



## **eServGlobal Limited**

ABN 59 052 947 743

*Financial report for the financial  
year ended 30 June 2011*

**Annual financial report  
For the financial year ended  
30 June 2011**

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## Directors' report

The directors of eServGlobal Limited submit herewith the annual financial report for the financial year ended 30 June 2011.

The names and particulars of the directors of the company during or since the end of the financial year are:

<b>Name</b>	<b>Particulars</b>
Richard Mathews	<p>Non-executive Chairman.</p> <p>Richard is the Non-Executive Chairman and former Chief Executive Officer of eServGlobal. He has over 20 years' management experience in telecommunications, software and investment. He is a founding partner of MHB Holdings. Previously, Mr. Mathews was CEO of Mincom, Australia's largest enterprise software company, increasing the share price from \$2.50 to \$8.77 in a two-year period. He has also held the role of Senior Vice President, International at J.D. Edwards and is currently a Director of TransLink Transport Authority.</p> <p>He holds a Bachelor of Commerce and a Bachelor of Science and is an Associate Chartered Accountant.</p> <p>Richard was appointed as a director in July 2009.</p>
David Smart	<p>Non-executive Director and Chairman of the Audit Committee.</p> <p>David held senior executive positions in large scale manufacturing and merchandising businesses for more than 20 years. This includes 13 years as Chief Financial Officer of Tubemakers of Australia Limited and Metal Manufactures Limited. He is a non-executive director of a listed company Saunders International Limited.</p> <p>David holds a Bachelor of Commerce and MBA from the University of New South Wales and is a Fellow of the Australian Society of Certified Practising Accountants.</p> <p>David has been a member of the Board since July 2000.</p>
François Barrault	<p>Non-executive Director.</p> <p>François is the founder and chairman of FDB Partners, an investment and consulting firm that specializes in technology, renewable energy and publishing. He has previously served as CEO of BT Global services, President of BT International, and as a member of the board and the operating committee of BT Group PLC.</p> <p>His extensive experience includes key roles within Lucent Technologies such as President, Mobility International and President and CEO for the EMEA region. Prior to Lucent, he worked at Ascend Communications, where he held the position of Senior Vice President, International. He has also held executive positions within IBM, Computervision/Prime and Stratus and was co-founder and Chairman of the Board of Astria, an e-commerce software supplier.</p> <p>He holds a Master of Science (D.E.A) in Robotics/AI and an E.D.P in Engineering from the Ecole Centrale de Nantes.</p> <p>François has been a member of the Board since March 2003.</p>

## Directors' report

- Anthony M Eisen Non-executive Director.
- Anthony is a Chartered Accountant with over 15 years of experience in finance and investment. He is currently an executive of Guinness Peat Group (GPG). Prior to joining GPG, he was an investment banker in Australia and the United States, where he specialized in the media, technology and telecommunications industries. He currently represents the interests of GPG on the boards of ClearView Wealth Limited, Capral Limited and Tower Limited.
- Anthony Eisen has served as Non-Executive Director of eServGlobal since March, 2009.
- James Brooke Non-executive Director.
- James is a Chartered Accountant with experience in strategic consulting, finance and investment. He is currently a fund manager at Henderson in the Henderson Volantis Small Cap Team with responsibility for active corporate engagement. He previously worked in the private equity industry for ten years, initially with 3i in the London buyout team and more recently as a venture capitalist with Quester where he specialized in IT services and telecommunications investments. Prior to this, he was with Deloitte's strategic consultancy business after having trained with them as a Chartered Accountant.
- He is a non-executive Director of Lochard Energy Group PLC and Renovo PLC.
- He holds a BA in Mathematics from Oxford University and an MSc in Telecommunications from University College London.
- James was appointed a director on 26 July 2010.
- Michael Jefferies Alternate non-executive Director for Anthony M Eisen.
- Michael is a chartered accountant who has extensive experience in finance and investment. He is currently an executive of Guinness Peat Group, Chairman of Touch Holdings Limited and a non-executive director of Tower Limited, Metals X Limited, Capral Limited and Ozgrowth Limited.
- Michael joined the Board in March 2009.
- Craig Halliday Executive Director.
- Craig is the Chief Executive Officer of eServGlobal and was appointed Managing Director on 18 January 2011.
- Prior to eServGlobal, Craig served as Executive President of Field Operations (COO) at Mincom, where he achieved record-breaking growth in both revenues and profitability. He has worked in the high-tech industry as an executive and investor since 1996 and has held senior roles including President of PeopleSoft Japan and various management positions within J.D. Edwards.
- Craig holds a Bachelor of Science from Edinburgh University and is a member of the Institute of Chartered Accountants in England and Wales.
- Ian Buddery Non-executive Director
- Ian was a founder and past Chief Executive Officer of eServGlobal. During his 30 years in the technology industry Ian has held senior management positions with major multinational vendor organisations and local firms. He has extensive international business experience, particularly in Europe and Australasia.
- Ian resigned as a director on 26 July 2010.

## Directors' report

### Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
François Barrault	BT Group plc	24 April 2007 – 31 October 2008
David Smart	Saunders International Limited	22 October 2007 - Ongoing
Anthony M Eisen	Turners & Growers Limited	24 February 2011 – 1 August 2011
	ClearView Wealth Limited	12 November 2007 - Ongoing
Michael Jefferies	Capral Limited	19 October 2006 - 29 August 2008 <sup>(i)</sup> 29 August 2008 - Ongoing
	Tower Australia Group Limited	19 December 2006 - 8 August 2008 <sup>(i)</sup>
	Tower Limited	12 December 2006 - Ongoing <sup>(i)</sup>
	Touch Holdings Limited	28 June 2004 - Ongoing <sup>(ii)</sup>
	Tower Limited	19 December 2006 - Ongoing
	Metals X Limited	29 December 2006 - Ongoing
	Ozgrowth Limited	31 October 2007 - Ongoing
	ClearView Wealth Limited	4 November 2008 – 27 July 2011, 27 July 2011 - Ongoing <sup>(i)</sup>
	Australian Wealth Management Limited	5 November 2004 - 24 April 2007
	Tower Australia Group Limited	8 August 2006 - 8 August 2008
James Brooke	Capral Limited	6 November 2008 - Ongoing
	Lochard Energy Group plc	14 December 2010- Ongoing
	Renovo plc	30 June 2011- Ongoing

<sup>(i)</sup> Alternate director

<sup>(ii)</sup> Non-executive Chairman

### Company Secretary

Mr Jason Lilienstein was Company Secretary of eServ Global until 6 April 2011. He holds law and accountancy degrees, a graduate diploma in Company Secretarial practice and is an Associate of Chartered Secretaries Australia.

Tom Rowe has served as Company Secretary of eServGlobal since 6 April 2011. He is a Corporate and Commercial Lawyer with a specialty in listed company secretarial practice. Mr Rowe holds a BA LLB (Hons) from the University of Adelaide and is an Associate of the Chartered Institute of Secretaries. He is the current Principal of Company Matters, a specialist provider of legal, governance and company secretarial services. Previously, he held the position of Legal Counsel and Company Secretary at CSR Ltd.

### Principal activities

eServGlobal Limited specializes in Mobile Money solutions and Value-Added Services (VAS), to help Mobile Service Providers increase their revenue and gain and maintain customer ownership. eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 70 customers in over 45 countries.

For more than 25 years mobile, fixed, Internet and telecom providers have used eServGlobal solutions to lead and innovate in their local markets, leveraging their core assets and their trusted agent and subscriber relationships.

With 13 offices globally, eServGlobal provides full “end-to-end” and “any account to any account” Mobile Money Services and International Remittance Services. eServGlobal’s HomeSend solution is the only mobile-centric international remittance hub to gain endorsement from the GSM Association.

eServGlobal’s Value-Added Services in promotions, loyalty and messaging enable service providers to engage with their subscribers in a personalized and dynamic manner.

To reduce time-to market and to meet the needs of operators and banks, eServGlobal provides multiple licensing alternatives as well as SaaS-based products and services.

## Directors' report

### Review of operations

This report is to be read in conjunction with other reports issued contemporaneously.

The consolidated entity achieved sales revenue for the period of \$42.8M (2010 \$78.0M) – a decrease of 45.1%. This decrease in revenue was forecast and was a consequence of the completion of the sale of the USP business and assets to Oracle on August 3 2010.

The EBITDA profit was \$52.2M (2010 EBITDA loss \$20.6M). The net result of the consolidated entity for the full year ended 30 June 2011 was a profit after tax of \$39.2M (2010 loss after tax \$32.3M). Earnings per share was 19.8 cents (2010: loss per share: 16.5 cents).

### Changes in state of affairs

On 26 May 2010, the company entered into a conditional agreement to sell its USP assets and undertakings to Oracle Australia Pty Limited. The USP assets and undertakings represented 42% of revenues in FY2009; as part of the transaction, eServGlobal transferred approximately 200 staff, three office leases, 25+ customers, and the IP associated with the USP platform. After the sale, eServGlobal retained its Mobile Money and Value-Added Services operations and its HomeSend solution, which represented 58% of revenues in FY2009.

The sale was completed on 3 August 2010. The total proceeds on sale were \$103.0 million of which \$79.4 million were received on 4 August 2010 and the balance of \$23.6 million is held in escrow in an interest bearing account for a period of 2 years from completion date. \$11.8 million of the sales proceeds excluding accrued interest income held in escrow was due for release on 3 August 2011 and the remaining balance of sales proceeds of \$11.8 million excluding interest is due to be released from escrow on 3 August 2012.

### Subsequent Events

#### *Claim from Oracle Australia Pty Limited*

On 30 July 2011 eServGlobal received notification from Oracle claiming that it has or anticipates incurring losses in connection with three alleged joint customer billing issues and is entitled to be indemnified by eServGlobal pursuant to the transaction agreements in connection with these losses. Oracle has claimed against the escrow fund in connection with these losses for the amount of \$11.5 million.

eServGlobal strongly disagrees with the claims made and considers these claims largely unsubstantiated. eServGlobal has lodged an objection and intends to vigorously defend these claims.

The second and final escrow payment of \$11.8 million excluding interest is due to be released by the escrow agent in August 2012. This balance is also subject to indemnification provisions within the transaction agreements. However, at the date of this report, the Directors are not aware of any other matter or circumstance other than that referred to above that has arisen since the end of the financial year that would affect the full receipt of the second and final escrow payment.

#### *Shareholder Distribution*

On 8 August 2011, the Company's shareholders approved a return to shareholders after the completion of the sale of the Company's USP assets to Oracle.

On 23<sup>rd</sup> August 2011 a total of \$0.29 per share was distributed by way of a capital return of \$0.16854 per share and a special dividend of \$0.12146 per share (franked amount \$0.083 per share).

### Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

### Share options

#### **Share options granted to directors and executives**

During the financial year and up to the date of this report the company granted 7,300,000 options to executives, including the Managing Director, and employees of the entity (2010: nil).

## Directors' report

### eServGlobal Employee Share Option Plan

The company has an ownership-based remuneration scheme for directors, executives and employees. In accordance with the provisions of the scheme, directors and employees may be granted options to acquire ordinary shares in the company. The Board believes that the options scheme has a significant role to play in motivating employees to help ensure the continued performance of the company. The exercise of any share options is not dependant on any performance criteria, however, is dependent on a period of service relative to the vesting dates.

The company issued 7,300,000 (2010: nil) options during the financial year.

At the date of this report directors, executives and employees are entitled to purchase 7,760,000 (2010: 914,521) ordinary shares of the entity at issue prices ranging from \$0.48146 to \$0.80146 per ordinary share. At 30 June 2011, 460,000 (2010: 976,180) of these options had vested. The options may be exercised at various times up until 10 February 2016. The holders of such options do not have the right, by virtue of the option to participate in any share issue or interest issue of any other body corporate or scheme, and do not participate in any dividends declared.

During the financial year 592,854 options lapsed/ expired. From the financial year end and up to the date of this report nil options expired.

Further details of the executive and employee share option plan are disclosed in Note 6 to the financial statements.

Details of unissued shares under option as at the date of this report are:

Issuing Entity	Number of shares under option	Class of shares	Exercise price of option (i)	Expiry date of options
eServGlobal Limited	7,300,000	Ordinary	\$0.48146	10 February 2016
eServGlobal Limited	350,000	Ordinary	\$0.52146	6 March 2012
eServGlobal Limited	110,000	Ordinary	\$0.80146	3 October 2012

(i) In accordance with the terms of the employee share option plan, the exercise price of the options have been reduced by the capital return of \$0.16854 per share declared on 8 August 2011.

During the financial year and up to the date of this report, there were no options exercised.

### Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against any liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate, against any liability incurred by such an officer or auditor.

### Directors' attendance at Board and Committee meetings held during the year

Directors	Board of Directors		Audit Committee		Remuneration and Nomination Committee	
	Held <sup>*</sup>	Attended	Held <sup>*</sup>	Attended	Held <sup>*</sup>	Attended
David Smart	14	13	6	6	-	-
François Barrault	14	13	-	-	3	3
Anthony Eisen	14	12	6	3	3	3
Richard Mathews	14	14	-	-	-	-
James Brooke	14	13	-	-	-	-
Ian Buddery	-	-	-	-	-	-
Craig Halliday	5	5	-	-	-	-

<sup>\*</sup>Held during term of director's appointment to Board, Audit or Remuneration and Nomination Committees.

## Directors' report

### **Non-audit services**

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The audit committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporations Act 2001 in relation to the audit are met.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 7 to the financial statements.

### **Auditor's independence declaration**

The auditor's independence declaration is included on page 15 of the financial report.

### **Rounding off of amounts**

The company is a company of the kind referred to in ASIC Class Order 98/0100, 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.



## Directors' report

### Remuneration Report

#### **Determining remuneration policy for directors and executives, and its relationship to eServGlobal's performance**

The Company is listed on both the Australian Securities Exchange and the London Stock Exchange (AIM). It is an international group which is faced with all of the market pressures that flow in such circumstances. It must compete successfully with other international organisations that are substantially larger and which have the ability to draw on enormous resources. Our employees are based in diverse parts of the globe and regularly must travel to work in remote locations. The remuneration policies must be appropriate to these circumstances.

In determining the appropriate remuneration policies for the Group, the Board believes that the salary packages must be sufficient, in the international marketplace in which the Group operates, to attract, retain and motivate high calibre, hard working, dedicated employees, who have the knowledge and skills appropriate for the business. In this regard, a component of the salary package for employees is paid after the results of a financial year are completed, and the entitlement is based primarily on the results achieved by the Group. The Board's broad policy is implemented through its Remuneration and Nominations Committee.

#### **Director and group executive details**

The following persons acted as directors of the Company and the Group during or since the end of the financial year:

- Richard Mathews (Non-executive Chairman, appointed 26 November 2010)
- David Smart (Non-executive director; previously non-executive Chairman until 26 November 2010)
- François Barrault (Non-executive director)
- Anthony Eisen (Non-executive director)
- Michael Jefferies (Alternate for Anthony Eisen)
- James Brooke (Non-executive director, appointed 26 July 2010)
- Craig Halliday (Chief Executive Officer and Executive Director, appointed 18 January 2011)
- Ian Buddery (Non-executive director, resigned 26 July 2010)

The executives of the Group for the 2011 financial year were:

- Richard Mathews (Former Chief Executive Officer, resigned 26 November 2010)
- Craig Halliday (Chief Operating Officer until appointment as Chief Executive Officer on 26 November 2010)
- Stephen Blundell (Chief Financial Officer)
- Jason Lilienstein (Former General Counsel & Company Secretary, resigned 6 April 2011)
- Remi Arame (Vice President Sales)
- JC Bouillon (Former Vice President Services, resigned 17 March 2011)

## Directors' report

### **Elements of director and executive remuneration**

Non-executive directors are paid directors' fees and, in the case of those who are Australian based, compulsory superannuation fund contributions are made on their behalf. The Board reviews the level of fees from time to time, and sets individual non-executive directors fees based on the levels of fees for comparable listed companies in the appropriate parts of the world. The non-executive directors are appointed by either the Board or shareholder vote and any appointment is subject to re-election on retirement required at Annual General Meetings.

The Chief Executive Officer (CEO) is remunerated on a salary package that includes a base salary, and health plan contributions and a substantial portion that is a variable component, which is dependent on agreed performance objectives. The variable component comprises elements relating to achievement of financial plan and specific business objectives. The CEO is a permanent employee with no fixed employment term and a notice period of six months required by either party.

The Chief Financial Officer (CFO) is remunerated on a salary package basis that includes a base salary, pension contributions and a portion that is a variable component which is dependent on agreed performance objectives. The variable component comprises elements relating to achievement of financial plan and specific business objectives. The CFO is a permanent employee with no fixed employment term and a notice period of six months required by either party.

The General Counsel & Company Secretary (GC) was remunerated on a salary package that included a base salary, compulsory superannuation fund contributions and a portion that is a variable component, which is dependent on agreed performance objectives. The variable component comprised elements relating to achievement of financial plan and specific business objectives. The GC was a permanent employee with no fixed employment term and a notice period of three months required by either party.

The Vice President Sales is remunerated on a salary package that includes a base salary, a portion that is a variable component (which is dependent on agreed performance objectives relating to sales), pension contributions and various allowances such as housing and education. The Vice President Sales is a permanent employee with no fixed employment term and a notice period of three months required by either party.

The Vice President Services was remunerated on a salary package that included a base salary and a portion that is a variable component, which is dependent on agreed performance objectives. The variable component comprised elements relating to achievement of financial plan and specific business objectives. The Vice President Services was a permanent employee with no fixed employment term and a notice period of three months required by either party.

**Directors' report**

**Elements of remuneration which are dependent on company performance**

The Board believes that it is critical that the specified employees are driven by the financial performance of eServGlobal and, as detailed below, has structured executive packages so that a substantial portion of the variable component of their packages is directly linked to financial outcomes of eServGlobal. The targets are established annually and are approved by the Board at the same time as approval of the Group's business plan. The two key measures of this are: annual revenue and earnings before interest, tax, depreciation and amortisation components. This component is confirmed in conjunction with the completion of the financial statements. These targets are selected to ensure alignment of shareholders' interests with executive remuneration.

The tables below set out summary information about Group's earnings and movements in shareholder wealth for the five years to June 2011:

	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2007 \$'000
Revenue	42,808	78,015	147,246	177,934	153,951
EBITDA	52,173	(20,574)	(5,261)	24,162	18,934

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Share price at start of year	\$0.600	\$0.455	\$0.820	\$0.960	\$0.600
Share price at end of year	\$0.730	\$0.600	\$0.455	\$0.820	\$0.960
Interim dividend	-	-	-	-	-
Final dividend <sup>1,2</sup>	12.1 cps	-	-	3.0 cps	2.0 cps
Basic earnings per share	19.8	(16.5)	(20.1)	6.1	3.2
Diluted earnings per share	19.8	(16.5)	(20.1)	6.0	3.2

<sup>1</sup> Final dividends declared for the financial years ended June 2007 and June 2008 were unfranked.

<sup>2</sup> Declared after the balance date and not reflected as a liability in the financial statements.

Directors' report

The directors and the group's key executives received the following amounts as compensation for their services as directors and executives of the Group during the year:

2011	Short-term employee benefits			Post Employment benefits	Share based payments	Termination Benefits	Total	Percentage of remuneration related to performance
	Salary & fees	Bonus (incl. variable pay component)	Non-monetary	Superannuation	Options			
	\$	\$	\$	\$	\$			
<b>Non-executive Directors</b>								
R Mathews (vi)	331,867	575,000	-	13,996	-	238,324	1,159,187	50%
F Barrault	83,894	-	-	-	-	-	83,894	-
J Brooke (i) (viii)	-	-	-	-	-	-	-	-
I Buddery (ix)	5,833	-	-	525	-	-	6,358	-
A Eisen (i)	-	-	-	-	-	-	-	-
M Jeffries (i)	-	-	-	-	-	-	-	-
D Smart	107,708	-	-	9,694	-	-	117,402	-
<b>Key Group Executives</b>								
R Arame (ii) (iii)	270,309	193,549	7,901	36,893	33,500	-	542,152	42%
S Blundell (ii) (iv)	237,984	143,792	-	14,480	33,500	-	429,756	41%
J C Bouillon (ii) (iii) (vii)	183,957	41,408	10,942	-	-	-	236,307	18%
C Halliday (ii) (v)	459,873	739,242	18,763	-	33,500	-	1,251,378	62%
J Lilienstein (ii) (vii)	165,124	125,000	-	3,615	-	-	293,739	43%
<b>Total</b>	<b>1,846,549</b>	<b>1,817,991</b>	<b>37,607</b>	<b>79,202</b>	<b>100,500</b>	<b>238,324</b>	<b>4,120,173</b>	<b>-</b>

(i) A Eisen, M Jeffries and J Brooke have agreed that they will receive no benefit for their services.

(ii) Key management personnel are remunerated on a salary package basis that includes an appropriate portion that is a variable component which is dependent on company performance. Key management personnel had their variable pay components confirmed in conjunction with the completion of the financial statements. The variable components for key management personnel were confirmed on the achievement of customer orders or earnings before interest, tax, depreciation and amortisation targets established during the year.

(iii) Paid in Euros and subject to foreign exchange fluctuations at Group level.

(iv) Paid in GBP and subject to foreign exchange fluctuations at Group level.

(v) Paid in USD and subject to foreign exchange fluctuations at Group level.

(vi) Termination benefits paid of \$238,324 in relation to resignation of R Mathews as Chief Executive Officer on 26 November 2010.

(vii) J C Bouillon and J Lilienstein resigned on 17 March 2011 and 6 April 2011 respectively.

(viii) Appointed on 26 July 2010.

(ix) I Buddery resigned on 26 July 2010.

Directors' report

The directors and the group's key executives received the following amounts as compensation for their services as directors and executives of the Group during the previous financial year:

2010	Short-term employee benefits			Post Employment benefits	Share based payments	Termination Benefits	Total	Percentage of remuneration related to performance
	Salary & fees	Bonus (incl. variable pay component)	Non-monetary	Superannuation	Options			
	\$	\$	\$	\$	\$			\$
<b>Non-executive Directors</b>								
D Smart	145,712	-	-	13,114	-	-	158,826	-
F Barrault	70,000	-	-	-	-	-	70,000	-
I Buddery (vi)	194,223	-	-	7,236	-	-	201,459	-
A Eisen (i)	-	-	-	-	-	-	-	-
A Gilbert (vii)	16,361	-	-	-	-	-	16,361	-
M Jeffries (i)	-	-	-	-	-	-	-	-
G Libbesson (vii)	1,750	-	-	5,290	-	-	7,040	-
J Pratt (vii)	6,459	-	-	581	-	-	7,040	-
L Lafarge (vii)	90,591	-	-	-	-	-	90,591	-
<b>Key Group Executives</b>								
R Arame (ii) (iii) (viii)	229,681	79,325	6,647	31,036	-	-	346,689	23%
S Blundell (ii) (iv) (viii)	150,325	-	-	9,068	-	-	159,393	-
J C Bouillon (ii) (iii)	223,116	14,752	-	-	5,500	-	243,368	8%
C Halliday (ii) (v) (viii)	396,780	-	18,353	-	-	-	415,133	-
J Lilienstein (ii) (viii)	166,085	-	-	9,641	-	-	175,726	-
J G Macleod (ix)	167,006	-	-	3,615	-	102,083	272,704	-
R Mathews (ii) (viii)	560,539	-	-	14,461	-	-	575,000	-
<b>Total</b>	<b>2,418,628</b>	<b>94,077</b>	<b>25,000</b>	<b>94,042</b>	<b>5,500</b>	<b>102,083</b>	<b>2,739,330</b>	<b>-</b>

(i) A Eisen and M Jeffries have agreed that they will receive no benefit for their services.

(ii) Key management personnel are remunerated on a salary package basis that includes an appropriate portion that is a variable component which is dependent on company performance. Key management personnel had their variable pay components confirmed in conjunction with the completion of the financial statements. The variable components for key management personnel were confirmed on the achievement of customer orders or earnings before interest, tax, depreciation and amortisation targets established during the year.

(iii) Paid in Euros and subject to foreign exchange fluctuations at Group level.

(iv) Paid in GBP and subject to foreign exchange fluctuations at Group level

(v) Paid in USD and subject to foreign exchange fluctuations at Group level

(vi) Includes \$42,372 salary & fees and \$1,461 post employment benefits related to role Executive Chairman until 23 July 2009. I Buddery resigned 26 July 2010

(vii) G Libbesson, J Pratt and L Lafarge all resigned on 23 July 2009. A Gilbert ceased as a director on 1 October 2009.

(viii) S Blundell, C Halliday, J Lilienstein, R Mathews and R Arame appointed on 2 November 2009, 1 July 2009, 20 October 2009, 1 July 2009 and 5 October 2009 respectively

(ix) Resigned on 30 October 2009

# eServGlobal Limited

## Directors' report

### Directors' shareholdings

The following table sets out each director's relevant interest in shares and options in shares of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Executive share options
David Smart	40,000	-
	62,005 <sup>3</sup>	
	7,272,727 <sup>5</sup>	
Craig Halliday	16,110,592 <sup>2</sup>	1,000,000
François Barrault	500,000	-
Anthony Eisen <sup>1</sup>	38,316,296	-
	16,110,592 <sup>2</sup>	
Richard Mathews	206,683 <sup>3</sup>	-
James Brooke <sup>4</sup>	35,153,419	-
Michael Jefferies <sup>1</sup>	38,316,296	-

<sup>1</sup> Shares held or beneficially owned by Guinness Peat Group of which Anthony Eisen and Michael Jefferies are both executives.

<sup>2</sup> Relevant interest in shares held by MHB Holdings Pty Ltd.

<sup>3</sup> Relevant interest in shares held by Paua Pty Ltd.

<sup>4</sup> Shares held by Henderson Global Investors Limited of which James Brooke is an executive.

<sup>5</sup> Shares held by National Nominees Limited

### Value of options issued to directors and executives

Options which were granted to or vested in directors and executives in the current financial year were as follows:

Name	Options series	No. granted	No. vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
R Arame	Issued 11 February 2011	1,000,000	-	-	-	-
S Blundell	Issued 11 February 2011	1,000,000	-	-	-	-
C Halliday	Issued 11 February 2011	1,000,000	-	-	-	-

Executives receiving options are entitled to the beneficial interest under the option only if they continue to be employed with the Group at the time the option vests. Any exposure in relation to the risk associated with the movement in the underlying share price rests with the executive.

During the year no options were forfeited as a result of a condition required for vesting not being satisfied.

The following table discloses the options granted, exercised or expired during the year:

Name	Value of options granted at the grant date (i) \$	Value of options exercised at the exercise date \$	Value of options expired \$
R Arame	164,800	-	-
S Blundell	164,800	-	-
C Halliday	164,800	-	-

(i) The value of options granted, exercised and lapsed is calculated based on the following:

- Value at grant date represents fair value of the option at grant date multiplied by the number of options granted during the year
- Value at exercise date represents fair value of the ordinary share received upon exercise of the option, less the option exercise price multiplied by the number of options exercised during the year.

During the financial year, the following share-based payment arrangements were in existence.

# eServGlobal Limited

## Directors' report

Options series	Grant date	Expiry date	Exercise price	Grant date fair value
Issued 29 May 2006 <sup>(ii)</sup>	29-May-06	2011	\$0.66	\$0.25
Issued 7 March 2007 <sup>(i)</sup>	07-Mar-07	2012	\$0.69	\$0.33
Issued 4 October 2007 <sup>(i)</sup>	04-Oct-07	2012	\$0.97	\$0.44
Issued 26 October 2007 <sup>(i)</sup>	26-Oct-07	2012	\$0.97	\$0.427
Issued 11 February 2011 <sup>(i)</sup>	07-Mar-11	2016	\$0.65	\$0.16

In accordance with the terms of the Employee Share Option Plan:

- (i) options issued in these series vest as to one-third on each of the first, second and third anniversary dates from the date of issue and expire five years from date of issue.
- (ii) options issued in this series vest one-half immediately on issue and the balance on the first anniversary date from the date of issue and expire five years from date of issue.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Board



Richard Mathews  
Chairman

28 September 2011

28 September 2011

The Board of Directors  
eServGlobal Limited  
Suite 5  
30 Florence Street  
Teneriffe QLD 4006

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 audit of the financial statements of eServGlobal Limited for the financial year ended 30 June 2011, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner  
Chartered Accountants



# eServGlobal Limited

## Corporate governance statement

The eServGlobal Limited board is responsible for establishing the corporate governance framework of the group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. eServGlobal is also required to comply with, inter alia, the Corporations Act 2001 (Cwth), the ASX Listing Rules and the London Stock Exchange AIM Rules for Companies. The table below and accompanying statement outlines the main corporate governance practices of eServGlobal during the financial year and the extent of eServGlobal's compliance with the CGC's recommendations as at the date of this report.

Recommendation	Comply
<b>Principle 1 – Lay solid foundations for management and oversight</b>	
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	√
1.2 Companies should disclose the process for evaluating the performance of senior executives.	√
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	√*
Recommendation	Comply
<b>Principle 2 - Structure the board to add value</b>	
2.1 A majority of the board should be independent directors.	x
2.2 The chair should be an independent director.	x
2.3 The roles of chair and chief executive officer (CEO) should not be exercised by the same individual.	√
2.4 The board should establish a nomination committee.	√
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	√
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	√
Recommendation	Comply
<b>Principle 3 - Promote ethical and responsible decision-making</b>	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>• The practices necessary to maintain confidence in the company's integrity;</li> <li>• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	√
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	√
3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.	√

# eServGlobal Limited

## Corporate governance statement

Recommendation	Comply
<b>Principle 4 – Safeguard integrity in financial reporting</b>	
4.1 The board should establish an audit committee.	√
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• Consists only of non-executive Directors.</li> <li>• Consists of a majority of independent Directors.</li> <li>• Is chaired by an independent chair, who is not chair of the board.</li> <li>• Has at least three members.</li> </ul>	x
4.3 The audit committee should have a formal charter.	√
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	√*
<b>Recommendation</b>	<b>Comply</b>
<b>Principle 5 - Make timely and balanced disclosure</b>	
5.1 Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	√
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	√
<b>Recommendation</b>	<b>Comply</b>
<b>Principle 6 - Respect the rights of shareholders</b>	
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	√
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	√
<b>Recommendation</b>	<b>Comply</b>
<b>Principle 7 – Recognise and manage risk</b>	
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	√*
7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	√
7.3 The board should disclose whether it has received assurance from the CEO [or equivalent] and the Chief Financial Officer (CFO) [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	√
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	√
<b>Recommendation</b>	<b>Comply</b>
<b>Principle 8 – Remunerate fairly and responsibly</b>	
8.1 The board should establish a remuneration committee.	√
8.2 Companies should clearly distinguish the structure of nonexecutive directors' remuneration from that of executive directors and senior executives.	√
8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.	√*

√\* indicates partial compliance. Refer to further details below.

# eServGlobal Limited

## Corporate governance statement

### Principle 1. Lay solid foundations for management and oversight

#### **1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.**

The primary responsibilities of eServGlobal's board include:

- the establishment of long term goals of the company and strategic plans to achieve those goals;
- the review and adoption of the annual business plan and budgets for the financial performance of the company and monitoring the results on a monthly basis;
- the appointment of the Chief Executive Officer;
- ensuring that the company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- the approval of the annual and half-yearly accounts and reports.

The board meets on a regular basis, on average at least once monthly, to review the performance of the company against its goals, both financial and non-financial. In normal circumstances, prior to the scheduled monthly board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management including the Chief Executive Officer are contained in letters of appointment and job descriptions given to each executive on appointment and updated at least annually or as required.

The primary responsibilities of senior management are to:

- (i) Achieve the annual business plan and budget
- (ii) Ensure the highest standards of quality and service are delivered to customers
- (iii) Ensure that employees are supported, developed and rewarded to the appropriate professional standards
- (iv) Ensure that the company continues to produce innovative technology and leading products

Decision making in respect of the functions reserved for the board and those delegated to management is in accordance with a delegation of authority policy and procedures adopted by the board.

#### **1.2 Companies should disclose the process for evaluating the performance of senior executives.**

The performance of all senior executives is reviewed at least once a year by the Chief Executive Officer, in conjunction with the full board. They are assessed against personal and company key performance indicators established at the start of each calendar year for each individual. For more detail, refer to the Remuneration Report.

#### **1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.**

A performance evaluation for each senior executive has taken place in the reporting period in line with the process disclosed. A statement covering the primary responsibilities of the board is set out in 1.1 above. A statement covering the primary responsibilities of the senior executives is set out in 1.1 above. A copy of the board charter is not publicly available.

# eServGlobal Limited

## Corporate governance statement

### Principle 2. Structure the board to add value

#### **2.1 A majority of the board should be independent directors.**

The eServGlobal board consists of five non-executive directors and one executive director. David Smart and Francois Barrault are considered to be independent directors. Anthony Eisen, Richard Mathews and James Brooke are not considered to be independent by virtue of being associated with substantial shareholders of the company. Craig Halliday is not considered independent as he is the Chief Executive Officer of the company. As such, a majority of the board are not independent directors. Even though four directors are not considered to be independent by virtue of the various indicia, the board believes that the composition is appropriate for the business at the present stage and will continue to review this on an ongoing basis.

#### **2.2 The chair should be an independent director.**

Richard Mathews is the former Chief Executive Officer of the Company and stepped into the position of Chairman of the Board in 2010. While this movement resulted in a chairman who is not independent, the company believes that a chairman with a strong knowledge of the company's operations is in the best interests of the company at this stage.

#### **2.3 The roles of chair and chief executive officer should not be exercised by the same individual.**

Richard Mathews is the company's Chairman and Craig Halliday is the Chief Executive Officer.

#### **2.4 A nomination committee should be established.**

The Company has established a Remuneration and Nomination Committee. The members of this Committee are Anthony Eisen and Francois Barrault and due to the size of the Committee, it functions informally. Many of the functions of the Remuneration and Nomination Committee were also carried out in conjunction with the full board.

#### **2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.**

The eServGlobal chairman undertakes an annual informal evaluation process in reviewing the performance of directors and the board.

#### **2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2**

A description of the skills and experience of each director is contained in the Directors' Report.

The names of the directors considered to be independent are specified in 2.1 above. Directors are able to take independent professional advice at the expense of the company, with the prior agreement of the chairman.

The period of office held by each director is specified in the Directors' Report.

An informal evaluation of the board of directors did take place during the reporting period as described at 2.5 above.

New directors are selected by and voted on by the board. The board does not have a formal policy for the nomination and appointment of directors but considers the position on merit on a case by case basis. Any director appointed by the board must retire at the next Annual General Meeting of the company but may submit himself/herself for re-election. Further, each year, third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

A copy of the Remuneration and Nomination Committee charter is not publicly available.

# eServGlobal Limited

## Corporate governance statement

### Principle 3. Promote ethical and responsible decision-making

**3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:**

- ***the practices necessary to maintain confidence in the company's integrity;***
- ***the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and***
- ***the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.***

eServGlobal Limited's policies contain a formal code of ethics that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards.

The code of ethics is available on the company's website [www.eservglobal.com](http://www.eservglobal.com).

**3.3 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.**

The company has a Securities Dealing Policy, which is summarized below and is available on the company's website.

**3.4 Companies should provide the information indicated in the Guide to reporting on Principle 3.**

eServGlobal Limited's shares are listed on both the Australian Securities Exchange and the London Stock Exchange (AIM). The company's policies relating to board and employee trading in shares has been designed to meet the requirements of both stock exchanges. The Securities Dealing Policy complies with the ASX Listing Rules.

The company's business operations are conducted worldwide, its Code of Ethics has been designed to accommodate the business operations of all the countries in which the company operates. The Code of Ethics complies with Principle 3.1.

### Principle 4. Safeguard integrity in financial reporting

**4.1 The board should establish an audit committee.**

The company has established an Audit Committee.

**4.2 The audit committee should be structured so that it:**

- ***consists only of non-executive directors.***
- ***consists of a majority of independent directors.***
- ***is chaired by an independent chair, who is not chair of the board.***
- ***has at least three members.***

The Audit Committee comprises David Smart and Anthony Eisen, both of whom are qualified and experienced accountants. Of the Committee members, only David Smart is considered to be an independent director. Despite this and despite not having at least three members, the board believes that the Audit Committee has the required independence and competence and is of an appropriate size for the company.

**4.3 The audit committee should have a formal charter.**

The company has adopted an Audit Committee charter.

**4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.**

# eServGlobal Limited

## Corporate governance statement

The names and qualifications of the audit committee members and the number of meetings of the audit committee are contained in the Directors' Report.

The Audit Committee charter is not publicly available on the company's website.

The Audit Committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

In conjunction with the auditors, the Audit Committee monitors the term of the external audit engagement partner and ensures that the regulatory limit for such term is not exceeded. At the completion of the term, or earlier in some circumstances, the auditor nominates a replacement engagement partner. The Audit Committee interviews the nominee to assess relevant prior experience, potential conflicts of interest and general suitability for the role. If the nominee is deemed suitable, the Audit Committee reports to the board on its recommendation.

### **Principle 5. Make timely and balanced disclosure**

#### **5.1 *Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.***

The eServGlobal board, Company Secretary and senior management are aware of the ASX Listing Rules, AIM Rules and Corporations Act disclosure requirements, and take steps to actively monitor and ensure ongoing compliance. At each board meeting, there is a separate agenda item on this topic where directors review the disclosures made by the company over the past month and consider any existing issues that may give rise to further required disclosure.

The Chairman and Chief Executive Officer continually monitor developments in the company and its business and in conjunction with the Company Secretary report any developments immediately to the board for consideration. All announcements are reviewed by the Company Secretary and/or other external legal advisers before release to the ASX or AIM.

#### **5.2 *Companies should provide the information indicated in the Guide to reporting on Principle 5.***

The company's continuous disclosure policy is described above.

### **Principle 6. Respect the rights of shareholders**

#### **6.1 *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.***

eServGlobal provides information to its shareholders through the formal communications processes (eg ASX & AIM announcements, annual general meeting, annual report, and shareholder letters). This material is also available on the eServGlobal website ([www.eservglobal.com](http://www.eservglobal.com)) and on the ASX and AIM websites.

Shareholders are encouraged to participate in the AGMs and time is set aside for formal and informal questioning of the board and senior management.

The company requests that its external auditor attend the annual general meeting and be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

#### **6.2 *Companies should provide the information indicated in the Guide to reporting on Principle 6.***

The company's communications policy is described in 6.1 above.

# eServGlobal Limited

## Corporate governance statement

### Principle 7. Recognise and manage risk

#### **7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.**

The board monitors the risks and internal controls of eServGlobal in conjunction with the Audit Committee. The Audit Committee looks to the Chief Executive Officer and Chief Financial Officer to ensure that an adequate system is in place to identify and, where possible, appropriately manage and mitigate risks inherent in the business, and to implement appropriate internal controls.

Categories of risks managed cover all major aspects of a global technology company. The details are not disclosed as this may disadvantage the company in regard to its competitors.

#### **7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.**

The board has required management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Management has reported to the board as to the effectiveness of the company's management of its material business risks.

#### **7.3 The board should disclose whether it has received assurance from the CEO [or equivalent] and the Chief Financial Officer (CFO) [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.**

The board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### **7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.**

The board has received the report from management under recommendation 7.2; the board has received assurance from the Chief Executive Officer and the Chief Financial Officer under recommendation 7.3; the company's policies on risk oversight and management of material business risks are not publicly available for the reason specified above.

### Principle 8. Remunerate fairly and responsibly

#### **8.1 The board should establish a remuneration committee.**

The Company has established a Remuneration and Nomination Committee. The members of that Committee are Anthony Eisen and Francois Barrault.

#### **8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.**

Non-executive directors are paid a fixed directors fee as set out in the Directors' Report.

Senior executives remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation and pension payments and entitlements upon retirement or termination, are reviewed annually with due regard to performance.

# eServGlobal Limited

## Corporate governance statement

### **8.3** *Companies should provide the information indicated in the guide to reporting on Principle 8.*

The members of the Remuneration and Nomination Committee and its operation are described above.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors. Non-executive directors do not receive options or bonus payments.

A copy of the Remuneration and Nomination committee charter is not publicly available.



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

## Report on the Financial Report

We have audited the accompanying financial report of eServGlobal Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the 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 year's end or from time to time during the financial year as set out on pages 26 to 78.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Auditor's Independence Declaration*

In conducting our audit, 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 report.

## *Opinion*

In our opinion:

- (a) the financial report of eServGlobal Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's Opinion*

In our opinion the Remuneration Report of eServGlobal Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Weng W Ching

Partner

Chartered Accountants

Sydney, 28 September 2011

# eServGlobal Limited

## Directors declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) in the director's 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; and
- (d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



**Richard Mathews**  
*Chairman*

**Brisbane, 28 September 2011**

# eServGlobal Limited

## Consolidated statement of comprehensive income for the financial year ended 30 June 2011

	Note	Year Ended 30 June 2011 \$'000	Year Ended 30 June 2010 \$'000
<b>Revenue</b>	2	42,808	78,015
Cost of sales		(19,452)	(43,427)
Gross profit		23,356	34,588
Other income	2	73,315	-
Research and development expenses		(5,311)	(9,992)
Sales and marketing expenses		(8,755)	(13,908)
Administration expenses		(30,432)	(31,262)
Earnings/(Loss) before interest expense, tax, depreciation and amortisation		52,173	(20,574)
Amortisation expense	3	(5,493)	(6,877)
Depreciation expense	3	(1,377)	(2,685)
Earnings/(Loss) before interest expense and tax		45,303	(30,136)
Finance costs	3	(162)	(355)
<b>Profit/(Loss) before tax</b>	3	<b>45,141</b>	<b>(30,491)</b>
Income tax expense	4	(5,982)	(1,795)
<b>Profit/(Loss) for the year</b>		<b>39,159</b>	<b>(32,286)</b>
<b>Other comprehensive income/(loss)</b>			
Exchange differences arising on the translation of foreign operations		(1,070)	(5,813)
<b>Total comprehensive income/(loss) for the period</b>		<b>38,089</b>	<b>(38,099)</b>
<b>Earnings/(Loss) attributable to:</b>			
Equity holders of the parent		39,011	(32,443)
Non controlling interest		148	157
		<b>39,159</b>	<b>(32,286)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent		37,952	(38,229)
Non controlling interest		137	130
		<b>38,089</b>	<b>(38,099)</b>
<b>Earnings/(Loss) per share:</b>			
Basic (cents per share)	22	<b>19.8</b>	<b>(16.5)</b>
Diluted (cents per share)	22	<b>19.8</b>	<b>(16.5)</b>

Notes to the financial statements are included on pages 31 to 78

# eServGlobal Limited

## Consolidated statement of financial position at 30 June 2011

	Note	30 June 2011 \$'000	30 June 2010 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	28(a)	60,820	2,225
Trade and other receivables	9	33,722	31,143
Inventories	11	279	853
Current tax assets	4	90	4,897
		94,911	39,118
Assets classified as held for sale	8	-	27,528
<b>Total Current Assets</b>		94,911	66,646
<b>Non-Current Assets</b>			
Property, plant and equipment	12	1,841	3,071
Deferred tax assets	4	4,937	1,907
Goodwill	13	6,499	6,820
Other receivables	30(c)	12,208	-
Other intangible assets	14	8,012	12,727
<b>Total Non-Current Assets</b>		33,497	24,525
<b>Total Assets</b>		128,408	91,171
<b>Current Liabilities</b>			
Trade and other payables	15	16,195	13,349
Borrowings	16	-	5,794
Current tax payables	4	6,741	535
Provisions	17	7,024	4,123
Other	18	2,122	5,268
		32,082	29,069
Liabilities directly associated with assets classified as held for sale	8	-	750
<b>Total Current Liabilities</b>		32,082	29,819
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	4	1,068	4,083
Provisions	17	448	505
<b>Total Non-Current Liabilities</b>		1,516	4,588
<b>Total Liabilities</b>		33,598	34,407
<b>Net Assets</b>		94,810	56,764
<b>Equity</b>			
Issued capital	19	123,946	123,946
Reserves	20	(2,390)	(1,566)
Accumulated Losses	21	(26,770)	(65,781)
Parent entity interest		94,786	56,599
Non controlling interest		24	165
<b>Total Equity</b>		94,810	56,764

Notes to the financial statements are included on pages 31 to 78

# eServGlobal Limited

## Consolidated statement of changes in equity for the year ended 30 June 2011

	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Employee equity- settled benefits Reserve \$'000	Retained Earnings (Accumu- lated Losses) \$'000	Attributable to owners of the parent \$'000	Non controlling Interest \$'000	Total \$'000
<b>Consolidated</b>							
Balance at 1 July 2010	123,946	(2,463)	897	(65,781)	56,599	165	56,764
Profit/(Loss) for the year	-	-	-	39,011	39,011	148	39,159
<i>Other comprehensive income (loss) for the year</i>							
Exchange differences arising on translation of foreign operations	-	(1,059)	-	-	(1,059)	(11)	(1,070)
Total comprehensive income (loss) for the year	-	(1,059)	-	39,011	37,952	137	38,089
Distribution to non-controlling interest	-	-	-	-	-	(278)	(278)
Equity settled payments	-	-	235	-	235	-	235
<b>Balance at 30 June 2011</b>	<b>123,946</b>	<b>(3,522)</b>	<b>1,132</b>	<b>(26,770)</b>	<b>94,786</b>	<b>24</b>	<b>94,810</b>
Balance at 1 July 2009	123,946	3,323	1,088	(33,338)	95,019	35	95,054
Profit/(Loss) for the year	-	-	-	(32,443)	(32,443)	157	(32,286)
<i>Other comprehensive income (loss) for the year</i>							
Exchange differences arising on translation of foreign operations	-	(5,786)	-	-	(5,786)	(27)	(5,813)
Total comprehensive income (loss) for the year	-	(5,786)	-	(32,443)	(38,229)	130	(38,099)
Equity settled payments	-	-	(191)	-	(191)	-	(191)
<b>Balance at 30 June 2010</b>	<b>123,946</b>	<b>(2,463)</b>	<b>897</b>	<b>(65,781)</b>	<b>56,599</b>	<b>165</b>	<b>56,764</b>

Notes to the financial statements are included on pages 31 to 78

# eServGlobal Limited

## Consolidated statement of cash flows for the year ended 30 June 2011

	Note	Year Ended 30 June 2011 \$'000	Year Ended 30 June 2010 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		49,739	108,521
Payments to suppliers and employees		(60,164)	(122,651)
Interest and other finance cost paid		(162)	(355)
Net income tax refunded		1,022	1,444
Net cash used in operating activities	28(c)	(9,565)	(13,041)
<b>Cash Flows From Investing Activities</b>			
Proceeds from disposal of assets, net of transaction costs		73,335	-
Interest received		2,947	-
Payment for property, plant and equipment		(580)	(2,214)
Software development costs		(1,364)	(2,195)
Net cash provided by/(used in) investing activities		74,338	(4,409)
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(278)	-
Net cash (used in) financing activities		(278)	-
<b>Net increase/(decrease) In Cash and Cash Equivalents</b>		64,495	(17,450)
<b>Cash At The Beginning Of The Period</b>		(3,569)	14,135
Effects of exchange rate changes on the balance of cash held in foreign currencies		(106)	(254)
<b>Cash and Cash Equivalents At The End Of The Period</b>	28(a)	60,820	(3,569)

Notes to the financial statements are included on pages 31 to 78

# eServGlobal Limited

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## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES

#### **Statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements include the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 28 September 2011

#### **Basis of preparation**

The 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 Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements :

#### **(a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and financial institutions, investments in money market instruments with maturities of three months or less from the date of acquisition, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### **(b) Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

#### **Defined contribution plans**

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.



# eServGlobal Limited

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## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### **(c) Financial assets Investments**

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **Loans and receivables**

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition.

The carrying amount of loans and receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying value of the allowance account are recognised in profit and loss.

#### **(d) Financial instruments issued by the Group Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### **Transaction costs on the issue of equity instruments**

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

# eServGlobal Limited

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## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### (d) *Financial instruments issued by the Group (continued)*

##### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

##### **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

#### (e) *Foreign currency*

##### **Foreign currency transactions**

All foreign currency transactions arising during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit or loss in the period in which they arise.

##### **Foreign operations**

All overseas subsidiaries, other than those that are part of the eServGlobal Holdings SAS group, report in their functional currency of AUD, in accordance with the requirements of AASB 121 "The Effects of Changes in Foreign Currency Exchange Rates" and as a consequence all exchange rate translation differences are taken to profit or loss. The eServGlobal Holdings SAS group reports in its functional currency of EUR and on consolidation, the assets and liabilities of the eServGlobal Holdings SAS group are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### **(f) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **(g) Goodwill**

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also to Note 1(h).

#### **(h) Impairment of assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the synergies of the business combination.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### (i) *Income tax*

##### **Current tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### **Deferred tax**

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### **Current and deferred tax for the period**

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### *(j) Intangible assets*

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

#### **Software and Documentation**

Software and Documentation are recorded initially at fair value and have an estimated useful life. Amortisation is charged on a straight line basis over their useful lives.

#### **Customer Relationships**

Customer Relationships are recorded initially at fair value and have an estimated useful life. Amortisation is charged on a straight line basis over their useful lives.

#### *(k) Inventories*

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

#### *(l) Leases*

Operating lease payments, where substantially all of the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals are recognised as an expense in the period in which they are incurred.

#### **Lease incentives**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis.

#### *(m) Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in consolidated profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### **(m) Basis of consolidation (continued)**

Non-controlling interest in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of the assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell. Acquisition related costs are recognised in profit or loss as incurred.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the groups interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

#### **(n) Property, plant and equipment**

Plant and equipment, office furniture and fittings and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Office furniture and fittings	5 years
Plant and equipment	3 years
Leasehold improvements	over the period of the lease

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### **(o) Provisions**

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### **Onerous Contracts**

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the contractual obligations exceeds the economic benefits expected to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits expected to be received.

#### **(p) Research and development costs**

##### **Internally-generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

The expenditure capitalised includes cost of materials, direct labour and a proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as and when incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### **(q) Revenue recognition**

##### **Sale of Goods and Licences**

Revenue from the sale of goods and licences is recognised when the Group has passed control of the goods or other assets to the buyer, except in the case of projects involving significant customisation where revenue is recognised by reference to the stage of completion of the project.

##### **Rendering of Services**

Revenue from services to supply custom designed and developed software or solutions is recognised by reference to the stage of completion of the project. The stage of completion is determined by assessing, at the reporting date, the level of actual services performed as a percentage of total services to be performed in relation to the project.

Revenue recognised in advance of the corresponding bill being raised is recorded as 'work in progress', whilst bills raised in advance of the services being performed is recorded as 'deferred income'.

Where a loss is expected to occur it is recognised immediately and a provision is made in relation to any future work on the contract.

##### **Revenue from Support, Maintenance and Facilities Management Agreements**

Revenue from support and maintenance contracts is recognised over time as it is earned.

##### **Work in Progress**

Work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented in other liabilities.

Contracts costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customers under the terms of the contract.

#### **(r) Share-based payments**

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 July 2005, are measured at fair value at the date of grant. Fair value is measured by use of either a Black Scholes or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

#### **(s) Derivative financial instruments and hedge accounting**

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to transactions arising from specific customer orders. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.



## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### **(s) Derivative financial instruments and hedge accounting (continued)**

The fair value of all derivative financial instruments outstanding at the reporting date are recognised in the statement of financial position as either financial assets or financial liabilities. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity, with any ineffective portion being recognised in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments, or other non financial host contracts, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

#### **(t) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### **(u) Critical accounting judgments and key sources of estimation uncertainty**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### **Impairment of goodwill**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of goodwill. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates described in Note 13.

#### **Revenue recognition**

Revenue in relation to the supply of custom designed and developed software or solutions is recognised on each project by reference to the stage of completion of the project. The method of calculating the percentage completion of the project involves an element of judgement based on future project costs and profitability of each project. The information used to forecast these costs is based on historical events and current economic data on a customer by customer basis.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### Unused tax losses

The recognition of unused tax losses as a deferred tax asset requires estimation and judgement of the availability of future taxable profits and is subject to compliance with the relevant tax legislations. At the date of this report, the degree of probability of recovering the remaining unused tax losses is not sufficient to recognise the remaining unused tax losses as a deferred tax asset.

#### (v) Adoption of new and revised Accounting Standards

In the current year, 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 its operations and effective for the current annual reporting period.

Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

#### **Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)**

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out below.

#### Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'

Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations.

Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

Amendments to AASB 107 'Statement of Cash Flows'

The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

# eServGlobal Limited

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## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### ***Standards and Interpretations affecting the reported results or financial position***

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

#### ***Standards and Interpretations adopted with no effect on financial statements***

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

# eServGlobal Limited

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions'	The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'	The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.
AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

#### *Standards and Interpretations in issue not yet adopted*

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 1054 'Australian Additional Disclosures'	1 July 2011	30 June 2012
AASB 2011-1 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project'	1 July 2011	30 June 2012

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 1. SUMMARY OF ACCOUNTING POLICIES (continued)

AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB12 'Disclosure of Involvement with Other Entities'	1 January 2013	30 June 2014
AASB13 'Fair Value Measurement'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements (2011)'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits'	1 January 2013	30 June 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2013	30 June 2014
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	1 July 2012	30 June 2013

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

Consolidated  
2011      2010  
\$'000     \$'000

### 2. REVENUE

- a) Revenue from continuing operations consisted of the following items:

Revenue from the sale of goods	14,159	25,742
Revenue from the rendering of services	28,649	52,273
<b>Total Revenue from continuing operations</b>	<b>42,808</b>	<b>78,015</b>

- b) Other Income

Interest revenue	3,975	-
Gain on disposal of business (note 30(b))	69,340	-
	<b>73,315</b>	<b>-</b>

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

3. PROFIT/(LOSS) BEFORE TAX	Consolidated	
	2011 \$'000	2010 \$'000
Profit/(Loss) before tax has been arrived at after charging (crediting) the following:		
Net foreign exchange loss	1,517	2,977
Finance costs:		
Interest - other entities	162	355
Depreciation of non-current assets:		
Office furniture and fittings	245	302
Leasehold improvements	12	19
Plant and equipment	1,120	2,364
Total depreciation of non-current assets	1,377	2,685
Amortisation of intangible assets:		
Customer relationships, software and documentation	5,493	6,877
Operating lease rental expenses:		
Minimum lease payments	3,459	5,117
Net loss on disposal of non-current assets		
Plant and equipment	533	62
Impairment (reduction)/loss recognised on trade receivables (Note 9)	(208)	1,208
Employee benefit expense:		
Contributions to defined contribution plans	76	249
Other employee benefits	41,149	61,814
Total employee benefits expense	41,225	62,063
Share-based payments:		
Equity settled share-based payments	235	(191)
Total share-based payments	235	(191)



# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

4. INCOME TAXES	2011 \$'000	2010 \$'000
<b>(a) Income tax recognised in profit/(loss)</b>		
<b>Tax expense comprises:</b>		
Current tax expense	10,805	3,004
Adjustments recognised in the current year in relation to the current tax of prior years	(19)	(30)
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	(4,804)	(1,179)
<b>Total tax expense</b>	<b>5,982</b>	<b>1,795</b>
The prima facie income tax expense on pre-tax accounting profit/ (loss) from operations reconciles to the income tax expense in the financial statements as follows:		
Profit/(loss) from operations	45,141	(30,491)
Income tax expense/ (benefit) calculated at 30%	13,542	(9,147)
Non-deductible expenses	383	412
Foreign withholding tax credits not utilised	1,245	2,252
Deferred tax assets not recognised	3,743	9,364
Non-assessable item – research tax credits	(476)	(848)
Non-assessable income	(12,729)	(424)
Effect of different tax rate in foreign operations	293	216
Under/(over) provision of income tax in previous year	(19)	(30)
	<b>5,982</b>	<b>1,795</b>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Current tax assets and liabilities</b>		
<b>Current tax assets:</b>		
Tax refund receivables	90	4,897
<b>Current tax payables:</b>		
Income tax payables	6,741	535

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 4. INCOME TAXES (continued)

#### Deferred tax balances

Deferred tax assets and liabilities arise from the following:

2011	Consolidated			
	Opening balance \$'000	Reclassified \$'000	Credited to income \$'000	Closing balance \$'000
<b>Deferred tax liabilities:</b>				
Accrued income	170	-	(170)	-
Intangible assets	3,913	-	(2,845)	1,068
	4,083	-	(3,015)	1,068
<b>Deferred tax assets:</b>				
Tax losses – revenue	1,633	-	(534)	1,099
Research & development tax credits	-	1,241	2,053	3,294
Foreign tax credits	-	-	88	88
Doubtful debts	-	-	319	319
Property, plant and equipment	27	-	(27)	-
Deferred income	52	-	(52)	-
Accrued costs	142	-	(39)	103
Other	53	-	(19)	34
	1,907	1,241	1,789	4,937

2010	Consolidated			
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
<b>Deferred tax liabilities:</b>				
Accrued income	390	(220)	-	170
Exchange difference on foreign subsidiary	1,258	-	(1,258)	-
Intangible assets	6,392	(1,981)	(498)	3,913
	8,040	(2,201)	(1,756)	4,083
<b>Deferred tax assets:</b>				
Tax losses – revenue	2,250	(617)	-	1,633
Property, plant and equipment	59	(32)	-	27
Deferred income	7	45	-	52
Accrued costs	362	(220)	-	142
Other - share issue expenses	174	(174)	-	-
Other	77	(24)	-	53
	2,929	(1,022)	-	1,907

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 4. INCOME TAXES (continued)

#### Tax consolidation

##### Relevance of tax consolidation to the consolidated entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is eServGlobal Limited. The members of the tax-consolidated group are identified at Note 25.

##### Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, eServGlobal Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognized in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

### 5. KEY MANAGEMENT PERSONNEL COMPENSATION

#### Key management personnel compensation policy

The Remuneration and Nominations Committee reviews the remuneration packages of all key management on an annual basis and makes recommendations to the Board. The Boards approach on Remuneration Policies is set out in the Remuneration Report which forms part of the Directors' Report.

The aggregate compensation made to key management personnel of the Group is set out as follows:

	Consolidated	
	2011	2010
	\$	\$
Short-term employee benefits	3,412,023	2,371,620
Post-employment benefits	75,587	84,401
Termination benefits	238,324	102,083
Share-based payment	100,500	5,500
	<u>3,826,434</u>	<u>2,563,604</u>

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 6. EXECUTIVE AND EMPLOYEE SHARE OPTIONS

The Group has ownership-based remuneration schemes for directors, executives and employees of the Group. In accordance with the provisions of the scheme, directors and employees may be granted options to acquire ordinary shares in the company. The board believes that the options scheme has a significant role to play in motivating employees to help ensure the continued performance of the Group, although the obligations under A-IFRS to expense the notional benefit of options issued has impacted the attractiveness of issuing options. The vesting of any share options is not dependent on any performance criteria, however, is dependent on a period of service relative to the vesting dates.

During the financial year, the company issued 7,300,000 options (2010: nil).

Under the eServGlobal Employee Share Option Plan, established 4 August 2000 to assist in the attraction, retention and motivation of employees and Directors of the company and its related bodies corporate, at 30 June 2011, executives and employees are entitled to purchase an aggregate of 7,760,000 (2010: 1,052,854) ordinary shares of the entity at an exercise price ranging from \$0.65 to \$0.97 (2010: \$0.66 to \$0.97) per ordinary share. At 30 June 2011, 460,000 (2010: 976,180) of these options had vested. The options may be exercised at various times up until 10 February 2016. The holders of such options do not have the right, by virtue of the option to participate in any share issue or interest issue of any other body corporate or scheme, and do not participate in any dividends declared.

The following share-based payment arrangements were in existence during the period:

Option Series	Number	Grant Date	Expiry Date	Exercise Price \$	Fair value at grant date
Issued 29 May 2006 <sup>(ii)</sup>	242,857	29-May-06	2011	0.66	60,714
Issued 7 March 2007 <sup>(i)</sup>	566,665	07-Mar-07	2012	0.69	186,999
Issued 4 October 2007 <sup>(i)</sup>	196,666	04-Oct-07	2012	0.97	88,186
Issued 26 October 2007 <sup>(i)</sup>	46,666	26-Oct-07	2012	0.97	19,942
Issued 11 February 2011 <sup>(i)</sup>	7,300,000	07-Mar-11	2016	0.65	1,203,040

In accordance with the terms of the Employee Share Option Plan:

- (i) options issued in these series vest as to one-third on each of the first, second and third anniversary dates from the date of issue and expire five years from date of issue.

In accordance with the terms of the Employee Share Option Plan, options may be exercised at any time from the date on which they vest to the date of their expiry.

There were 7,300,000 share options granted during the financial year (2010: nil).

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 6. EXECUTIVE AND EMPLOYEE SHARE OPTIONS (continued)

#### *Options issued since June 2004*

Options were priced by an appropriately qualified expert who chose to use the binomial pricing model, because it allows for performance hurdles and settlement before expiry. Where relevant, the expected life used in the model has been adjusted based on a best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The risk-free rate is sourced from the Reserve Bank of Australia. To allow for effects of early exercise, it was assumed that employees would exercise the options after vesting date when the share price was two times the exercise price.

Inputs into the models for the series of options issued post June 2004:

Issue Date	Share price at grant date	Risk free rate of return to expiry (p.a.)	Years to expiration/ exercise	Dividend yield (p.a.)	Volatility	Sub optimal early exercise factor
29-May-06	0.66	5.62%	5	0.0%	50.00% - 60.00%	2.00
7-Mar-07	0.77	5.80%	5	1.5%	45.00% - 55.00%	2.00
4-Oct-07	1.07	6.42%	5	1.5%	45.00% - 50.00%	2.00
26-Oct-07	1.05	6.41%	5	1.5%	45.00% - 50.00%	2.00
07-Mar-11	0.47	5.30%	4.93	0.0%	45.00%	none assumed

The following reconciles the outstanding share options granted under the executive share option plan at the beginning and the end of the financial year:

	2011		2010	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at the beginning of the year	1,052,854	0.697	3,592,142	0.729
Granted during the year	7,300,000	0.650	-	-
Expired/ lapsed during the year	(592,854)	0.741	(2,539,288)	0.722
Balance at the end of the year	7,760,000	0.656	1,052,854	0.748
Exercisable at the end of the financial year	460,000	0.757	976,180	0.730

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 6. EXECUTIVE AND EMPLOYEE SHARE OPTIONS (continued)

#### Exercised during the financial year

No options were exercised during the financial year, nor during the previous financial year.

#### Balance at the end of the financial year

The share options outstanding at the end of the financial year are as follows:

Issued	No	Vested	Unvested	Expiry Date	Exercise Price \$	Contractual Life (days)
		No.	No.			
Issued 7 March 2007	350,000	350,000	-	2012	\$0.69	250
Issued 4 October 2007	110,000	110,000	-	2012	\$0.97	461
Issued 11 February 2011	7,300,000	-	7,300,000	2016	\$0.65	1,686
	<u>7,760,000</u>	<u>460,000</u>	<u>7,300,000</u>			

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
<b>7. REMUNERATION OF AUDITORS</b>		
<b>Auditor of the Parent Entity</b>		
Auditing of the financial report	185,000	225,000
	185,000	225,000
<b>Other Auditors</b>		
Auditing the financial report	157,489	337,622
Other services – Taxation	18,469	11,373
	175,958	348,995
	360,958	573,995

The auditor of eServGlobal is Deloitte Touche Tohmatsu in Australia and the Other Auditors are all affiliated firms of Deloitte Touche Tohmatsu. Fees paid to other auditors are charged in respective foreign currencies and are subject to exchange rate fluctuations.

## 8. ASSETS CLASSIFIED AS HELD FOR SALE

On 26 May 2010, the company entered into a conditional agreement to sell its USP assets and undertakings to Oracle Australia Pty Limited. The conditions were satisfied, and the sale was completed, on 3<sup>rd</sup> August 2010 in the current financial year. The major classes of USP assets and liabilities at the end of the prior reporting period were as follows:

	2011	2010
	\$'000	\$'000
Property, plant and equipment	-	550
Prepayments	-	184
Goodwill	-	26,794
USP assets classified as held for sale	-	27,528
Provisions	-	(241)
Deferred income	-	(509)
USP liabilities classified as held for sale	-	(750)
Net assets of USP classified as held for sale	-	26,778

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	2011 \$'000	2010 \$'000
<b>9. CURRENT TRADE AND OTHER RECEIVABLES</b>		
Trade receivables (i)	13,503	22,319
Less : Allowance for doubtful debts	(1,000)	(1,208)
	12,503	21,111
Prepayments	1,043	1,454
Goods and services tax receivable	1,055	814
Work in progress (Note 10)	5,802	7,467
Deferred sales proceeds (Note 30)	12,208	-
Deposits and accrued interest	1,111	297
	33,722	31,143

- (i) The average credit period on sales of goods and rendering of services is 60 days (2010: 60 days). Historically, the Group has had no requirement to charge interest on overdue receivables, although customer contractual terms include the ability to do this. Objective evidence is determined by reference to knowledge of disputes at balance date, where applicable. The Group also considers any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date.

Before accepting any new customers, the Group obtains, where considered necessary, third party references to assess the potential customer's credit worthiness. The majority of the Group's outstanding trade receivables consist of large Telecommunication companies and are considered high quality creditworthy customers.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$7.6 million (2010: \$8.0 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average days overdue for these receivables is 89 days (2010: 92 days).

	<b>Consolidated</b>	
	2011 \$'000	2010 \$'000
<b>Ageing of past due but not impaired</b>		
By up to 30 days	2,789	2,953
30 - 90 days	1,258	1,675
90 - 120 days	1,065	185
120 + days	2,444	3,182
	7,556	7,995

<b>Movement in allowance for doubtful debts</b>		
Balance at the beginning of the year	1,208	-
Impairment (reduction)/losses recognised on receivables	(208)	1,208
Amounts written off as unrecoverable	-	-
Balance at the end of the year	1,000	1,208



# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	2011	2010
	\$'000	\$'000
<b>10. WORK IN PROGRESS</b>		
Contract work in progress	18,572	40,047
Progress billings and advances received	(14,892)	(37,848)
	<u>3,680</u>	<u>2,199</u>
Recognised and included in the financial statements as amounts due:		
From customers:		
Current (Note 9)	5,802	7,467
To customers as deferred income:		
Current (Note 18)	(2,122)	(5,268)
	<u>3,680</u>	<u>2,199</u>

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>11. CURRENT INVENTORIES</b>		
Finished goods	279	853

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Office furniture and fittings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount – at cost</b>				
<b>Balance at 30 June 2009</b>	2,558	262	15,435	18,255
Additions	557	3	1,654	2,214
Disposals	(657)	-	(1,530)	(2,187)
Reclassified as held for sale	(224)	(249)	(2,623)	(3,096)
Net foreign currency	(345)	4	(2,084)	(2,425)
<b>Balance at 30 June 2010</b>	1,889	20	10,852	12,761
Additions	52	-	528	580
Disposals	(1,066)	(9)	(1,184)	(2,259)
Net foreign currency	(160)	0	(1,869)	(2,029)
<b>Balance at 30 June 2011</b>	715	11	8,327	9,053
<b>Accumulated depreciation</b>				
<b>Balance at 30 June 2009</b>	2,317	191	10,856	13,364
Depreciation expense	302	19	2,364	2,685
Disposal	(607)	-	(1,517)	(2,124)
Reclassified as held for sale	(178)	(208)	(2,160)	(2,546)
Net foreign currency	(316)	2	(1,375)	(1,689)
<b>Balance at 30 June 2010</b>	1,518	4	8,168	9,690
Depreciation expense	245	12	1,120	1,377
Disposal	(1,025)	(12)	(689)	(1,726)
Net foreign currency	(154)	-	(1,975)	(2,129)
<b>Balance at 30 June 2011</b>	584	4	6,624	7,212
<b>Net book value</b>				
As at 30 June 2010	371	16	2,684	3,071
As at 30 June 2011	131	7	1,703	1,841

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>13. GOODWILL</b>		
<b>Gross carrying amount and net book value</b>		
Balance at the beginning of the financial year	19,403	48,066
Reclassified as held for sale	-	(26,794)
Translation effects of foreign currency exchange movements	(3,766)	(1,869)
<b>Balance at end of financial year</b>	<b>15,637</b>	<b>19,403</b>
<b>Accumulated impairment losses</b>		
Balance at the beginning of the financial year	(12,583)	(12,583)
Translation effects of foreign currency exchange movements	3,445	-
<b>Balance at end of financial year</b>	<b>(9,138)</b>	<b>(12,583)</b>
<b>Net book value</b>		
At the beginning of the financial year	6,820	35,483
<b>At the end of the financial year</b>	<b>6,499</b>	<b>6,820</b>

During the financial year, the Group assessed the recoverable amount of goodwill based on the methodology below, and determined that no further impairment was required (2010: \$ nil). The recoverable amount was assessed by reference to the cash-generating unit's value in use. A discount factor of 23% per annum (2010: 23% per annum) was applied in the value in use model. No write-down of the carrying amounts of other assets in the cash-generating unit was necessary.

### Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to a single cash generating unit, being the entire business. This is because substantially the entire product list of the combined entity is available for sale to, and being sold to, substantially the entire customer base of the combined entity.

The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by management covering a 5 year period, and a terminal value based upon an extrapolation of cash flows beyond the 5 year period using an estimated growth rate of 3% per annum.

The key assumptions used in the value-in-use calculation for the cash generating unit are as follows:

- Sales are expected to grow over the forecast period between 11% and 17%.
- A gross margin of 60% over the forecast period: this is based upon average gross margins achieved in the period immediately before the forecast period.
- In performing the value-in-use calculations, the company has applied post-tax discount rates to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rate is 23% per annum.
- Operating expenses are expected to increase steadily over the forecast period, but at a rate lower than the sales growth.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 14. INTANGIBLES

	Consolidated			
	Software & documentation acquired \$'000	Customer relationships acquired \$'000	Software development \$'000	Total \$'000
<b>Gross carrying amount</b>				
<b>Balance at 30 June 2009</b>	18,519	23,342	3,782	45,643
Internally developed	-	-	2,195	2,195
Effects of foreign currency exchange movements	(907)	(2,014)	(665)	(3,586)
<b>Balance at 30 June 2010</b>	17,612	21,328	5,312	44,252
Internally developed	-	-	1,364	1,364
Effects of foreign currency exchange movements	(67)	(373)	(285)	(725)
<b>Balance at 30 June 2011</b>	17,545	20,955	6,391	44,891
<b>Accumulated Amortisation and impairment</b>				
<b>Balance at 30 June 2009</b>	(13,366)	(11,894)	-	(25,260)
Amortisation expense	(3,493)	(3,109)	(275)	(6,877)
Effects of foreign currency exchange movements	312	278	22	612
<b>Balance at 30 June 2010</b>	(16,547)	(14,725)	(253)	(31,525)
Amortisation expense	(1,024)	(2,735)	(1,734)	(5,493)
Effects of foreign currency exchange movements	26	69	44	139
<b>Balance at 30 June 2011</b>	(17,545)	(17,391)	(1,943)	(36,879)
<b>Net Book Value</b>				
As at 30 June 2010	1,065	6,603	5,059	12,727
As at 30 June 2011	-	3,564	4,448	8,012

#### Significant intangible assets

The carrying amount of 'Customer relationships acquired' of \$3.564 million (2010: \$6.603 million) will be fully amortised in 2 years (2010: 3 years).

'Software development' costs of \$6.391 million is amortised over three years.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>15. CURRENT TRADE AND OTHER PAYABLES</b>		
Trade payables (i)	4,506	3,365
Accruals and other payables	11,689	9,984
	16,195	13,349

- (i) The average credit period on purchases of certain goods is 45 days (2010: 45 days). No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2011	2010
	\$'000	\$'000
<b>16. BORROWINGS</b>		
<b>Unsecured</b>		
Bank overdrafts	-	1,794
	-	1,794
<b>Secured</b>		
Bank overdrafts (i)	-	4,000
	-	4,000
	-	5,794
Current	-	5,794
Non-current	-	-
	-	5,794

- (i) Bank overdraft in the prior year was secured by way of fixed and floating charge over the whole of the assets and undertaking of eServGlobal Limited.

## 17. PROVISIONS

	Employee provisions	Retirement contribution plans (i)	Total
	\$'000	\$'000	\$'000
<b>Consolidated</b>			
<b>Balance as at 30 June 2010</b>	4,123	505	4,628
Additional provisions recognised	5,412	-	5,412
Utilised during the period	(2,511)	(57)	(2,568)
Balance as at 30 June 2011	7,024	448	7,472
Current	7,024	-	7,024
Non-current	-	448	448
	7,024	448	7,472

- (i) The retirement contribution plan is the statutory termination payment due to eligible employees in France.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

		Consolidated	
		2011	2010
		\$'000	\$'000
<b>18. OTHER CURRENT LIABILITIES</b>			
Deferred income (Note 10)		2,122	5,268
<b>19. ISSUED CAPITAL</b>		<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
196,847,706 fully paid ordinary shares (2010: 196,847,706)		123,946	123,946

	2011		2010	
	No. '000	\$ '000	No. '000	\$ '000
<b>Fully Paid Ordinary Shares</b>				
Balance at the beginning of financial year	196,848	123,946	196,848	123,946
Balance at the end of financial year	196,848	123,946	196,848	123,946

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

### Share Options

In accordance with the terms of the executive and employee share option plan as at 30 June 2011, employees are entitled to exercise options granted and thus acquire shares in the company. Details of the executive and employee share option plan are contained in Note 6 to the financial statements.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>20. RESERVES</b>		
Foreign currency translation	(3,522)	(2,463)
Employee equity-settled benefits	1,132	897
	(2,390)	(1,566)

### Foreign currency translation reserve

Balance at beginning of financial year	(2,463)	3,323
Translation of foreign operations	(1,059)	(5,786)
Balance at the end of the financial year	(3,522)	(2,463)

Exchange differences relating to the translation from Euros, being the functional currency of the eServGlobal SAS and its controlled entities, into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

### Employee equity-settled benefits reserve

Balance at beginning of financial year	897	1,088
Share based payments	235	(191)
Balance at the end of the financial year	1,132	897

The employee equity-settled benefits reserve arises on the grant of share options to executives and employees under the executive and employee share option plan. Amounts are transferred out of the reserve and into issued capital when options are exercised. Further information about share-based payments to executives and employees is contained in Note 6 to the financial statements.

	2011	2010
	\$'000	\$'000
<b>21. ACCUMULATED LOSSES</b>		
Balance at beginning of the financial year	(65,781)	(33,338)
Profit/(Loss) for the year attributable to equity holders of the parent	39,011	(32,443)
Balance at end of financial year	(26,770)	(65,781)

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	Consolidated	
	2011 Cents Per Share	2010 Cents Per Share
<b>22. EARNINGS/(LOSS) PER SHARE</b>		
Basic earnings/(loss) per share	19.8	(16.5)
Diluted earnings/(loss) per share	19.8	(16.5)

### Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

	2011 \$'000	2010 \$'000
Earnings – being the profit/ (loss) for the year attributable to equity holders of the parent	39,011	(32,443)

	2011 No '000	2010 No '000
Weighted average number of ordinary shares	196,848	196,848

### Diluted earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings/(loss) per share are as follows:

	2011 \$'000	2010 \$'000
Earnings – being the (loss)/profit for the year attributable to equity holders of the parent	39,011	(32,443)

	2011 No '000	2010 No '000
Weighted average number of ordinary shares and potential ordinary shares (a)	196,848	196,848

(a) Weighted average numbers of ordinary shares and potential ordinary shares used in the calculation of diluted earnings/(loss) per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share as follows:

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings/(loss) per share	196,848	196,848
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# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	Consolidated			
	2011		2010	
	Cents Per Share	Total \$'000	Cents Per Share	Total \$'000
<b>23. DIVIDENDS</b>				
<b>Recognised Amounts</b>				
<i>Final dividend</i>				
Fully Paid Ordinary Shares unfranked	-	-	-	-
<b>Unrecognised Amounts</b>				
<i>Special dividend</i>				
Fully Paid Ordinary Shares franked	0.12146	23,909	-	-

On 8<sup>th</sup> August 2011, based on the Company's shareholders approval, the directors declared a capital return of \$0.16854 per share and a special dividend of \$0.12146 per share (franked amount at \$0.083 per share) and paid to shareholders on 23<sup>rd</sup> August 2011. Total dividend paid was \$23,909,000.

## 24. LEASES

### Operating Leases

#### *Leasing arrangements*

Operating leases relate to office facilities with lease terms of up to five years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Consolidated	
	2011 \$'000	2010 \$'000
Non-cancellable operating leases		
Not longer than 1 year	2,108	4,319
Longer than 1 year and not longer than 5 years	4,415	11,606
Longer than 5 years	-	-
	<u>6,523</u>	<u>15,925</u>

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

	COUNTRY OF INCORPORATION	Ownership Interest	
		2011 %	2010 %
<b>25. SUBSIDIARIES</b>			
<b>Parent Entity</b>			
eServGlobal Limited	Australia (vii) (viii)		
<b>Subsidiary</b>			
eServGlobal Holdings SAS	France (i)	100	100
eServGlobal SAS	France (i) (iii)(ix)	100	100
PT eServGlobal Indonesia	Indonesia (i) (x)	100	100
eServGlobal (Beijing) Telecommunication Technical Services, Co Ltd	China (i) (x)	100	100
eServGlobal Telecom Romania Srl	Romania (i)(x)	50	50
eServGlobal Telecom Serviços do Brasil Ltda	Brazil (i) (x)	100	100
eServGlobal (NZ) Pty Limited	Australia (ii) (vi) (vii)	100	100
eServGlobal (HK) Limited	Hong Kong (i)	100	100
eServGlobal NVSA	Belgium (i)	100	100
eServGlobal UK Limited	United Kingdom (xi)	100	100
eServ UK Limited	United Kingdom(v)	100	100
eServGlobal Singapore Pte. Ltd.	Singapore (i)	100	100
eServGlobal Inc	United States of America (iv)	100	100
eServGlobal Aust Pty Limited (formerly Integrator Pty Limited)	Australia (v) (vi) (vii)	100	100

- (i) These subsidiaries carry on business in their country of incorporation; France, Indonesia, China, Romania, Brazil, Hong Kong, Belgium and Singapore.
- (ii) eServGlobal (NZ) Pty Ltd carries on business in Australia and has a branch which carries on business in New Zealand.
- (iii) eServGlobal SAS carries on business in France and has branches or representative office which carry on business in Egypt, Poland, India and the United Arab Emirates.
- (iv) This subsidiary did not trade during the current financial year and is relieved from the requirement to prepare, audit and lodge a financial report.
- (v) This subsidiary did not trade in the year ended 30 June 2011.
- (vi) These subsidiaries are classified as small proprietary companies and, in accordance with the Corporations Act 2001, are relieved from the requirement to prepare, audit and lodge a financial report.
- (vii) These companies are members of the Australian tax consolidated group.
- (viii) eServGlobal Limited is the head entity within the tax consolidated group.
- (ix) This company is a subsidiary of eServGlobal Holdings SAS. Management have determined that the group has the power to govern the financial and operating policies eServ Global Telecom Romania Srl.
- (x) These companies are subsidiaries of eServGlobal SAS
- (xi) eServGlobal UK Limited carries on business in the United Kingdom and has a branch which carries on business in the Netherlands.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 26. SEGMENT INFORMATION

The Group operates in a single segment being the telecommunications software solutions business. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on telecommunication software solution business.

#### **Revenue from major products and services**

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Hardware	1,411	4,565
Licences	12,748	21,178
Services	8,671	18,776
Support	19,978	33,496
<b>Total revenue from continuing operations</b>	<b>42,808</b>	<b>78,015</b>

#### **Geographical information**

The Group's revenue from continuing operations from external customers are detailed below based on the external customers' domiciles.

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Middle East	11,299	21,393
Asia Pacific	8,475	14,493
Europe	7,728	16,038
Africa	12,500	23,549
Central and South America	2,806	2,542
<b>Total revenue from continuing operations</b>	<b>42,808</b>	<b>78,015</b>

#### **Information about major customers**

Included in the Group's revenue from continuing operations from external customers are revenues of approximately \$18.3 million (2010 : \$27.6 million) which arose from sales to the Group's largest customers.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 27. RELATED PARTY DISCLOSURES

#### a) Equity Interests in Related Parties

##### Equity Interests in Controlled Entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

#### b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 5 to the financial statements.

#### c) Key management personnel equity holdings

Fully paid ordinary shares issued by eServGlobal Limited

	Balance at 1 July	Received on exercise of options	Net other change	Balance at 30 June
	No.	No.	No.	No.
<b>2011</b>				
D Smart	40,000	-	-	40,000
R Mathews <sup>(i)</sup>	17,529,396	-	(1,212,121)	16,317,275
C Halliday <sup>(ii)</sup>	24,595,440	-	(1,212,121)	23,445,324
F Barrault	500,000	-	-	500,000
A Eisen <sup>(iii)</sup>	38,316,296	-	-	38,316,296
M Jefferies <sup>(iii)</sup>	38,316,296	-	-	38,316,296
James Brooke <sup>(iv)</sup>	-	-	36,363,462	36,363,462
<b>2010</b>				
D Smart	-	-	40,000	40,000
R Mathews <sup>(i)</sup>	17,529,396	-	-	17,529,396
C Halliday <sup>(ii)</sup>	24,595,440	-	-	24,595,440
F Barrault	500,000	-	-	500,000
A Eisen <sup>(iii)</sup>	38,301,296	-	15,000	38,316,296
M Jefferies <sup>(iii)</sup>	38,301,296	-	15,000	38,316,296
I Buddery <sup>(v)</sup>	15,055,982	-	(15,055,982)	-
A Gilbert <sup>(vi)</sup>	90,000	-	(90,000)	-
J Pratt <sup>(vii)</sup>	500,000	-	(500,000)	-

- (i) Has the power to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates of the 16,110,592 ordinary shares held by MHB Holdings Pty Ltd and 206,683 shares held by Paua Pty Ltd.
- (ii) Has the power to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates of the 16,110,592 ordinary shares held by MHB Holdings Pty Ltd, 62,005 held by Paua Pty Ltd, and 7,272,727 shares held by National Nominees Limited
- (iii) Shares held by Guinness Peat Group of which Anthony Eisen and Michael Jefferies are both executives.
- (iv) J Brooke was appointed a Director on 26 July 2010; he has a relevant interest in shares held by Gartmore Investment Limited.
- (v) Relevant interest in shares held by Wallaby Hill Pty Ltd. I Buddery resigned as a director on 26 July 2010.
- (vi) A Gilbert ceased as a director on 1 October 2009.
- (vii) J Pratt resigned on 23 July 2009.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 27. RELATED PARTY DISCLOSURES (continued)

#### c) Key management personnel equity holdings (continued)

##### Options issued by eServGlobal Limited to Executives

	Balance at 1 July	Granted as compen- sation	Exercised	Net other change	Balance at 30 June	Balance vested at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
<b>2011</b>									
Craig Halliday	-	1,000,000	-	-	1,000,000	-	-	-	-
R Arame	-	1,000,000	-	-	1,000,000	-	-	-	-
S Blundell	-	1,000,000	-	-	1,000,000	-	-	-	-
JC Bouillon <sup>(i)</sup>	50,000	-	-	-	50,000	50,000	-	50,000	-
<b>2010</b>									
JC Bouillon <sup>(i)</sup>	50,000	-	-	-	50,000	50,000	-	50,000	16,667
L Lafarge <sup>(ii)</sup>	300,000	-	-	(300,000)	-	-	-	-	-

(i) J C Bouillon resigned on 17 March 2011

(ii) L Lafarge resigned on 23 July 2009.

Each executive share plan option converts into one ordinary share of eServGlobal Limited when the option is exercised and the exercise price paid. When options are issued, no amounts are paid or payable by the recipient of the option (Refer Note 6).

#### d) Non executive directors option holdings

	Balance at 1 July	Granted as compen- sation	Exercised	Net other change	Balance at 30 June	Balance vested at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
<b>2011</b>									
-	-	-	-	-	-	-	-	-	-
<b>2010</b>									
A Gilbert <sup>(i)</sup>	500,000	-	-	(500,000)	-	-	-	-	-

(i) A Gilbert ceased as a director on 1 October 2009.

Each executive share plan option converts into 1 ordinary share of eServGlobal Limited when the option is exercised and the exercise price paid. When options are issued, no amounts are paid or payable by the recipient of the option (Refer Note 6).

# eServGlobal Limited

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## Notes to the Financial Statements for the financial year ended 30 June 2011

### 27. RELATED PARTY DISCLOSURES (continued)

	Consolidated		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>e) Other transactions with key management personnel</b>				
Francois Barrault (a non-executive director) received fees for strategic consulting services on normal commercial terms	67,861	-	-	-

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#### **f) Parent Entities**

The parent and ultimate parent entity in the Group is eServGlobal Limited.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 28. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>a) Reconciliation of cash</b>		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	60,820	2,225
Bank overdraft (i)	-	(5,794)
	60,820	(3,569)
<b>b) Financing facilities</b>		
Unsecured bank facilities		
▪ amount used	-	1,794
▪ amount unused	-	2,506
Total Unsecured bank facilities	-	4,300
Secured bank facilities		
▪ amount used	-	4,000
▪ amount unused (ii)	5,000	2,500
Total Secured bank facilities	5,000	6,500

(i) Total bank overdraft of \$5,794,000 as at 30 June 2010 was fully repaid on 4<sup>th</sup> August 2010.

(ii) Bank facilities are secured by way of a fixed and floating charge over the whole of the assets and undertakings of eServGlobal Limited

### c) Reconciliation of profit/ (loss) for the year to net cash flows from operating activities

Profit/(loss) for the year	39,159	(32,286)
Interest income	(3,975)	-
Depreciation of non-current assets	1,377	2,685
Amortisation of non-current assets	5,493	6,877
Loss on disposal of non-current assets	533	62
Equity settled share-based payments	235	(191)
Gain on disposal of business	(69,340)	-
Increase/(decrease) in current income tax balances	11,013	2,076
Increase/(decrease) in deferred tax balances	(6,045)	(2,934)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
- (Increase)/decrease in assets:		
- Receivables	8,889	32,166
- Inventories	574	(231)
Increase/(decrease) in liabilities:		
- Trade payables	2,791	(18,594)
- Provisions	2,914	(1,229)
- Other liabilities	(3,183)	(1,442)
Net cash used in operating activities	(9,565)	(13,041)

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	Consolidated	
	2011	2010
	\$'000	\$'000
d) Cash balance not available for use	418	-

The above cash balance which is not available for use is held as security by the financial institutions in relation to financial guarantee that has been issued on behalf of the company. The cash balance is held in interest yielding account.

### 29. FINANCIAL INSTRUMENTS

#### a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

#### b) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2010.

The capital structure of the Group includes cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. At 30 June 2011 the Group had no borrowings against formalised available facilities disclosed in Note 28 (2010: \$4.300 million), and no borrowings against uncommitted overdraft facilities (2010: \$1.794m). Operating cash flows are used to maintain and expand the Group's assets as well as to pay for operating expenses, tax liabilities and development activities.

#### c) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and exchange rate markets and seeks to minimise potential adverse effects on the Group's performance. The Group seeks to minimise the effect of foreign currency risks using derivative financial instruments detailed at 29 (e). A risk management framework, including the policy on use of financial derivatives is governed by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### d) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group has entered into forward foreign exchange contracts to cover foreign currency receipts arising from specific customer orders. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.



# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 29. FINANCIAL INSTRUMENTS (continued)

#### e) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise. Exchange rate exposures arising from specific customer orders are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

	Assets		Liabilities	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
US dollars	3,469	5,330	189	322
Euro	166	694	-	80

#### Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover foreign currency receipts arising from specific customer orders. The Group has entered into fixed price contracts to supply Software and Services and as a consequence has, in certain cases, entered into forward foreign exchange contracts (for terms not exceeding 12 months) to hedge the exchange risk arising from these transactions.

The following table details the forward foreign currency contract outstanding as at the reporting date:

Outstanding Contacts	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2011	2010	2011 USD'000	2010 USD'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Sell US Dollars</b>								
Less than 3 months	1.0671	0.8877	79	1,598	74	1,800	-	(65)
3 to 6 months	n/a	0.8795	-	728	-	828	-	(23)
7 to 9 months	n/a	0.8711	-	893	-	1,025	-	(18)
			79	3,219	74	3,653	-	(106)

Categories of financial instruments	Consolidated	
	2011 \$'000	2010 \$'000
<b>Financial Assets:</b>		
Cash and cash equivalents	60,820	2,225
Loans and receivables		
Receivables	12,503	21,111
Deferred sales proceeds	24,416	-
Deposits and accrued interest	1,111	297
<b>Financial Liabilities:</b>		
Trade payables (at amortised cost)	4,506	3,365
Bank borrowings	-	5,794

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 29. FINANCIAL INSTRUMENTS (continued)

#### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies, which represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (arising from monetary assets and liabilities held at balance date in a currency different to the functional currency of the respective entities holding the assets or liabilities) and adjusts their translation at a period end for a 10% change in foreign currency rates.

	USD Impact Consolidated	
	2011 \$'000	2010 \$'000
Profit or loss	406	556

  

	Euro Impact Consolidated	
	2011 \$'000	2010 \$'000
Profit or loss	16	64

A positive number indicates an increase in profit or loss with the Australian Dollar strengthening against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit, and the amounts above would be negative.

In management's opinion, the above sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

In addition, the Group includes certain subsidiaries whose functional currencies are different to the Group's presentation currency. The main operating entity outside of Australia is based in France. This entity transacts primarily in its functional currency, the Euro, and does not have significant foreign currency exposures, because of the hedging policies outlined above. As stated in the Group's Accounting Policies Note 1(e), on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing on the balance date. The income and expenses of these entities is translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the Euro.

#### f) Interest Rate Risk Management

The Group's exposure to interest rate risk at 30 June 2011 is limited to the interest generated on deposits balances invested during the course of the year which attract a variable interest rate and yielded a 5.2% (2010: 0%) weighted average interest rate for the financial year.

#### Interest rate sensitivity analysis

The Group's sensitivity to interest rates is restricted only to surplus cash placed on short-term deposit or short-term drawings on facilities utilised to manage operational cash requirements across the entities within the group.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 29. FINANCIAL INSTRUMENTS (continued)

#### g) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a relatively small number of closely managed customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable as part of the overall client management process.

The carrying amount of the financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

#### h) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000
<b>Consolidated 2011</b>					
Trade payables - Non-interest bearing	-	3,003	1,503	-	-
<b>2010</b>					
Trade payables - Non-interest bearing	-	2,489	876	-	-
Bank borrowings	6.63%	-	5,854	-	-

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 29. FINANCIAL INSTRUMENTS (continued)

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period based on the earliest date on which the Group can expect to receive payment. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000	5+ years \$'000
<b>Consolidated 2011</b>						
Cash and cash equivalents	4.78%	61,060	-	-	-	-
Deposits – interest bearing	3.80%	-	12,208	-	12,208	-
Deposits - Non-interest bearing	-	-	-	871	-	-
Trade receivables - Non-interest bearing	-	6,877	3,438	2,188	-	-
		67,937	15,646	3,059	12,208	-
<b>2010</b>						
Cash and cash equivalents	-	2,225	-	-	-	-
Deposits - Non-interest bearing	-	-	-	297	-	-
Trade receivables - Non-interest bearing	-	11,619	5,849	3,643	-	-
		13,844	5,849	3,940	-	-

#### i) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 30. DISPOSAL OF BUSINESS

On 3 August 2010, the Group disposed its USP assets and undertakings.

	2011 \$'000	2010 \$'000
<b>(a) Consideration received</b>		
Cash consideration received	79,439	-
Deferred sales proceeds	23,616	-
Total consideration received	<u>103,055</u>	-
<b>(b) Gain on disposal of business</b>		
Consideration received (a)	103,055	-
Net assets disposed	(27,620)	-
Disposal related costs	<u>(6,095)</u>	-
	<u>69,340</u>	-
Net assets disposed comprise of:		
Goodwill	26,794	-
Work in Progress	585	-
Prepayments	105	-
Property Plant and Equipment	447	-
Employee Provisions	<u>(311)</u>	-
	<u>27,620</u>	-
<b>(c) Deferred sales proceeds disclosed as;</b>		
Current	12,208	-
Non current	<u>12,208</u>	-
	24,416	-
Less: accrued interest	<u>(800)</u>	-
	<u>23,616</u>	-

Deferred sales proceeds are held in escrow and are subject to indemnification provisions within the transaction agreements. The current amount was due to be received on 3 August 2011 and the non-current amount on 3 August 2012. As at the date of this report, Oracle has claimed against the escrow fund in connection with certain losses for the amount of \$11.5 million (refer note 32).

# eServGlobal Limited

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 31. PARENT ENTITY INFORMATION

<b>31.1 Financial position</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>Assets</b>		
Current assets	42,779	22,844
Non-current assets	53,349	41,177
<b>Total assets</b>	<b>96,128</b>	<b>64,021</b>
<b>Liabilities</b>		
Current liabilities	1,318	7,087
Non-current liabilities	-	170
<b>Total liabilities</b>	<b>1,318</b>	<b>7,257</b>
<b>Equity</b>		
Issued capital	123,946	123,946
Accumulated losses	(30,268)	(68,079)
<b>Reserves</b>		
Employee equity-settled benefits	1,132	897
<b>Total equity</b>	<b>94,810</b>	<b>56,764</b>
<b>31.2 Financial performance</b>		
	<b>Year Ended 30 June 2011 \$'000</b>	<b>Year Ended 30 June 2010 \$'000</b>
Profit/ (loss) for the year	37,811	(56,515)
Other comprehensive income	-	-
<b>Total comprehensive income/ (loss)</b>	<b>37,811</b>	<b>(56,515)</b>

## Notes to the Financial Statements for the financial year ended 30 June 2011

### 32. SUBSEQUENT EVENTS

#### Claim from Oracle

On 26 May 2010, eServ Global Limited entered into a conditional agreement to sell its USP assets and undertakings to Oracle Australia Pty Limited. The sale was completed on 3 August 2010. The total proceeds on sale were \$103.0 million of which \$79.4 million were received on 4 August 2010 and the balance of \$23.6 million is held in escrow in an interest bearing account for a period of 2 years from completion date. \$11.8 million of the sales proceeds excluding accrued interest income held in escrow was due for release on 3 August 2011 and the remaining balance of sales proceeds of \$11.8 million excluding interest is due to be released from escrow on 3 August 2012.

On 30 July 2011 eServGlobal received notification from Oracle claiming that it has or anticipates incurring losses in connection with three alleged joint customer billing issues and is entitled to be indemnified by eServGlobal pursuant to the transaction agreements in connection with these losses. Oracle has claimed against the escrow fund in connection with these losses for the amount of \$11.5 million.

eServGlobal strongly disagrees with the claims made and considers these claims largely unsubstantiated. eServGlobal has lodged an objection and intends to vigorously defend these claims.

The second and final escrow payment of \$11.8 million excluding interest is due to be released by the escrow agent in August 2012. This balance is also subject to indemnification provisions within the transaction agreements. However, at the date of this report, the Directors are not aware of any other matter or circumstance other than that referred to above that has arisen since the end of the financial year that would affect the full receipt of the second and final escrow payment.

#### Shareholder Distribution

On 8 August 2011, the Company's shareholders approved a return to shareholders after the completion of the sale of the Company's USP assets to Oracle.

On 23rd August 2011 a total of \$0.29 per share was distributed by way of a capital return of \$0.16854 per share and a special dividend of \$0.12146 per share (franked amount \$0.083 per share).

### 33. ADDITIONAL COMPANY INFORMATION

eServGlobal Limited is a listed public company, incorporated in Australia and operating in Australia, Europe, the Middle East, North Africa, Asia/Pacific and the Americas.

#### Registered Office

Suite 5, 30 Florence Street  
Newstead QLD 4006  
Australia  
Tel: +61 7 3302 0194

# eServGlobal Limited

## Additional Securities Exchange Information as at 13 September 2011

### Ordinary share capital

196,847,706 fully paid ordinary shares are held by 1,062 individual shareholders on the Australian Securities Exchange and 94 individual depository interest holders on the London Stock Exchange (AIM). All issued ordinary shares carry one vote per share.

### Options

36 individual option holders hold 7,760,000 options  
Options do not carry a right to vote.

### Distribution of holders of equity securities

	Fully Paid Ordinary Shares Listed on ASX	Depository Interests Listed on LSE (AIM)	Options- not listed
1-1,000	119	4	-
1,001-5,000	408	9	-
5,001-10,000	215	12	7
10,001-100,000	264	32	12
100,001-Over	56	37	17
<b>Total</b>	<b>1,062</b>	<b>94</b>	<b>36</b>
Holding less than a marketable parcel	126		

### Substantial shareholders

	Number	Percentage
Guinness Peat Group plc and its subsidiaries	38,316,296	19.46%
Henderson Global Investors Ltd	36,363,462	18.47%
Legal and General Investment Management Plc	22,949,900	11.66%
MHB Holdings Pty Ltd	16,110,592	8.18%

### Twenty largest holders of quoted equity securities

Australian Securities Exchange			London Stock Exchange (AIM)		
Ordinary Shareholders	Number	% of capital	Depository Interest Holders	Number	% of capital
GPG NOMINEES PTY LIMITED	37,316,296	18.96	VIDACOS NOMINEES LIMITED	27,723,343	14.08
MHB HOLDINGS PTY LTD	16,110,592	8.18	NORTRUST NOMINEES LIMITED	15,318,467	7.78
NATIONAL NOMINEES LIMITED	10,762,912	5.47	NORTRUST NOMINEES LIMITED	7,430,076	3.77
J P MORGAN NOMINEES AUSTRALIA	3,768,324	1.91	NUTRACO NOMINEES LIMITED	4,021,823	2.04
LINK 405 PTY LTD	3,326,189	1.69	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED	3,310,938	1.68
BT PORTFOLIO SERVICES LIMITED	2,906,272	1.48	THE BANK OF NEW YORK (NOMINEES) LIMITED	3,000,000	1.52
PATRICK MCGRORY	1,730,426	0.88	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED	2,577,654	1.31
MR IAN FRASER MCMANAMEY	1,591,382	0.81	CHASE (GA GROUP) NOMINEES LIMITED	2,434,783	1.24
HSBC CUSTODY NOMINEES	1,260,153	0.64	PERSHING NOMINEES LIMITED	2,337,070	1.19
TOBERMORY HOLDINGS PTY LTD	1,212,121	0.62	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED	1,967,279	1.00
RBC DEXIA INVESTOR SERVICES	1,060,401	0.54	CORPORATE SERVICES (TD WATERHOUSE) NOMINEES LIMITED	1,918,403	0.97
SANDHURST TRUSTEES LTD	914,654	0.46	MORSTAN NOMINEES LIMITED	1,852,000	0.94
MR STEPHEN JOHN BALDWIN	850,000	0.43	PERSHING NOMINEES LIMITED	1,475,000	0.75
MR WALTER FREDERICK HOLLAND	600,000	0.30	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED	1,456,406	0.74
JANVIN PTY LTD	600,000	0.30	BNY (OCS) NOMINEES LIMITED	1,450,000	0.74
QUEENSLAND INVESTMENT	551,637	0.28	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED	1,260,000	0.64
EQUITY TRUSTEES LIMITED	542,250	0.28	VIDACOS NOMINEES LIMITED	1,244,422	0.63
AUSTRALIAN EXECUTOR TRUSTEES	526,515	0.27	CHASE NOMINEES LIMITED	1,210,043	0.61
MR FRANCOIS BARRAULT	500,000	0.25	L R NOMINEES LIMITED	1,151,022	0.58
NBT PTY LIMITED	500,000	0.25	CREDIT AGRICOLE CHEUVREUX INTERNATIONAL LIMITED	1,037,614	0.53



# eServGlobal Limited

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## Additional Securities Exchange Information as at 13 September 2011

### **Secretary**

Tom Rowe

### **Chief Financial Officer**

Stephen Blundell

### **Registered Office & Principal Administration Office**

Suite 5

30 Florence Street

Teneriffe QLD 4006

Australia

Tel: +61 7 3302 0194

### **Share Registry**

Computershare Registry Services Pty Ltd

Level 3, 60 Carrington Street

Sydney NSW 2000

Australia

### **Stock Exchange listings**

eServGlobal Limited's ordinary shares are quoted on the Australian Securities Exchange Limited under the ticker "ESV", and on the London Stock Exchange (AIM) as Depositary Interests under the ticker "ESG".