Appendix 4D

eServGlobal Limited

ABN 59 052 947 743

Half-year report and appendix 4D
for the half-year ended 30 June 2018

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 31 December 2017 financial report.

Half-year report and appendix 4D
for the half year ended
30 June 2018

Contents

eServGlobal Limited
ABN 59 052 947 743
Half Year Ended 30 June 2018

Results for announcement to the market

Results				**A$ '000**
Revenues	Down	4.8%	to	5,578
Loss after tax attributable to members	Down	46.2%	to	(7,747)

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend declared	Nil ¢	0%
Final dividend paid	Nil ¢	0%
Previous corresponding period (i)		
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 $5.578 million (2017: $5.859 million) representing a decrease of 4.8% mainly due to the timing of pipeline conversion. EBITDA for the period was a loss of $4.947 million (2017: EBITDA loss $11.870 million).

The net result of the consolidated entity for the half year ended 30 June 2018 was a loss after tax and minority interest for the period of $7.747 million (2017: $14.403 million loss). Loss per share was 0.8 cents (2017: loss per share 2.3 cents).

At the balance date (30 June 2018), it was apparent that a settlement had been reached with a customer in relation to a legal claim brought about by the Company, with a total value of $0.862 million. The settlement resulted in the write back of provisions made against previously impaired trade receivables balance. The write-back has been recognised in Administration expenses in the profit or loss.

During the period, there was a net cash outflow of $7.546 million primarily resulting from a net outflow from operations of $5.978 million, dividends paid to minority interest of $0.142 million. Cash at 30 June 2018 was $2.866 million.

(i) During the previous period the Company changed its reporting date from 31 October to 31 December and as a result, the prior period comparative information in this half year financial report relates to 30 April 2017.

Directors' report

The Directors of eServGlobal Limited (the Company) submit herewith the financial report of eServGlobal Limited and its controlled entities (the Group) for the half-year ended 30 June 2018. 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:

John Conoley	Executive Chairman
Andrew Hayward	Chief Financial Officer
Stephen Baldwin	Non-executive Director
Thomas Rowe	Company Secretary and non-executive Director

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). The eServGlobal group has operations worldwide.

eServGlobal 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 across the globe.

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.

The Company is partnering with Mastercard to build the HomeSend business, the market leading international remittance service based on eServGlobal technology and enabling mobile money transfer in over 100 markets. During the period, the other original shareholder in the HomeSend business, BICS, disposed of their stake in the Joint Venture to Mastercard in line with the terms of the Joint Venture agreement. As such, eServGlobal hold 35.69% and Mastercard 64.31%. eServGlobal has been a source of innovative solutions for mobile and financial service providers for over 30 years.

The consolidated entity achieved sales revenue for the period of $5.578 million (2017: $5.859 million) representing a decrease of 4.8% mainly due to the timing of pipeline conversion. EBITDA for the period was a loss of $4.947 million (2017: EBITDA loss $11.870 million).

The net result of the consolidated entity for the half year ended 30 June 2018 was a loss after tax and minority interest for the period of $7.747 million (2017: $14.403 million loss). Loss per share was 0.8 cents (2017: loss per share 2.3 cents).

During the period, there was a net cash outflow of $7.546 million primarily resulting from a net outflow from operations of $5.978 million, dividends paid to minority interest of $0.142 million. Cash at 30 June 2018 was $2.866 million.

Subsequent events

Subsequent to balance date (30 June 2018), settlement agreements have been signed with two customers in relation to outstanding legal claims brought about by the Group, amounting to a total of approximately $2.071 million.

The first of these agreements, amounting to $0.862 million, was in agreed form at balance date and as such, the settlement resulted in the write back of provisions made against previously impaired trade receivable balance. Cash to the total amount was received by the Group after the balance date.

Negotiations for the other settlement agreement only commenced after the balance date and as such, no adjustments were made to the provisions in place at the balance date. However, since that time, the agreement has been signed and an amount of $1.209 million has been received by the Group, of which $0.613 million was held as a provision against previously impaired trade receivables balance.

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 Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with this Corporations Instrument amounts in the directors' report and the financial statements 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

John Conoley
Executive Chairman

London, 31 August 2018

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

31 August 2018

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 June 2018, 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

John Bresolin
Partner
Chartered Accountants

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 June 2018, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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.

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 gives a true and fair view and 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 June 2018 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.

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 June 2018 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*.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1(c) Going Concern in the half year financial report, which indicates that the consolidated entity incurred a loss after tax of $7.689 million and had net cash outflows from operations of $5.978 million during the half year ended 30 June 2018. As stated in Note 1(c), these conditions, along with other matters as set forth in Note 1 (c), indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in this respect.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J Bresolin

John Bresolin
Partner
Chartered Accountants
Sydney, 31 August 2018

Directors' declaration

The Directors declare that:

a) based on the matters set out in Note 1(c), 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 Group.

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

John Conoley
Executive Chairman

London, 31 August 2018

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2018

	Consolidated	
	Half-Year Ended 30 June 2018 $'000	**Half-Year Ended 30 April 2017 $'000**
Revenue	5,578	5,859
Cost of sales	(3,985)	(7,209)
Gross profit/ (loss)	1,593	(1,350)
Interest income/(loss)	-	24
Foreign exchange gain	(1,130)	317
Research and development expenses	-	(101)
Sales and marketing expenses	(1,252)	(2,081)
Administration expenses	(1,604)	(6,762)
Share of loss of associate	(2,554)	(1,917)
Loss before interest expense, tax, depreciation and amortisation (EBITDA)	(4,947)	(11,870)
Amortisation expense	(1,604)	(1,650)
Depreciation expense	(34)	(34)
Loss before interest expense and tax	(6,585)	(13,554)
Finance costs	(6)	(778)
Loss before tax	**(6,591)**	**(14,332)**
Income tax expense	(1,098)	(60)
Loss for the period	**(7,689)**	**(14,392)**
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on the translation of foreign operations (nil tax impact)	486	(980)
Total comprehensive income /(loss) for the period	**(7,203)**	**(15,372)**
Loss attributable to:		
Equity holders of the parent	(7,747)	(14,403)
Non controlling interest	58	11
	(7,689)	**(14,392)**
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	(7,261)	(15,385)
Non controlling interest	58	13
	(7,203)	**(15,372)**
Earnings/(Loss) per share:		
Basic (cents per share)	**(0.8)**	**(2.3)**
Diluted (cents per share)	**(0.8)**	**(2.3)**

Notes to the Financial Statements are included on pages 12 to 20

Condensed consolidated statement of financial position as at 30 June 2018

	Note	Consolidated 30 June 2018 $'000	Consolidated 31 December 2017 $'000
Current Assets			
Cash and cash equivalents		2,866	10,801
Trade receivables	2	3,082	2,690
Contract assets	2	1,153	1,491
Inventories		142	139
Current tax assets		249	98
Other current assets		1,184	1,280
Total Current Assets		8,676	16,499
Non-Current Assets			
Investment in associate	9	24,617	26,319
Property, plant and equipment		118	127
Deferred tax assets		1,060	1,071
Other intangible assets – capitalised development costs		3,779	3,856
Total Non-Current Assets		29,574	31,373
Total Assets		38,250	47,872
Current Liabilities			
Trade and other payables		6,154	8,798
Current tax payables		827	53
Provisions		819	999
Contract liabilities		420	960
Total Current Liabilities		8,220	10,810
Non-Current Liabilities			
Provisions		800	777
Total Non-Current Liabilities		800	777
Total Liabilities		9,020	11,587
Net Assets		29,230	36,285
Equity			
Issued capital	5	180,352	180,352
Reserves	6	(290)	(1,066)
Accumulated losses		(150,875)	(143,128)
Equity attributable to owners of the parent		29,187	36,159
Non controlling interest		43	127
Total Equity		29,230	36,285

Notes to the Financial Statements are included on pages 12 to 20

Condensed consolidated statement of changes in equity for the half-year ended 30 June 2018

	Issued Capital $'000	Foreign Currency Translation Reserve $'000	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 January 2018	180,352	(4,403)	3,337	(143,128)	36,158	127	36,285
Loss for the period	-	-	-	(7,747)	(7,747)	58	(7,689)
Exchange differences arising on translation of foreign operations	-	486	-	-	486	-	486
Total comprehensive income/(loss) for the period	-	486	-	(7,747)	(7,261)	58	(7,203)
Payment of dividends	-	-	-	-	-	(142)	(142)
Equity settled payments	-	-	290	-	290	-	290
Balance at 30 June 2018	180,352	(3,917)	3,627	(150,875)	29,187	43	29,230
Balance at 1 November 2016	142,276	(5,666)	3,040	(105,827)	33,823	573	34,396
Loss for the period	-	-	-	(14,403)	(14,403)	11	(14,392)
Exchange differences arising on translation of foreign operations	-	(982)	-	-	(982)	2	(980)
Total comprehensive income/ (loss) for the period	-	(982)	-	(14,403)	(15,385)	13	(15,372)
Payment of dividends	-	-	-	-	-	(421)	(421)
Equity settled payments	-	-	89	-	89	-	89
Balance at 30 April 2017	142,276	(6,648)	3,129	(120,230)	18,527	165	18,692

Notes to the Financial Statements are included on pages 12 to 20

Condensed consolidated statement of cash flows for the half-year ended 30 June 2018

	Consolidated	
	Half-Year Ended 30 June 2018 $'000	**Half-Year Ended 30 April 2017 $'000**
Cash Flows from Operating Activities		
Receipts from customers	5,854	7,683
Payments to suppliers and employees	(12,029)	(14,000)
Income tax refund	197	779
Net cash used in operating activities	(5,978)	(5,538)
Cash Flows From Investing Activities		
Interest received	-	24
Payment for property, plant and equipment	(7)	(26)
Software development costs	(1,420)	(964)
Net cash used in investing activities	(1,427)	(966)
Cash Flows From Financing Activities		
Payment of dividends	(142)	(421)
Net cash used in financing activities	(142)	(421)
Net Decrease In Cash and Cash Equivalents	(7,546)	(6,925)
Cash At The Beginning Of The Period	10,801	9,375
Effects of exchange rate changes on the balance of cash held in foreign currencies	(389)	411
Cash and Cash Equivalents At The End Of The Period	2,866	2,861

Notes to the Financial Statements are included on pages 12 to 20

Notes to the condensed consolidated financial statements

1. Significant accounting policies

(a) 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.

(b) Basis of preparation

The condensed consolidated 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, unless otherwise noted.

The Company is a Company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with this Corporations Instrument amounts in the directors' report and the financial statements are rounded off to 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 2017 annual financial report for the financial year ended 31 December 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

During the previous period the Company changed its reporting date from 31 October to 31 December and as a result, the prior period comparative information in this half year financial report relates to 30 April 2017.

New, revised or amending Accounting Standards and Interpretations adopted

The Group adopted all of the relevant new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Since 1 January 2018, the following Standards are effective and applicable for the Group:

(i) AASB 15 'Revenue from Contracts with Customers'

(ii) AASB 9 'Financial Instruments'

Notes to the condensed consolidated financial statements

1. Significant accounting policies (continued)

(i) AASB 15: ‘Revenue from Contracts with Customers’

The Group has applied AASB 15 ‘Revenue from Contracts with Customers’ for the first time in the current period. AASB introduces a 5-step approach to revenue recognition. Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control’ of the goods or services underlying a particular performance obligation is transferred to the customer.

AASB 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what was previously classified as ‘work in progress’ and ‘deferred revenue’. The Group has adopted the terminology used in AASB 15 to describe such balances.

The Group recognises revenue from the following major sources:

- Software solution services (being a software licence and integration with customer systems);
- Support and maintenance services;
- Sale of Hardware; and
- Sale of generic stand-alone software licences.

Under the Group’s previous revenue recognition policy, revenue from the sale of software licences when sold in conjunction with integration services (including installation and configuration) were generally treated as separate performance obligations with the associated revenue recognised on satisfaction of each separate performance obligation, at a point in time for the software licence and over time for the integration services. Under AASB 15, the sale of software licences in conjunction with integration services is treated as a single performance obligation (“software solution services”) with revenue recognised over time as the single performance obligation is performed, generally over the period the software solution service is completed. The Group has adopted the revised accounting policy related to revenue recognition in relation to the software licence component in order to comply with AASB 15.

Under AASB 15, the revenue recognition for each of the above is as follows:

Performance Obligation	Revenue stream	Timing of Recognition
Provision of integrated software solution service	Software solution services	Over time as the integrated software solution service is provided.
Provision of support and maintenance service	Support and maintenance services	Over time as the customer receives support and maintenance service for the duration of the contract.
Sale of Hardware	Hardware	At a point of time on delivery of the hardware
Sale of generic stand-alone software licences	Generic stand-alone software licences	At a point in time on delivery of the software.

Revenue from provision of integrated software solution service is recognised over time based on the stage of completion of the contract, which is determined with reference to the ratio of project hours to date relative to total estimated project hours. The Group has assessed that this is an appropriate measure of progress towards the satisfaction of the performance obligation under AASB 15.

Revenue from support and maintenance service is based on a fixed-price contract and the customer pays the fixed amount based on an agreed payment schedule. If the services rendered by the Group exceed the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

The Group adopted the modified retrospective method of transition to AASB 15. There were no significant software solution projects in progress at the 31 December 2017 reporting date, and therefore the application of AASB 15 did not have a material impact at the date of initial application (1 January 2018).

Notes to the condensed consolidated financial statements

1. Significant accounting policies (continued)

(i) AASB 15: 'Revenue from Contracts with Customers' (continued)

During the half year, revenue by stream is summarised below:

Revenue Stream	Revenue Recognition	Amount $000
Software solution services	Over time	2,383
Support and maintenance services	Over time	2,984
Hardware	Point in time	211
Generic stand-alone software licence	Point in time	-
Total revenue		**5,578**

(ii) AASB 9 'Financial Instruments'

This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 9 includes revised guidance on the classification and measurement of complex financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

eServGlobal Limited has no complex financial instruments and does not apply hedge accounting. As a result, these changes have not impacted the Group.

The calculation of impairment losses impacts the way the Group calculates the bad debts provision, now termed the credit loss allowance. The Group applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision matrix is determined based on historic credit loss rate for each group of customers, adjusted for any material expected changes to the customers' future credit risk.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The total credit loss allowance on trade receivables and contract assets include certain specific customers which the Group assessed as non-recoverable in the prior periods.

Notes to the condensed consolidated financial statements

1. Significant accounting policies (continued)

(c) Going concern

The condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 30 June 2018 reflects a loss after tax of $7.689 million and the condensed consolidated statement of cash flows reflects net cash outflows from operations of $5.978 million. The Directors have reviewed the cash flow forecast prepared by management for the period through to 31 August 2019. The cash flow forecast indicates that the Group will have sufficient funding to operate as a going concern during the forecast period, and on this basis the Directors have prepared the financial statements on the going concern basis.

The cash flow forecast is predicated on timely collection of trade receivable and work in progress balances, and the Group achieving its anticipated rate of cash inflows from conversion and delivery of sales pipeline opportunities over the forecast period. The Directors believe that the actions undertaken over the past two years to re-align the core business operations will support achieving these outcomes.

If the Group is unable to generate its expected levels and timing of cash flows through to 31 August 2019, it is likely that additional capital and/or alternative funding will need to be secured. Further, in the event that additional cash calls are made by Homesend and the Group wishes to contribute, further additional capital and/or funding may be required. The Group is not legally obliged to fulfil these calls. In the absence of such additional funding, material uncertainty would exist that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Notes to the condensed consolidated financial statements

	30 June 2018 $'000	31 December 2017 $'000
2. Trade receivables and contract assets		
Trade receivables	8,013	8,454
Less : Credit loss allowance	(4,931)	(5,764)
	3,082	**2,690**
Contract assets (work in progress)	3,239	3,336
Less : Credit loss allowance	(2,086)	(1,845)
	1,153	**1,491**

The Group recognises credit loss allowance based on accounting policy in Note 1(b) (i) above.

The Group's assessment is based on the knowledge of disputes at the reporting date and other relevant factors such as political or regulatory issues in the geographical location of the customer, as well as any change in the credit quality of the customer from the date credit was initially granted up to the reporting date.

Based on a detailed assessment by management, credit loss on trade receivables of $0.265 million was charged to Administration expenses, and on work in progress credit loss of $0.187 million charged to Cost of Sales was recognised in profit or loss in the current half year.

At the balance date, it was apparent that a settlement had been reached with a customer in relation to a legal claim brought about by the Company, with a total value of $0.862 million. The settlement resulted in the write back of provisions made against previously impaired trade receivables balance. The write-back has been recognised in Administration expenses in the profit or loss.

Notes to the condensed consolidated financial statements

3. 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.

4. Issuances, repurchases and repayment of securities

During the current period the Company did not issue any shares (2017: 266,667,000).

The Company issued 15,000,000 share options over ordinary shares to its Executive Chairman and Chief Financial Officer at an option exercise price of £0.09 per share, and the vesting date being the earlier of 30 September 2020 or a change in control of the business or Company.

The Company cancelled 500,000 expired share options over ordinary shares under its executive and employee share option plan during the period.

No employee share options were exercised in the period (2017: nil).

Notes to the condensed consolidated financial statements

5. Issued Capital

	30 June 2018 $'000	31 December 2017 $'000
906,850,662 fully paid ordinary shares	180,352	180,352

	30 June 2018		31 December 2017	
	No. '000	$'000	No. '000	$'000
Fully Paid Ordinary Shares				
Balance at the beginning of the financial period	906,851	180,352	640,184	142,276
Shares issued in the period	-	-	266,667	40,125
Costs of share issue	-	-	-	(2,049)
Balance at the end of the financial period	906,851	180,352	906,851	180,352

6. Reserves

	30 June 2018 $'000	31 December 2017 $'000
Employee equity-settled benefit	3,627	3,337
Foreign currency translation	(3,917)	(4,403)
	(290)	(1,066)

7. Financial Instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

7.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group has no financial assets and financial liabilities that are measured at fair value as at 30 June 2018 (December 2017: nil).

7.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values:

	30 June 2018 $'000	31 December 2017 $'000
Financial assets		
Trade receivables	3,082	2,690
Cash and cash equivalents	2,866	10,801
Deposits and other assets	473	453
Financial liabilities		
Trade and other payables	6,154	8,799

Notes to the condensed consolidated financial statements

8. Dividends

No dividend has been declared in respect of the current or previous financial year.

9. 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	
			30 June 2018	**31 December 2017**
Homesend SRCL (a)	Provision of international mobile money services	Brussels, Belgium	35.69%	35.69%

a) 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 35.69% voting power in shareholders meetings and its contractual right to appoint two Directors to the board of Directors of that company.

During the period, the other original shareholder in the HomeSend business, BICS, disposed of their stake in the Joint Venture to Mastercard in line with the terms of the Joint Venture agreement.

The associate is accounted for using the equity method in these condensed consolidated financial statements.

b) Reconciliation of the carrying amount of the investment in associate:

	30 June 2018 $000	31 December 2017 $000
Opening balance	26,319	24,986
Investment in associate	-	6,190
Share of current period loss of the associate	(2,554)	(5,491)
Effects of foreign currency exchange movements	852	634
Closing balance	24,617	26,319

Notes to the condensed consolidated financial statements

10. Subsequent events

Subsequent to balance date (30 June 2018), settlement agreements have been signed with two customers in relation to outstanding legal claims brought about by the Group, amounting to a total of approximately $2.071 million.

The first of these agreements, amounting to $0.862 million, was in an agreed form at balance date and as such, the settlement resulted in the write back of provisions made against previously impaired trade receivables balance. Cash to the total amount was received by the Group after the balance date.

Negotiations for the other settlement agreement only commenced after the balance date and as such, no adjustments were made to the provisions in place at the balance date. However, since that time, the agreement has been signed and an amount of $1.209 million has been received by the Group, of which $0.613 million was held as a provision against previously impaired trade receivables balance.

Notes to the condensed consolidated financial statements

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

Net tangible assets per security	Current period	31 December 2017
Net tangible assets per security	2.7 cents	3.6 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