintain customer ownership.

eServGlobal has been a source of innovative solutions for mobile and financial service providers for over 30 years. eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 90 customers in 65 countries. Our mobile money solutions put feature-rich mobile financial services at the fingertips of users worldwide, covering the full spectrum of mobile wallet, mobile commerce, recharge and agent management features.
The international remittance service HomeSend®, based on eServGlobal technology and offered by our strategic business partner Belgacom International Carrier Services (BICS), is the market leader in mobile-to-mobile multilateral money transfer.
In addition eServGlobal also offers a comprehensive suite of sophisticated, revenue generating Value-Added Services to engage subscribers in a dynamic manner. These services can be seamlessly integrated with our mobile money portfolio to extend loyalty and promotion offers.

The consolidated entity achieved sales revenue for the period of \$13.621 million (2012: \$12.599 million) – an increase of 8.1% due to new customer wins and existing customers extending their Mobile Money and Value Added Services footprint. The gross profit realised was \$8.349 million (gross profit margin: 61%) (2012: \$4.990 million (gross profit margin: 40%)). EBITDA for the period was a loss of \$0.327 million (2012: EBITDA loss \$7.764 million).

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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 98/100, 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

Richard Mathews
Chairman

Brisbane, 28 June 2013

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
eServGlobal Limited
c/- Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road,
Millers Point NSW 2000

28 June 2013

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 30 April 2013, 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

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

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Independent Auditor's Review Report to the Members of eServGlobal Limited

We have reviewed the accompanying half-year financial report of eServGlobal Limited, which comprises the condensed consolidated statement of financial position as at 30 April 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity 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 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 April 2013 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 enquiries, 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of eServGlobal Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

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 30 April 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 28 June 2013

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

Richard Mathews
Chairman

Brisbane, 28 June 2013

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 April 2013

	Consolidated	
	Half-Year Ended 30 April 2013 $'000	Half-Year Ended 30 April 2012 $'000
Revenue	13,621	12,599
Cost of sales	(5,272)	(7,609)
Gross profit	8,349	4,990
Interest income	13	290
Foreign exchange gain/(loss)	1,066	(2,379)
Research and development expenses	(855)	(893)
Sales and marketing expenses	(2,356)	(3,282)
Administration expenses	(6,544)	(6,490)
Loss before interest expense, tax, depreciation and amortisation	**(327)**	**(7,764)**
Amortisation expense	(1,171)	(2,306)
Depreciation expense	(290)	(353)
Loss before interest expense and tax	**(1,788)**	**(10,423)**
Finance costs	(325)	(674)
Loss before tax	**(2,113)**	**(11,097)**
Income tax expense	(364)	(114)
Loss for the period	**(2,477)**	**(11,211)**
Other comprehensive income (loss), net of tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on the translation of foreign operations	(1,095)	614
Total comprehensive loss for the period	**(3,572)**	**(10,597)**
Profit (loss) attributable to:		
Equity holders of the parent	(2,539)	(11,278)
Non controlling interest	62	67
	(2,477)	**(11,211)**
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	(3,635)	(10,630)
Non controlling interest	63	33
	(3,572)	**(10,597)**
Loss per share:		
Basic (cents per share)	**(1.1)**	**(5.7)**
Diluted (cents per share)	**(1.1)**	**(5.7)**

Notes to the Financial Statements are included on pages 12 to 15

Condensed consolidated statement of financial position as at 30 April 2013

	Note	Consolidated 30 April 2013 $'000	Consolidated 31 October 2012 $'000
Current Assets			
Cash and cash equivalents		5,087	3,794
Trade and other receivables	2	17,492	14,094
Inventories		170	158
Current tax assets		90	90
Total Current Assets		22,839	18,136
Non-Current Assets			
Property, plant and equipment		600	912
Deferred tax assets		6,135	6,005
Goodwill		5,974	5,878
Other intangible assets	3	3,297	3,508
Total Non-Current Assets		16,006	16,303
Total Assets		38,845	34,439
Current Liabilities			
Trade and other payables		6,476	7,816
Borrowings	8	-	1,200
Current tax payables		63	69
Provisions		1,729	1,724
Other	4	2,578	2,125
Total Current Liabilities		10,846	12,934
Non-Current Liabilities			
Borrowings	8	-	6,000
Provisions		436	431
Total Non-Current Liabilities		436	6,431
Total Liabilities		11,282	19,365
Net Assets		27,563	15,074
Equity			
Issued capital	9	106,695	90,770
Reserves	10	(1,042)	(82)
Accumulated Losses		(78,238)	(75,699)
Parent entity interest		27,415	14,989
Non controlling interest		148	85
Total Equity		27,563	15,074

Notes to the Financial Statements are included on pages 12 to 15

Condensed consolidated statement of changes in equity for the half-year ended 30 April 2013

	Issued Capital $'000	Foreign Currency Translation Reserve $'000	Employee equity-settled benefits Reserve $'000	Accumulated Losses $'000	Attributable to owners of the parent $'000	Non controlling Interest $'000	Total $'000
Consolidated							
Balance at 1 November 2012	90,770	(2,099)	2,017	(75,699)	14,989	85	15,074
Profit/(loss) for the period	-	-	-	(2,539)	(2,539)	62	(2,477)
Exchange differences arising on translation of foreign operations	-	(1,096)	-	-	(1,096)	1	(1,095)
Total comprehensive income/(loss) for the period	-	(1,096)	-	(2,539)	(3,635)	63	(3,572)
Issue of new shares	15,925	-	-	-	15,925	-	15,925
Equity settled payments	-	-	136	-	136	-	136
Balance at 30 April 2013	106,695	(3,195)	2,153	(78,238)	27,415	148	27,563
Balance at 1 November 2011	90,770	(3,376)	1,393	(59,984)	28,803	70	28,873
Profit/(loss) for the period	-	-	-	(11,278)	(11,278)	67	(11,211)
Exchange differences arising on translation of foreign operations	-	648	-	-	648	(34)	614
Total comprehensive income/(loss) for the period	-	648	-	(11,278)	(10,630)	33	(10,597)
Equity settled payments	-	-	-	-	-	-	-
Balance at 30 April 2012	90,770	(2,728)	1,393	(71,262)	18,173	103	18,276

Notes to the Financial Statements are included on pages 12 to 15

Condensed consolidated statement of cash flows for the half-year ended 30 April 2013

	Consolidated Half-Year Ended 30 April 2013 $'000	Consolidated Half-Year Ended 30 April 2012 $'000
Cash Flows from Operating Activities		
Receipts from customers	10,685	15,424
Payments to suppliers and employees	(16,641)	(27,017)
Interest and other costs of finance paid	(468)	(654)
Income tax paid	(163)	(7,556)
Net cash used in operating activities	(6,587)	(19,803)
Cash Flows From Investing Activities		
Proceeds from disposal of assets	-	11,500
Interest received	7	968
Payment for property, plant and equipment	(14)	(35)
Software development costs	(856)	(586)
Net cash (used in)/from investing activities	(863)	11,847
Cash Flows From Financing Activities		
Proceeds from issue of shares	16,802	-
Payment for share issue costs	(877)	-
Repayment of loan	(7,200)	(2,000)
Proceeds from borrowings	-	2,500
Net cash from financing activities	8,725	500
Net increase/(decrease) In Cash and Cash Equivalents	1,275	(7,456)
Cash At The Beginning Of The Period	3,794	10,129
Effects of exchange rate changes on the balance of cash held in foreign currencies	18	(47)
Cash and Cash Equivalents At The End Of The Period	5,087	2,626

Notes to the Financial Statements are included on pages 12 to 15

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. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off the nearest thousand dollars, unless otherwise indicated.

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 2012 financial report for the financial period ended 31 October 2012, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised standards and amendments thereof and interpretations effective for the current half year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'.

The adoption of all the new and revised standards and interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to the profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, Other comprehensive income and total comprehensive income.

2. Current trade and other receivables

	Consolidated	
	30 April 2013 $'000	31 October 2012 $'000
Trade receivables	8,216	8,791
Work in progress	7,590	3,602
Other receivables	685	461
Deposits and prepayments	1,001	1,240
	17,492	14,094

3. Other intangible assets

	Customer Relationships $'000	Software Develop-ment $'000	Total $'000
Carrying value at 1 November 2012	-	3,508	3,508
Internally developed	-	862	862
Amortisation expense for the period	-	(1,171)	(1,171)
Effects of foreign exchange movements	-	98	98
Carrying value at 30 April 2013	-	3,297	3,297
Carrying value at 1 November 2011	2,630	4,178	6,808
Internally developed	-	1,826	1,826
Amortisation expense for the period	(2,479)	(2,225)	(4,704)
Effects of foreign exchange movements	(151)	(271)	(422)
Carrying value at 31 October 2012	-	3,508	3,508

4. Other Current Liabilities

	Consolidated	
	30 April 2013 $'000	31 October 2012 $'000
Deferred income	2,578	2,125

5. Dividends

	Half Year ended 30 April 2013		Half Year Ended 30 April 2012	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Recognised amounts				
Final dividend paid in respect of prior financial year	-	-	-	-

6. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in a single segment being the telecommunications software solutions business. Accordingly, all reported information in the financial report relates to this single segment.

7. Issuances, repurchases and repayment of securities

During the period:

a) The company issued a total of 52,198,291 shares during the period (2012: nil), raising a total of $15.925m net of expenses.

   It raised £3.740 million ($5.815 million) through the placing (the "First Placing") of 17,807,815 new ordinary shares (the "First Placing Shares") with institutional investors in the UK and approximately £2.457 million ($3.742 million) by means of a direct subscription for 11,700,000 new ordinary shares (the "Subscription Shares") by investors in Australia (the "Subscription"). The issue price for the First Placing Shares and the Subscription Shares (together the "New Shares") was 21 pence ($0.32) per share.

   The First Placing and Subscription resulted in the issue of a total of 29,507,815 new ordinary fully paid shares which represented 14.99 percent of the current issued ordinary share capital of the Company. Following completion of the First Placing and Subscription, the Company had 226,355,521 ordinary shares in issue (the "Enlarged Share Capital").

   The Company subsequently raised a further £4.765 million ($7.245 million) through the placing (the "Second Placing") of 22,690,476 new ordinary shares (the "Second Placing Shares") with institutional investors in the UK.

   The issue price for the Second Placing Shares was 21 pence ($0.32) per share. The Second Placing Shares represented approximately 10 percent of the Enlarged Share Capital. Following completion of the First Placing, Subscription and Second Placing the Company has 249,045,997 ordinary shares in issue.

b) The company issued 1,600,000 share options over ordinary shares under its executive and employee share option plan (6 months to 30 April 2012: 1,500,000).

c) The company cancelled 1,500,000 share options over ordinary shares under its executive and employee share option plan.

8. Borrowings

	Consolidated	
	30 April 2013 $'000	31 October 2012 $'000
Secured		
Loans from current and former shareholders (a)	-	7,200
	-	7,200

(a) During the period the remaining $7.2 million shareholder loans were fully repaid.

(b) Subsequent to the balance sheet date the Company entered into a loan facility agreement for $3.0 million which expires in April 2014. The facility is subject to a range of covenants and provisions. The facility was drawn down in full on 14th June 2013.

9. Issued Capital

	Consolidated	
	30 April 2013 $'000	31 October 2012 $'000
249,045,997 fully paid ordinary shares (31 October 2012: 196,847,706)	106,695	90,770

	30 April 2013		31 October 2012	
	No. '000	$'000	No. '000	$'000
Fully Paid Ordinary Shares				
Balance at the beginning of the financial period	196,848	90,770	196,848	90,770
Shares issued in the period	52,198	16,802	-	-
Costs of share issue	-	(877)	-	-
Balance at the end of the financial period	249,046	106,695	196,848	90,770

10. Reserves

	Consolidated	
	30 April 2013 $'000	31 October 2012 $'000
Employee equity-settled benefit	2,153	2,017
Foreign currency translation	(3,195)	(2,099)
	(1,042)	(82)

11. Subsequent events

There has not been any matter or circumstance, other than those referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, 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.

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

Net tangible assets per security	Current period	31October 2012
Net tangible assets per security	7.3 cents	2.9 cents

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 period	Nil	N/A	N/A	N/A	N/A
Final dividend paid in respect of previous financial year:					
Current period: Final dividend	Nil	N/A	N/A	N/A	N/A
Previous corresponding period: Special dividend					
Final dividend	Nil	N/A	N/A	N/A	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

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