



MAKING FINANCIAL INCLUSION MOBILE

ANNUAL REPORT 2015

CONTENTS

Our Company	1
Mobile money in emerging markets	3
The HomeSend Joint Venture	5
International Remittance	7
Executive Chairman's Review	9
The Board of Directors	11
Directors' Report	13
Auditor's Independence Declaration	26
Independent Audit Report	27
Directors' Declaration	29
Consolidated statement of profit or loss and other comprehensive income	30
Consolidated statement of financial position	31
Consolidated statement of changes in equity	32
Consolidated statement of cash flows	33
Notes to the financial statements	34
Additional securities exchange information	82



250 million people
use eServGlobal
software worldwide.

With customers in more than 50 countries around the globe, eServGlobal's software is used to support the needs of more than a quarter of a billion end users.

Making financial inclusion mobile



Mobile Money

Allowing operators and financial service providers to build offers which are optimised to their needs. The PayMobile platform is an end-to-end mobile money solution offering a comprehensive suite of services in both an operator centric mode or integrated with the open financial ecosystem.



Remittance

Market leading solutions which enable both cross-border and domestic transfer between mobile money accounts, payment cards, bank accounts or cash outlets. Providing international money transfer through a native interface with the HomeSend remittance hub.



Recharge

PayMobile includes a full featured prepaid account recharge solution. Operators can centralise their recharge needs for both their electronic and physical scratch cards, from a single point, regardless of the network or distribution mode.

Our Company

END-TO-END MOBILE FINANCIAL SERVICES TO EMERGING MARKETS

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

For more than 30 years, eServGlobal has been a source of innovation for telcos and financial institutions. Using carrier-grade, next-generation technology, eServGlobal aligns with the requirements of customers around the globe.

Together with MasterCard and BICS, eServGlobal is a joint venture partner of the HomeSend global payment hub, enabling cross-border money transfer between mobile wallets, cards, bank accounts or cash outlets from anywhere in the world.

Our Technology: PayMobile 3.0

PayMobile 3.0 is a revolution in the way eServGlobal builds and delivers its solutions. In 2014, the Company embarked on an ambitious project to develop a standardised technology platform to meet the needs of the rapidly evolving mobile money and advanced recharge market.

PayMobile 3.0 is now live in five customer sites and the Company is realising the benefits of offering a true industrialised product. Adoption of a new hardware architecture and a new handling process has resulted in significant time savings through software standardisation. This approach brings the average project duration down from 6 - 8 months to 3 - 5 months, which equals a 43% average saving in time and resource costs.



eServGlobal's worldwide customer base

Mobile money in emerging markets

THE UBIQUITY OF THE MOBILE REPRESENTS A UNIQUE OPPORTUNITY TO FACILITATE FINANCIAL INCLUSION

Market size and potential

There are now more than 260 live mobile money deployments in the emerging world and over 100 million active mobile money accounts, however there remain 2 billion working-age adults globally who have no access to formal financial services.

The mobile phone represents the obvious method for reaching financially underserved people due to its ubiquity, even in emerging economies. The GSMA reports that unique subscriber penetration rates in emerging markets was 44.6% at the end of 2014, and is expected to rise to 56% by 2020¹.

These figures confirm both that financial inclusion facilitated through the mobile is beginning to gain traction and that there remains a significant opportunity for growth in this market.

1. www.gsamobileeconomy.com
2. Juniper Research

eServGlobal is well positioned to service this expanding market, with live mobile money services in several countries, a state-of-the-art technology platform in PayMobile 3.0, extensive experience in holding customer balances and an in-depth understanding of the mobile infrastructure.

Juniper Research reports that the total revenue opportunity for service providers for domestic and international mobile money transfers and sophisticated financial services is expected to increase from just under US\$2 Bn to US\$4 Bn annually in 2018 and up to nearly US\$5.8 Bn by 2020².

The report also cited Africa as the market leader. eServGlobal is an established provider of third-party mobile money and advanced recharge software in Africa. Juniper said, "Several African mobile operators are now generating more than 10% of their revenues from mobile money."



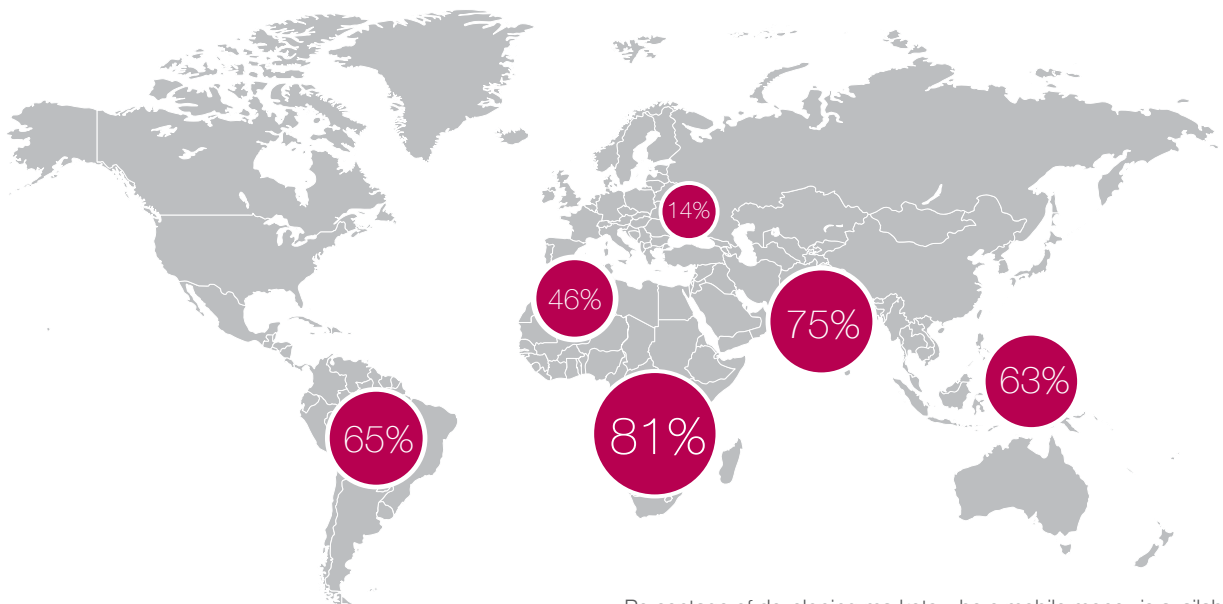
Case Study: Botswana

The first end-to-end implementation of the standardised PayMobile 3.0 platform was completed for a customer in Botswana in 2015. This project was completed 35% faster than previous projects on PayMobile 2.0, allowing payment milestones to be reached earlier while investing less time and resources in development.



2 billion adults are unbanked

There are 7.3 billion mobile connections globally, of which 5.7 billion are in the developing world. The mobile represents an unparalleled opportunity to extend life-changing services to financially underserved people around the globe.



Percentage of developing markets where mobile money is available

Smartphones in emerging markets

Smartphone use in emerging markets is experiencing significant growth following the market-entrance of low-cost handsets, starting as low as US\$25.

Industry body, the GSMA, reports that, "smartphone penetration has now reached 35% worldwide, and we forecast this to rise to 65% by 2020. However, unlike the boom to now, emerging markets will drive this next wave of growth, presenting a vast and largely untapped audience."

eServGlobal has launched a smartphone app for mobile money services in emerging markets. The white-label app is part of eServGlobal's end-to-end solution.

The app has already been sold to five existing eServGlobal customers. Service providers can easily configure the app to suit the needs and brand of their deployment. The app is available for end-users through an app store and is available for both Android and iOS devices, catering to more than 95% of the market.



The HomeSend Joint Venture

CHANGING THE WAY MONEY
MOVES AROUND THE WORLD

200+

Sending countries

35

Receiving countries

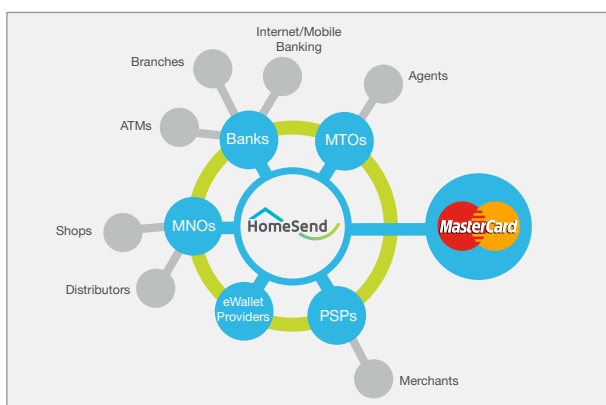
2,362

Live remittance corridors

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

HomeSend natively interfaces with eServGlobal's domestic mobile money platform, providing a synergy between the two solutions.

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



The central point

HomeSend is an open and neutral hub that connects multiple providers, enabling them to offer their consumer branded and priced remittance service to/from bank accounts, mobile wallets, cash-pickup agents, and, imminently, MasterCard payment cards.



Annual growth in volume of transactions in the 12 months to Nov 2015

+301%

Increase in new corridors in the 12 months to Nov 2015

+386%

Increase in sending countries in the 12 months to Nov 2015

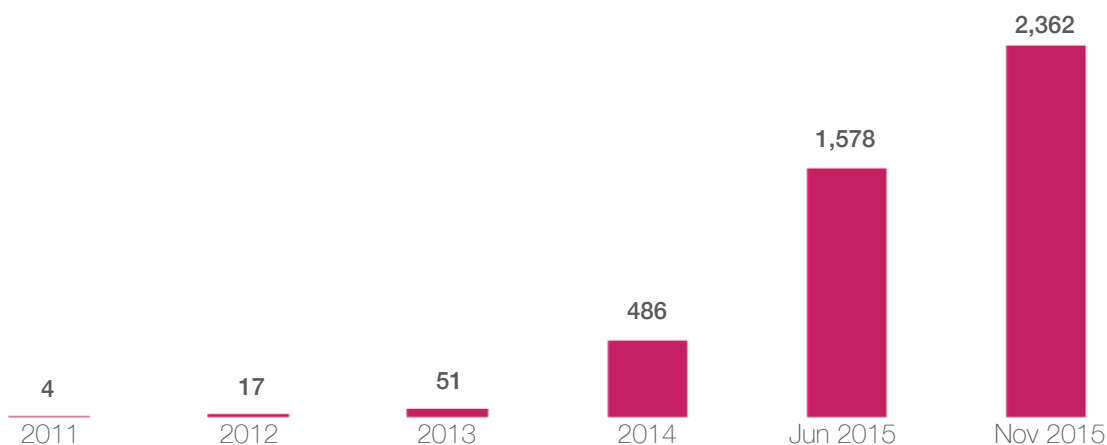
+100%

HomeSend Highlights in FY15

The support of MasterCard has opened new opportunities for HomeSend. In May 2015 it was announced that HomeSend will facilitate the international remittance capabilities for MasterCard Send, an end-to-end digital platform that will leverage the industry-leading MasterCard network, paired with key capabilities from other personal payments platforms.

HomeSend continues to gain traction with the world's largest Money Transfer Organisations (MTOs). HomeSend's customers include several of the top MTOs worldwide including MoneyGram, WorldRemit, Azimo, Skrill and TransferGalaxy. These consumer-facing services connect to HomeSend, which is a white label solution, to reach the worldwide community of end-users looking for safe, cost-effective and fast money transfer.

During 2015 HomeSend entered several key new geographies, including China. HomeSend announced a partnership with Geoswift China to provide streamlined, efficient payment services to China, the second-largest payment receiving country in the world. The World Bank estimates that in 2014 more than US\$64 Bn was sent home to China by migrants living outside the country.



HomeSend live corridor growth

International remittance

SEIZING THE OPPORTUNITY IN CROSS-BORDER MONEY TRANSFER

Market size and potential

More people live outside their country of birth than at any other time in history. According to the World Bank nearly 1 out of 7 persons in the world is either an international or internal migrant.

“The number of international migrants is expected to surpass 250 million this year, an all-time high, as people search for economic opportunity. And, fast growing developing countries have increasingly become a strong magnet for people from other parts of the world. In a demonstration of their economic footprint, international migrants will send US\$601 billion to their families in their home countries this year, with developing countries receiving US\$441 billion.”¹

The World Bank states, “Remittances remain a key source of external resource flows for developing countries, far exceeding official development assistance and more stable than private debt and portfolio equity flows.”²

The growth in remittances to developing countries is expected to rise by about 4% in 2016 and 2017.

The average worldwide cost of sending US\$ 200 remained around 8% in 2015. Though some remittance corridors are much higher. The cost of remittances is highest in Sub-Saharan Africa and in the Pacific Island countries where it can cost up to 20% to send US\$200.

The G8 and the G20 have identified reducing the price of remittances to 5% as a global target, supported by the World Bank Global Remittances Working Group (the “GRWG”).

HomeSend, with a lower average transaction fee, is targeting the substantial remittance flows to the developing world. HomeSend represents a more affordable, instant and safe way to send remittance to emerging countries.

1. The World Bank, Migration & Remittances Outlook, Oct 2015

2. The World Bank, Migration & Development Brief 22

“Other generations have eradicated disease, invented radio and television and the telephone. The opportunity to drive financial inclusion is unique to us and our time.”

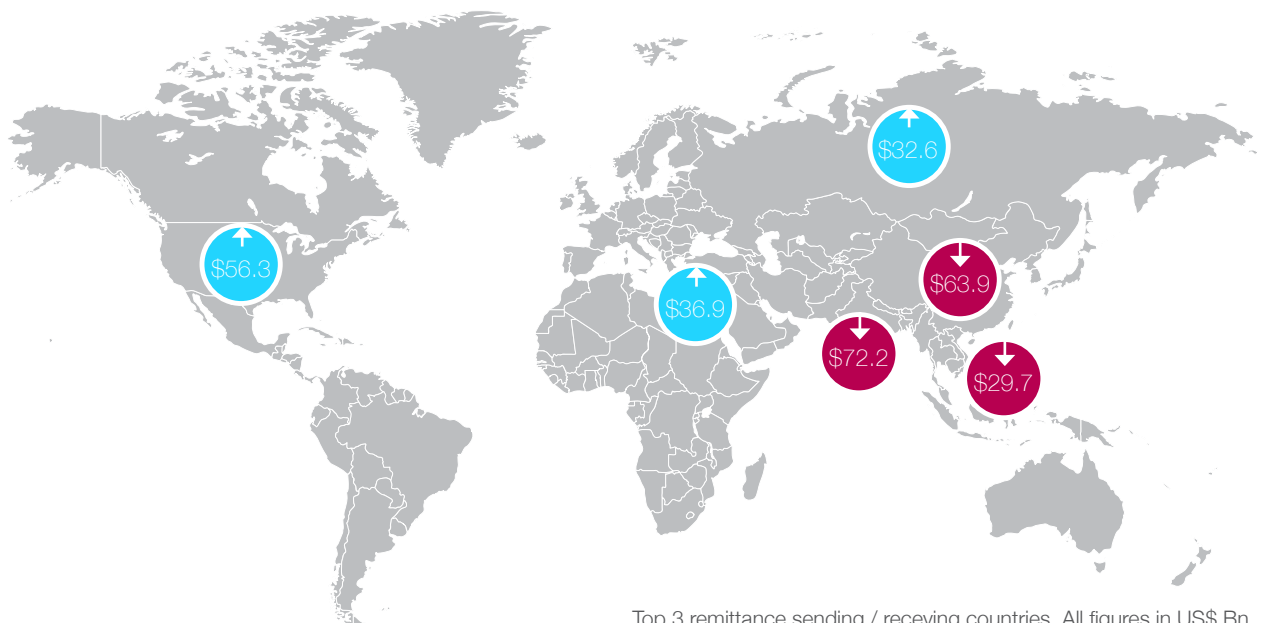
Ajay Banga, MasterCard CEO,
Mobile World Congress conference, Barcelona, 3 March 2015.





US\$601 Bn

will be sent by international migrants to their families in their home countries during 2015, estimates the World Bank, with developing countries receiving US\$ 441 Bn.



Top 3 remittance sending / receiving countries. All figures in US\$ Bn.

The top remittance receiving countries in 2015 were India, China and the Philippines. HomeSend is already live in both China and the Philippines.

High income countries were the main source of remittances. The United States is by far the largest with an estimated US\$ 56.3bn.

Saudi Arabia ranks as the second largest followed by Russia. Through agreements with leading-MTOs, HomeSend can send remittances from all these countries.

The launch of MasterCard Send will further strengthen HomeSend's sending power from the United States.

Executive Chairman's Review

2015 was a poor year for the core business of this company. We know that our shareholders are rightly disappointed in our performance. So are we. In the second half of the year we took steps to address our issues. We believe that these were the right actions for the company and we aim for the benefits of these actions to become apparent in this new financial year.

Although newsflow from our HomeSend joint venture has been limited, our Board regards actual progress to have been satisfactory. We are cognisant that HomeSend is, for a significant portion of our shareholders, the primary motivation to support eServGlobal. The investment case for HomeSend remains unchanged.

However, it is the core business that has concerned us all, primarily due to its cash consumption. This business is now improving and we believe that we have identified all the factors that have hindered it. There is no intrinsic external reason why the core business cannot be a success. A refreshed Board and management team possess the desire to deliver a much-improved result in this and subsequent years. Steps to reduce costs and to improve our processes around sales execution and cash collection are well in hand. Total overheads in FY2016 are planned to be below A\$14M, compared to approximately A\$20M in FY2015.

A significant contributor to the result for 2015 was the impact on project delivery resulting from poorly defined project scope and deliverables in the sales process. As a result, in 2015 we were faced with very challenging projects and deliveries.

A typical project can historically last from three months to a year, and those timescales worsened in 2015. This in turn led to significant unplanned project costs, and followed through to delays

in orders and take up. This absorbed huge amounts of time in the business and was very distracting for all departments, essentially bringing the sales engine to a halt. Our efforts to resolve this have been successful and only the tail of these issues persisted into the early part of the 2016 financial year. Going forward, the business again has better prospects.

Key to refreshing this business has been the introduction of PayMobile 3. Challenging projects completed in 2015 were largely based on PayMobile 2. The difference in the two versions of this product is substantial. PayMobile 3 'productises' what, in PayMobile 2, was a large collection of routines needing significant bespoke project work, and this meant scoping and delivering projects was challenging and risky. That risk diminishes with PayMobile 3, which is now live in several sites. A recent end-to-end implementation of the new platform was completed 35% faster than previous projects on PayMobile 2.

In the core business, we have been too focused on using only our own direct sales team and we have been too concentrated on a narrow geographic customer-base, centred on the Middle East. This narrow focus affected the 2015 results. Tentative steps had been made to widen our routes to market and our geography in the past, but PayMobile 2 was not well-suited to the task.

PayMobile 3 is much more 'channel friendly'. Although each installation still needs some customisation, our ability to work with partners, especially in new geographies, has increased. This supports our belief that we can grow the sales of this business, and without commensurate growth in costs. We are targeting initial evidence of progress in broadening our routes to market in the current year.



A reorganisation of the company's go-to-market strategy of this scale will take time to deliver visible results for our shareholders. We expect to turn the corner on our performance shortly. As we start to evidence that, we will begin to consider the longer term in more detail.

Mobile financial services in emerging markets is an opportunity of immense potential. As economies and political landscapes change, the mobile phone remains the obvious method to connect people socially and financially across networks, countries and borders. The core business has the capability to widen its position to capitalise on this from within its current skills and cost base.

The HomeSend joint venture is approaching the completion of an important transition in its lifecycle, from a start-up to, we expect, a fast growing business, and then later to a very profitable business.

The focus on corridor deployment during 2015 has resulted in important growth, with 2,362 live corridors at the end of November 2015, a 50% increase from June 2015 and a 386% increase since November 2014. New connections are going live each month, connecting over 200 sending countries and 33 receiving countries.

We are encouraged by the number of leading MTOs (Money Transfer Organisations) to have joined the hub, including several of the top 10 MTOs worldwide. We see no reason why this trend will not continue. MasterCard continues to show strong support for this JV and have reiterated this in several statements by the senior executives throughout the year. The connection to the MasterCard Send platform will mark an important milestone for HomeSend, leveraging the industry-leading MasterCard network.

eServGlobal's Board remain thoroughly committed to this venture and are confident in its direction.

Currently, we have a very small Board. While this may not be considered the optimal size from a governance perspective, it has been ideal in recent months when we have needed to make quick decisions. We will review the size of the Board in time. I would like to thank my colleagues on the Board for their ongoing efforts and guidance during the year.

I also want to express, on behalf of the Board, gratitude to the refreshed management team who have shown dedication and energy to tackle a challenging situation and thank you also to all the staff who have supported eServGlobal in these crucial first steps towards recovery and a profitable, sustainable future.

John Conoley
Executive Chairman

Board of Directors

The directors of eServGlobal limited submit herewith the financial report for the financial year ended 31 October 2015.

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

John Conoley

Executive Chairman

John's extensive experience spans the software, hardware, IT services, telecommunications and energy markets. He began his career in the IT industry with IBM in 1983, and worked on a range of industries in technical, sales, and marketing roles. Since then, John has held general management and director-level roles in small and medium-sized private and public companies. His most recent roles include: Non-executive director with IT security company Vistorm, Head of the £1.6bn B2B Energy Division at Eon, Chief Executive Officer of mobile device company Psion PLC, (an international company listed in the UK), and PE backed software company Autologic. He is a non-executive director of HomeSend, the eServGlobal joint venture with MasterCard and BICS. John holds a Bachelor of Arts (Hons) from Southampton University.

John was appointed as a director and a member of the Audit Committee on 1 May 2013. John was appointed Executive Chairman on 20 April 2015.

Stephen Baldwin

Non-executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee

Stephen is a chartered accountant with over 30 years of business experience. He commenced his career with Price Waterhouse and had a decade with the firm in three different countries. He was subsequently employed in the funds management industry for many years, initially with Hambro-Grantham and then with Colonial First State, where he was that group's Head of Private Equity. He has extensive Board experience across multiple industries. Other current roles include advising one of Australia's larger superannuation funds on their global private equity program.

Stephen holds a Bachelor of Commerce (Honours) from the University of Cape Town and is a member of the Institute of Chartered Accountants of Australia and New Zealand.

Stephen was appointed a director and a member of the Audit

Committee and the Remuneration and Nomination Committee on 25 November 2011. He was subsequently appointed as Chairman of the Audit Committee with effect from 1 May 2013 and then Chairman of the Remuneration and Nomination Committee on 20 July 2015.

Tom Rowe

Company Secretary & Non-executive Director

Tom has served as Company Secretary of eServGlobal since 6 April 2011. He is a Corporate and Commercial Lawyer practicing with Simpsons Solicitors with a specialty in corporate transactions, corporate governance and listed company secretarial practice. Tom holds a BA LLB (Hons) from the University of Adelaide.

Tom was appointed to the Board in March 2014. He subsequently became a member of the Remuneration and Nomination Committee on 20 July 2015.

Stephen Blundell

**Chief Operating Officer and Executive Director
(resigned 17 December 2015)**

Stephen has nearly 20 years of experience in finance and operations, he was appointed eServGlobal's Chief Financial Officer in 2009 and Finance Director in 2013. In 2014 he was appointed to the role of Chief Operating Officer.

Stephen has held various senior roles with leading multi-national software companies, including EMEA Director of Finance at Adobe Systems and EMEA Vice President Commercial Operations at Siemens PLM, where he drove eight quarters of unprecedented revenue growth, exceeding competitors' success and the company's own financial plans.

Stephen was appointed to the Board of Directors in April 2013. Stephen stepped down from his executive COO role on 1 September 2015. He resigned from the Board post-year end on 17 December 2015.

François Barrault

Non-executive Director and Chairman of the Remuneration and Nomination Committee
(resigned 29 June 2015)

François is the founder and chairman of FDB Partners, an investment and consulting firm that specializes in technology 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. He is also Chairman of Idate/DigiWorld Institute, the leading European think tank in TMT. He is also a Non-Executive Director of Alpha Networks, Numergy, Les Editions du Priviège, Fondation Mimi and sits on various advisory boards around the world.

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. 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.

François was a member of the Board since March 2003 and acted as Chairman of the Remuneration and Nomination Committee. He resigned from the Board on 29 June 2015.

Duncan Lewis

Chairman (resigned 30 June 2015)

Duncan has over 30 years' of wide-ranging experience in the Technology Media & Telecommunications industry, having held senior management positions at BT and Managing Director and Chief Executive level positions at Cable and Wireless, Granada and Equant, both in the UK and internationally.

Duncan is a highly experienced private equity and venture capital advisor. He has also served as a Senior Advisor to the Carlyle

Group where he assisted in developing strategy and identifying investments in the telecommunications and media sectors worldwide.

He also serves as Chairman of NextiraOne nv, Chairman of niu Solutions Holdings Limited, Chairman of Goldacre Ventures, Chairman of Workshare Limited and Chairman of Mobbu Limited. Duncan is an independent director of Spirent Communications plc, of euNetworks Group Limited and JQW plc. Duncan was previously Chairman of Apsmart Limited until it was sold to Thomson-Reuters and its successor company, MPme Ltd and Chief Executive of Vislink plc from October 2008 to March 2011.

Duncan was appointed to the Board of Directors on 30 June 2014. He stepped down from the role of Chairman on 20 April 2015. He acted as a Non-executive Director of the Company until his resignation from the Board effective from 30 June 2015.

Paolo Montessori

Managing Director and Chief Executive Officer
(resigned 2 March 2015)

Paolo has worked in the telecommunications industry for more than 20 years and is a well-recognised figure in the global mobile VAS market with a particular focus on mobile money solutions. He has been closely involved in both commercial and solution design in the field of mobile money and payments, having led projects for numerous industry leaders.

His experience extends to the telecom and financial services industries in Australia, the Middle East, South Asia, Asia Pacific, Europe and Latin America, encompassing both emerging and developed markets where mobile money is experiencing rapid growth.

Paolo was appointed to the Board of Directors in April 2013. He resigned from the Company and the Board on 2 March 2015.

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
John Conoley	Psion PLC	28 April 2008 – 01 October 2012

Company Secretary

Tom Rowe has served as Company Secretary of eServGlobal since 6 April 2011.

Principal activities

eServGlobal (LSE: ESG, ASX: ESV) offers solutions which make financial inclusion mobile and puts feature-rich services at the fingertips of users worldwide, covering the full spectrum of mobile money, mobile wallet, mobile commerce, recharge, remittance, promotions and agent management. The company develops and implements technology solutions which enable simple and secure financial inclusion, through the mobile phone for people across the world. For more than 30 years, eServGlobal has been a source of innovation for telcos and financial institutions. Using carrier-grade, next-generation technology, eServGlobal aligns with the requirements of customers around the globe. Together with MasterCard and BICS, eServGlobal is a joint venture partner of the HomeSend global payment hub, enabling cross-border money transfer between mobile wallets, cards, bank accounts or cash outlets from anywhere in the world.

Directors' report

Review of operations

This report is to be read in conjunction with the Executive Chairman's review on page 2.

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

Earnings before interest, tax, depreciation, amortisation and goodwill impairment ("EBITDA") was a loss of \$22.9 million after foreign exchange gains of \$0.9 million, share based payments of \$0.1 million, share of loss of associate of \$3.8 million and fair value gain on derivative financial liability of \$1.3 million (2014: EBITDA was a profit of \$28.6 million after foreign exchange losses of \$0.4 million, share based payments of \$0.4 million, gain on disposal of HomeSend business of \$31.7 million and share of loss of associate of \$2.3 million). The net result of the consolidated entity for the year to 31 October 2015 was a loss after tax and minority interest for the year of \$32.5 million (2014: profit of \$14.1 million). Included in this result was an income tax expense of \$2.1 million (2014: \$13.5 million). Loss per share was 12.3 cents (2014: profit of 5.6 cents per share).

The operating cash flow for the year was a net outflow of \$15.7 million. Total cash flow for the year was a net inflow of \$1.0 million. Cash at 31 October 2015 was \$5.0 million.

Changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent Events

On 27 January 2016 the company drew down the £2.5 million (\$5.1 million) second tranche of the loan facility from Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited, acting through its investment manager, Alphagen Capital Limited (formerly known as Henderson Alternative Investment Advisor Limited), part of Henderson Global Investors. The lenders agreed to the drawdown following shareholder approval being obtained for the granting of the Company's assets as collateral for the Loan Facility and the Existing Loan on the terms described in the Explanatory Memorandum to the Company's Notice of Meeting dated 18 December 2015. The extraordinary general meeting giving this approval took place on 18 January 2016. The loan facility, which was announced on 5 October 2015, is now fully drawn down in the amount of £5.0 million.

There has not been any other matter or circumstance that has arisen since the end of the financial year through the date of this report that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' report

Future developments

Details of future developments in the consolidated entity are contained in the Executive Chairman's review on page 2. To the extent that the 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 consolidated entity, such information has not been disclosed in this report.

Environmental regulations

The consolidated entity operates primarily within the technology and telecommunication sector and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers.

During the year under review, the Directors are not aware of any particular or significant environmental issues which have been raised in relation to the consolidated entity's operations.

Dividends

No dividends were declared or paid during the financial year (2014: nil).

Share options

Unlisted Options

On 4 June 2015 the company issued 2,777,778 options to the shareholders Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund, exercisable at £0.18 per option to acquire one ordinary fully paid share in the capital of the company per option. The holder forfeited the options on 5 October 2015 for nil consideration.

On 5 October 2015 the company issued 39,866,107 options to the shareholders Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund, exercisable at an exercise price of the lesser of:

- £0.0775; or
- a 20% discount to the volume weighted average price of the Depository Interests in the company trading on AIM in the 60 trading days commencing on 28 September 2015.

Accordingly, the exercise price for the options is £0.0456.

The options entitle the holder to receive, on payment of the exercise price, one ordinary fully paid share in the capital of the company per option. The options expire on 5 October 2017.

eServGlobal Employee Share Option Plan

The company had an ownership-based remuneration scheme for directors, key management personnel and employees. The scheme expired in 2015 and was not reinstated following shareholder rejection of the scheme at the company's annual general meeting in March 2015.

In accordance with the provisions of the scheme, directors and employees were granted options to acquire ordinary shares in the company. The exercise of any share options is not dependent on any performance criteria, however, is dependent on a period of service relative to the vesting dates.

Share options granted to directors and senior management

During the financial year and up to the date of this report the company granted nil options to the directors and senior management of the entity and its controlled entities (2014: nil). 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	Expiry date of options
eServGlobal Limited	500,000	Ordinary	\$0.36	20 May 2016
eServGlobal Limited	350,000	Ordinary	\$0.36	12 Sep 2016
eServGlobal Limited	3,450,000	Ordinary	\$0.36	14 May 2017
eServGlobal Limited	1,100,000	Ordinary	\$0.36	21 Dec 2017
eServGlobal Limited	740,000	Ordinary	\$0.36	10 Jun 2018

Directors' report

During the financial year and up to the date of this report, there were 800,000 options exercised and 631,945 options cancelled. The amount paid for ordinary shares issued was \$0.36 per share.

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 key management personnel officers of the company and of any related body corporate against any liability incurred as a director, secretary or key management personnel 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 agreed to indemnify the directors of the company for any liability incurred as a director or officer, to the extent permitted by the Corporations Act 2001.

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' report

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

Directors	Board of Directors		Special Purpose Committees		Audit Committee		Remuneration and Nomination Committee	
	Held [*]	Attended	Held [#]	Attended	Held [*]	Attended	Held [*]	Attended
Duncan Lewis	10	8	-	-	-	-	-	-
François Barrault	10	9	-	-	-	-	4	4
Stephen Baldwin	17	17	4	4	9	9	5	5
John Conoley	17	17	-	-	9	9	-	-
Paolo Montessori	4	3	2	2	-	-	-	-
Stephen Blundell	17	14	-	-	-	-	-	-
Tom Rowe	17	17	4	4	-	-	1	1

^{*} Held during term of director's appointment to Board, Audit or Remuneration and Nomination Committees.

[#] Special purpose committees established during the financial year with the delegated authority of the Board to consider specific matters to which the Director was appointed. The special purpose committees dissolved once the delegated authority was exercised.

Non-audit services

The directors are satisfied that the provision of non-audit services, during the financial 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 financial year by the auditor are outlined in Note 7 to the financial statements.

The directors are of the opinion that the services as disclosed in Note 7 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 20 of the financial report.

Rounding off of amounts

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

Directors' report

Remuneration Report

Determining remuneration policy for directors and key management personnel, 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 may be 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 other key management personnel details

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

- John Conoley (Non-executive director until appointment as Executive Chairman on 20 April 2015)
- Stephen Baldwin (Non-executive director)
- Tom Rowe (Company Secretary and non-executive director)
- Paolo Gagliardi (Chief Operating Officer; appointed 10 August 2015)
- James Hume (Chief Technology Officer)
- Peter Green (Vice President Finance; appointed 1 October 2015)
- Duncan Lewis (Non-executive Chairman until resignation on 20 April 2015, then non-executive director until resignation effective on 30 June 2015)
- Paolo Montessori (Managing director and Chief Executive Officer until resignation on 2 March 2015)
- Stephen Blundell (Executive Director until resignation on 1 September 2015, then non-executive director until resignation on 17 December 2015, Chief Financial Officer until resignation on 8 December 2014, Chief Operating Officer; appointed 8 December 2014 and resigned effective 1 September 2015)
- François Barrault (Non-executive director until resignation on 29 June 2015)
- Remi Arame (Chief Sales Officer until resignation on 12 September 2015)

Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

Directors' report

Elements of key management personnel remuneration

Non-executive directors are paid directors' fees. 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.

Executive directors and other key management personnel remuneration comprise both Short Term Incentive (STI) and Long Term Incentive (LTI) components. The STI takes the form of a cash bonus and the LTI comprises the issue of share options under the eServGlobal Employee Share Option Plan.

- a) The STI component for the executive directors and other key management personnel is as follows.

The Executive Chairman is engaged on a weekly contract. His contract may be terminated by either party on one week's notice and, in the event of termination, there is no entitlement to any termination payment, other than pay in lieu of notice. The Executive Chairman does not participate in any bonus plan.

The Chief Operating Officer (COO) is remunerated on a salary package basis that includes a base salary, a portion that is a variable component which is dependent on agreed performance objectives, and various allowances such as housing and education. The variable component comprises elements relating to achievement of financial plan and agreed performance objectives relating to sales. The COO is a permanent employee with no fixed employment term and a notice period of three months required by either party.

The Chief Technology Officer (CTO) is remunerated on a salary package basis that includes a base salary 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 CTO is a permanent employee with no fixed employment term and a notice period of two months required by either party.

The Vice President Finance (VP Finance) is remunerated on a salary package that includes a base salary 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 VP Finance is a permanent employee with no fixed employment term and a notice period of two months required by the company and six months required by the employee.

- b) The LTI (share option) component contains an element of reward to incentivise loyalty and continuity of service to the company through the vesting of options over a defined period with eligibility being dependent on continued employment.

Directors' report

Elements of remuneration which are dependent on company performance

The Board believes that it is critical that the above specified employees are driven by the financial performance of eServGlobal and, as detailed below, has structured key management personnel packages so that a 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 key measures of this are: earnings before interest, tax, depreciation and amortisation (EBITDA) and achievement of sales orders. The EBITDA component is confirmed in conjunction with the completion of the financial statements. The COO, CTO and VP Finance variable component is earned in full by reference to the financial result of the Group. These targets are selected to ensure alignment of shareholders' interests with key management personnel remuneration.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the four month period to 31 October 2011 and the four years to 31 October 2012, 2013, 2014 and 2015.

	31 October 2015 \$'000	31 October 2014 \$'000	31 October 2013 \$'000	31 October 2012 \$'000	31 October 2011 \$'000
Revenue	25,866	31,261	31,003	28,070	7,017
EBITDA	(22,871)	28,593	7,279	(8,656)	(6,186)
Net profit/(loss) after tax	(32,374)	14,240	10,374	(15,589)	(9,258)

	31 October 2015	31 October 2014	31 October 2013	31 October 2012	31 October 2011
Share price at start of year	\$0.660	\$0.515	\$0.200	\$0.520	\$0.730
Share price at end of year	\$0.120	\$0.660	\$0.515	\$0.200	\$0.520
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	12.1 cps
Capital distribution	-	-	-	-	16.9 cps
Basic earnings/(loss) per share	(12.3)	5.6	4.3	(8.0)	(4.7)
Diluted earnings/(loss) per share	(12.3)	5.5	4.2	(8.0)	(4.7)

Directors' report

The group's key management personnel received, or will receive, the following amounts as compensation for their services as directors and key management personnel of the Group during the financial year:

2015	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			
	\$	\$	\$	\$	\$	\$	\$	
Directors								
S Baldwin	87,284	-	-	-	-	-	87,284	-
F Barrault (ii) (iv)	81,536	-	-	-	-	-	81,536	-
D Lewis (iii) (vi)	102,533	-	-	-	-	-	102,533	-
J Conoley (iii) (v)	351,659	-	-	-	-	-	351,659	-
T Rowe (viii)	112,901	-	-	-	-	-	112,901	-
P Montessori (i) (ii) (vii)	157,241	82,356	-	-	9,889	361,752	611,238	-
S Blundell (i) (iii) (ix)	369,524	86,630	2,275	16,163	4,944	-	479,536	-
Group's other Key Management Personnel								
R Arame (i) (ii) (x)	276,956	128,763	-	38,777	2,967	-	447,463	29%
J Hume (i) (iii)	259,369	-	1,574	-	19,918	-	280,861	-
P Green (i) (iii) (xi)	16,985	-	393	732	-	-	18,110	-
P Gagliardi (i) (ii) (xii)	65,957	-	-	-	-	-	65,957	-
Total	1,881,945	297,749	4,242	55,672	37,718	361,752	2,639,078	-

(i) Key management personnel are remunerated on a salary package basis that includes an appropriate portion that is a variable component which is dependent on Group's performance. Variable pay components are confirmed based on achievement of customers' orders or earnings before interest, tax, depreciation and amortisation targets established during the financial year. 100% of the variable compensation plan bonus was forfeited in the current year for eligible participants in the corporate earnings plan, being S Blundell, P Montessori, P Gagliardi, J Hume and P Green. In addition, a "retention bonus" arrangement was approved by the board of directors for S Blundell and P Montessori which comprised for each, five quarterly payments of \$100,000 commencing 1 May 2014, subject to continuing employee status at each payment date. The retention bonus expense for the financial year ended 31 October 2015 has been recognised based on a time proportionate graded basis.

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

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

(iv) Resigned as non-executive director on 29 June 2015.

(v) Appointed Executive Chairman on 20 April 2015.

(vi) Resigned as Chairman on 20 April 2015, and resigned as non-executive director effective on 30 June 2015.

(vii) Resigned as a Director on 2 March 2015. Termination payment was made in accordance with a Deed of Release.

(viii) The fee disclosed relates to payments made to Simpsons Solicitors, where Tom Rowe is employed as special counsel, relating to services provided by Simpsons Solicitors. The amount paid includes services provided by Tom Rowe in his capacity as company secretary and Non-executive Director as well other legal services provided by Simpsons Solicitors. All services are invoiced on a time spent basis and on normal commercial terms.

(ix) Resigned as Chief Operations Officer on 1 September 2015. Resigned as a director on 17 December 2015.

(x) Resigned as Chief Sales Officer on 12 September 2015.

(xi) Appointed as Vice President Finance on 1 October 2015. Remuneration disclosed relates to post appointment period only as key management personnel.

(xii) Appointed as Chief Operations Officer on 10 August 2015. Remuneration disclosed relates to post appointment period only as key management personnel.

(xiii) No key management personnel appointed during the period received a payment in consideration for agreeing to hold the position.

Directors' report

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

2014	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 \$			
Non-executive Directors								
S Baldwin	98,727	-	-	-	-	-	98,727	-
F Barrault	146,776	-	-	-	-	-	146,776	-
D Lewis (vi)	45,488	-	-	-	-	-	45,488	-
J Conoley	89,416	-	-	-	-	-	89,416	-
C Halliday (i) (iv) (v)	11,971	252,224	4,350	-	-	-	268,545	94%
R Mathews (vii)	40,000	-	-	-	-	-	40,000	-
T Rowe (viii)	49,275	-	-	-	-	-	49,275	-
Group's other Key Management Personnel								
R Arame (i) (ii)	340,173	194,952	-	40,451	37,162	-	612,738	32%
S Blundell (i) (iii)	310,736	599,031	1,468	16,176	51,316	-	978,727	19%
J Hume	234,172	59,799	1,021	-	96,440	-	391,432	15%
P Montessori (i) (ii)	462,379	587,214	-	-	92,196	-	1,141,789	15%
Total	1,829,113	1,693,220	6,839	56,627	277,114	-	3,862,913	-

(i) 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. Variable pay components are confirmed based on achievement of customers' orders or earnings before interest, tax, depreciation and amortisation targets established during the financial year. 100% of the variable compensation plan bonus was forfeited in the current year for eligible participants in the corporate earnings plan, being S Blundell, P Montessori and J Hume. R Arame forfeited 20% based on a plan dependent on achievement of customer orders. C Halliday, S Blundell, P Montessori and J Hume also received a discretionary board approved bonus of \$252,224, \$181,220, \$173,390 and \$59,799 respectively relating to the successful completion of the Homesend sale transaction. In addition, a "retention bonus" arrangement was approved by the board of directors for S Blundell and P Montessori which comprised for each, five quarterly payments of \$100,000 commencing 1 May 2014, subject to continuing employee status at each payment date. \$200,000 for each relates to the FY 2015 financial year. The retention expense for the financial year ended 31 October 2014 has been recognised based on a time proportionate graded basis.

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

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

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

(v) Resigned as executive director on 30 December 2013.

(vi) Appointed Chairman on 30 June 2014.

(vii) Resigned as a Director on 3 March 2014.

(viii) Appointed as Non-executive Director on 3 March 2014. The fee disclosed relates to payments made to Simpsons Solicitors, where Tom Rowe is employed as special counsel, relating to services provided by Simpsons Solicitors since Tom Rowe's appointment as a Director. The amount shown is not readily dissectible and includes services provided in Tom Rowe's capacity as company secretary and Non-executive Director as well other legal services provided by Simpsons Solicitors. All services are invoiced on a time spent basis and on normal commercial terms.

Directors' report

Directors' shareholdings

The following table sets out each director's relevant interest in shares of the company or a related body corporate as at the end of the financial year.

	Balance at 1 November	Received on exercise of options	Net other change	Balance at 31 October
	No.	No.	No.	No.
Year to 31 October 2015				
Stephen Blundell	-	-	-	-
Francois Barrault ⁽ⁱⁱⁱ⁾	500,000	-	(500,000)	-
Stephen Baldwin	932,600	-	-	932,600
John Conoley	-	-	-	-
Duncan Lewis	-	-	-	-
Tom Rowe	-	-	-	-
Year to 31 October 2014				
Richard Mathews ⁽ⁱ⁾	13,286,972	-	(13,286,972)	-
Stephen Blundell	-	618,055	(618,055)	-
Craig Halliday ⁽ⁱⁱ⁾	20,415,021	-	(20,415,021)	-
Francois Barrault	500,000	-	-	500,000
Stephen Baldwin	932,600	-	-	932,600
John Conoley	-	-	-	-
Duncan Lewis	-	-	-	-
Tom Rowe	-	-	-	-

- (i) Had 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. On 19 February 2013, MHB Holdings Pty Ltd, holding as agent, transferred 3,030,303 ordinary fully paid shares to the principal, unrelated to Mr Mathews. On 30 December 2013 MHB Holdings Pty Ltd and Paua Pty Ltd transferred a total of 2,607,460 ordinary fully paid shares. Mr Mathews resigned as a director on 3 March 2014. Movement includes all shareholdings as a result of retirement as director. Mr Mathews retains 4,355,812 ordinary fully paid shares at balance date in a normal shareholder capacity which is not shown above.
- (ii) Had 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. On 19 February 2013, MHB Holdings Pty Ltd, holding as agent, transferred 3,030,303 ordinary fully paid shares to the principal, unrelated to Mr Halliday. On 30 December 2013 Mr Halliday ceased to have a relevant interest in a total of 13,224,967 ordinary fully paid shares held by MHB Holdings Pty Ltd and Paua Pty Ltd. Mr Halliday resigned as a director on 30 December 2013. Movement includes all shareholdings as a result of retirement as director. Mr Halliday may retain a shareholding at balance date in a normal shareholder capacity which is not shown above.
- (iii) Resigned as non-executive director on 29 June 2015.

Directors' report

Share-based payments granted as compensation

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

Options series	Grant date	Expiry date	Exercise price	Grant date fair value
Issued 14 May 2012 ⁽ⁱ⁾	14-May-12	2017	\$0.36000	\$0.11
Issued 11 Feb 2013 ⁽ⁱⁱ⁾	11-Feb-13	2017	\$0.36000	\$0.26
Issued 01 Jul 2013 ⁽ⁱⁱⁱ⁾	01-Jul-13	2018	\$0.36000	\$0.24

(i) The options in these series vest 2 years from the date of issue and expire on the 5 year anniversary of the date of issue.

(ii) Options issued in these series vested fully on 21 December 2014 and expire on 21 December 2017.

(iii) Options issued in this series vested as to one half on 10 June 2014 and the balance on 10 June 2015 and expire on 10 June 2018.

There has been no alteration of the terms and conditions of the above share based payment arrangements since the grant date. There have been variations to the expiry date following the resignation or termination of employment of some option holders, in accordance with the rules of the scheme.

Options issued to directors and key management personnel

Key management personnel 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 key management personnel.

During the financial year no options were forfeited as a result of a condition required for vesting (other than continuing employment with the company) not being satisfied.

No options granted to key management personnel lapsed during the year (2014: nil). No options vested since the end of the year (2014: nil).

	Balance at 1 November No.	Granted as compen- sation No.	Exercised No.	Net other change No.	Balance at 31 October No.	Balance vested at 31 October No.	Vested but not exercisable No.	Vested and exercisable at report date No.	Vested during the year No.
Year to 31 October 2015									
James Hume	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	450,000
R Arame	1,150,000	-	800,000		350,000	350,000	-	350,000	150,000
S Blundell	631,945	-	-		631,945	631,945	-	631,945	250,000
P Montessori	1,250,000	-	-		1,250,000	1,250,000	-	1,250,000	500,000
P Green (i)	-	-	-	250,000	250,000	250,000	-	250,000	-
	Balance at 1 November No.	Granted as compen- sation No.	Exercised No.	Net other change No.	Balance at 31 October No.	Balance vested at 31 October No.	Vested but not exercisable No.	Vested and exercisable at report date No.	Vested during the year No.
Year to 31 October 2014									
James Hume	1,000,000	-	-	-	1,000,000	550,000	-	800,000	550,000
R Arame	1,150,000	-	-	-	1,150,000	1,000,000	-	1,150,000	1,000,000
S Blundell	1,250,000	-	618,055	-	631,945	381,945	-	631,945	1,000,000
P Montessori	1,250,000	-	-	-	1,250,000	750,000	-	1,250,000	750,000

(i)

Appointed VP Finance on 1 October 2015.

Directors' report

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). Options may be exercised at any time from the date of vesting to the date of expiry.

The only options exercised during the year were 800,000 options by R Arame with a value of \$163,920. No options lapsed during the year.

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

A handwritten signature in black ink, appearing to read 'John Conoley', is positioned above the printed name and title.

John Conoley
Chairman

29 January 2016

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

29 January 2016

Dear Board Members

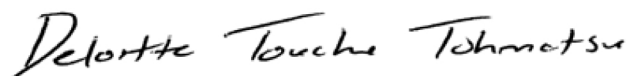
eServGlobal Limited

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 31 October 2015, 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



Michael Kaplan
Partner
Chartered Accountants

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 31 October 2015, the statement of profit or loss and other 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 23 to 75.

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 31 October 2015 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.

Material Uncertainty Regarding Going Concern

Without modifying our opinion, we draw your attention to Note 1(v) Going Concern in the financial report which indicates that the consolidated entity incurred a loss after tax of \$32.374 million and had net cash outflows from operations of \$15.704 million during the year ended 31 October 2015. These conditions, along with the matters set forth in Note 1(v) Going Concern, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity and the company to continue as going concerns and therefore, they may be unable to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 31 October 2015. 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.

Opinion

In our opinion the Remuneration Report of eServGlobal Limited for the year ended 31 October 2015, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 29 January 2016

Directors' declaration

The directors declare that:

- (a) based on the matters set out in Note 1(v), 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

A handwritten signature in black ink, appearing to read 'John Conoley', is written over a light blue horizontal line.

John Conoley
Chairman

29 January 2016

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 October 2015

		Year Ended 31 October 2015	Year Ended 31 October 2014
	Note	\$'000	\$'000
Revenue	3	25,866	31,261
Cost of sales		(20,608)	(13,359)
Gross profit		5,258	17,902
Gain recognised on disposal of HomeSend business		-	31,684
Other gains and losses	2	2,163	(449)
Research and development expenses		(931)	(2,151)
Sales and marketing expenses		(7,008)	(5,218)
Administration expenses		(18,522)	(10,900)
Share of loss of associate	26	(3,831)	(2,275)
(Loss)/ Earnings before interest expense, tax, depreciation, amortisation and goodwill impairment		(22,871)	28,593
Amortisation expense	2	(1,883)	-
Depreciation expense	2	(137)	(584)
Impairment of goodwill	13	(4,002)	-
(Loss)/ Earnings before interest expense and tax		(28,893)	28,009
Finance cost	2	(1,356)	(254)
(Loss)/Profit before tax	2	(30,249)	27,755
Income tax (expense)/benefit	4	(2,125)	(13,515)
(Loss)/Profit for the year		(32,374)	14,240
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on the translation of foreign operations (nil tax impact)		4,297	(471)
Total comprehensive (loss)/income for the year		(28,077)	13,769
(Loss)/Profit attributable to:			
Equity holders of the parent		(32,540)	14,102
Non-controlling interest		166	138
		(32,374)	14,240
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent		(28,265)	13,599
Non-controlling interest		188	170
		(28,077)	13,769
Earnings per share:			
Basic (cents per share)	22	(12.3)	5.6
Diluted (cents per share)	22	(12.3)	5.5

Notes to the financial statements are included on pages 34 to 81

Consolidated statement of financial position as at 31 October 2015

		31 October 2015	31 October 2014
	Note	\$'000	\$'000
Current Assets			
Cash and cash equivalents	29(a)	4,976	3,679
Trade, other receivables and work in progress	8	22,140	24,620
Inventories	10	66	173
Current tax assets	4	107	98
Other current assets	11	7,606	2,191
Total Current Assets		34,895	30,761
Non-Current Assets			
Investment in associate	26	31,473	27,777
Property, plant and equipment	12	84	3
Deferred tax assets	4	976	1,701
Goodwill	13	-	3,568
Other intangible assets – capitalised software development	14	6,939	5,443
Other non-current assets	11	3,456	4,939
Total Non-Current Assets		42,928	43,431
Total Assets		77,823	74,192
Current Liabilities			
Trade and other payables	15	19,619	10,719
Borrowings	16	3,000	3,000
Current tax payables	4	235	2,023
Provisions	17	1,380	1,174
Deferred Revenue		1,286	1,117
Total Current Liabilities		25,520	18,033
Non-Current Liabilities			
Borrowings	16	16,531	-
Other financial liabilities	18	2,058	-
Provisions	17	943	865
Total Non-Current Liabilities		19,532	865
Total Liabilities		45,052	18,898
Net Assets		32,771	55,294
Equity			
Issued capital	19	116,074	110,574
Reserves	20	174	(4,155)
Accumulated Losses	21	(83,889)	(51,349)
Parent entity interest		32,359	55,070
Non-controlling interest		412	224
Total Equity		32,771	55,294

Notes to the financial statements are included on pages 34 to 81

Consolidated statement of changes in equity for the financial year ended 31 October 2015

	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Equity- settled benefits Reserve \$'000	Retained Earnings (Accumu- lated Losses) \$'000	Attributable to owners of the parent \$'000	Non- controllin g Interest \$'000	Total \$'000
Consolidated							
Balance at 1 November 2014	110,574	(7,066)	2,911	(51,349)	55,070	224	55,294
(Loss)/Profit for the year	-	-	-	(32,540)	(32,540)	166	(32,374)
<i>Other comprehensive income (loss) for the year, net of income tax</i>							
Exchange differences arising on translation of foreign operations	-	4,275	-	-	4,275	22	4,297
Total comprehensive (loss)/income for the year	-	4,275	-	(32,540)	(28,265)	188	(28,077)
Issue of new shares (Note 19)	5,500	-	-	-	5,500	-	5,500
Equity settled payments (Note 20)	-	-	54	-	54	-	54
Balance at 31 October 2015	116,074	(2,791)	2,965	(83,889)	32,359	412	32,771
Balance at 1 November 2013	106,695	(6,563)	2,473	(65,451)	37,154	200	37,354
Profit/(Loss) for the year	-	-	-	14,102	14,102	138	14,240
<i>Other comprehensive income (loss) for the year, net of income tax</i>							
Exchange differences arising on translation of foreign operations	-	(503)	-	-	(503)	32	(471)
Total comprehensive income (loss) for the year	-	(503)	-	14,102	13,599	170	13,769
Issue of new shares (Note 19)	3,879	-	-	-	3,879	-	3,879
Payment of dividends	-	-	-	-	-	(146)	(146)
Equity settled payments (Note 20)	-	-	438	-	438	-	438
Balance at 31 October 2014	110,574	(7,066)	2,911	(51,349)	55,070	224	55,294

Notes to the financial statements are included on pages 34 to 81

Consolidated statement of cash flows for the financial year ended 31 October 2015

	Note	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
Cash Flows from Operating Activities			
Receipts from customers		21,244	24,290
Payments to suppliers and employees		(33,374)	(30,100)
Refund of research & development tax credits		-	2,738
Interest and other finance cost paid		(426)	(282)
Income tax paid		(3,148)	(720)
Net cash used in operating activities	29(b)	(15,704)	(4,074)
Cash Flows From Investing Activities			
Proceeds from HomeSend business divestment, net of transaction costs		-	5,418
Investment in HomeSend joint venture company		(1,353)	-
Interest received		3	11
Payment for property, plant and equipment		(163)	(76)
Software development costs		(2,758)	(6,327)
Net cash used in investing activities		(4,271)	(974)
Cash Flows From Financing Activities			
Proceeds from issue of shares	19	5,788	3,889
Payment for share issue costs	19	(288)	(10)
Dividend paid by controlled entity to non-controlling interest		-	(146)
Proceeds from borrowings		15,457	-
Net cash provided by financing activities		20,957	3,733
Net Increase/(Decrease) In Cash and Cash Equivalents		982	(1,315)
Cash At The Beginning Of The Financial Year		3,679	4,909
Effects of exchange rate changes on the balance of cash held in foreign currencies		315	85
Cash and Cash Equivalents At The End Of The Financial Year	29(a)	4,976	3,679

Notes to the financial statements are included on pages 34 to 81

Notes to the Financial Statements for the financial year ended 31 October 2015

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, comprising eServGlobal Limited (the Company) and the entities it controlled at the end of, or during, the year. For the purposes of preparing the consolidated financial statements the Company is a for-profit entity.

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') as issued by the International Accounting Standards Board ('IASB').

The financial statements were authorised for issue by the directors on 29 January 2016.

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Basis of preparation

The financial statements have been prepared on the historical cost basis, unless otherwise stated below. Historical cost is based on the fair values of the consideration given in exchange for goods and services. 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 original 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, long service leave and retirement benefits 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 the reporting date.

For defined benefit retirement plans, the cost of providing benefits is determined by way of actuarial valuations being carried out at the end of each annual reporting period. Remeasurement is reflected in the statement of financial position with the charge or credit recognised in other comprehensive income.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) *Financial assets*

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.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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. 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 or 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.

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, recognising interest expense 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, to the net carrying amount on initial recognition.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Derivative financial liabilities

Equity-settled options denominated in a foreign currency are recognised as derivative financial instruments based on the substance of the contractual arrangement.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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. The Group did not have any hedging relationships in the current or prior year.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Trade payables

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

(e) *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.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(f) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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 in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(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).

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(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.

With the exception of goodwill, 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.

(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 year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior year 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 only 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.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(i) *Income tax (continued)*

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 year(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 the 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax for the year

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

(j) *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.

(k) *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 year 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.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(l) 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.

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 directly attributable 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.

(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 when the Company:

- has the power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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.

Notes to the Financial Statements for the financial year ended 31 October 2015

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 group's 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 31 October 2015

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) Assets held for sale

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 asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. 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 (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Notes to the Financial Statements for the financial year ended 31 October 2015

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 licences to the buyer.

Rendering of Services

Revenue from services relating to custom designed software solutions or provision of licence installation services 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 on a straight line basis over the contract period.

Multiple element contracts

Revenue from multiple element contracts is allocated and recognised based on the relative fair value of the respective elements, generally as stipulated in the contractual terms.

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 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.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(s) *Investments in associates*

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the

Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(s) Investments in associates (continued)

When the group transacts with the associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(t) 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 are 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 goodwill impairment at each reporting date. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates described in Note 13. In the current year the full carrying value of goodwill was assessed as being non-recoverable and an impairment loss of \$4.002 million was recognised in profit or loss. Refer to Note 13 for further details.

Revenue recognition

Revenue in relation to the supply of custom designed solutions and the provision of licence installation services 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 significant judgement based on assessing future project costs (time and materials) and profitability of each project. The information used to forecast these costs is based on historical experience and other relevant data on a customer by customer basis.

Judgement is also required in assessing whether the Group has transferred to the buyer significant risks and rewards of ownership of the goods, and for 'multiple element contracts' in assessing the relative fair value of the respective elements. Generally fair value is the amount reflected for each element in the contract.

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 compliance with the relevant tax legislations. In the current year the directors assessed that as a result of the Group's poor financial performance it was no longer probable that sufficient taxable income would be available to recover the deferred tax asset previously recognised in respect of unused losses, and accordingly this asset of \$0.990 million was derecognised in full in the profit or loss.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(t) *Critical accounting judgments and key sources of estimation uncertainty (continued)*

Recoverability of internally generated intangible asset

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development, and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project commencing from the commercial release of the project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

In the current year the Group completed development of its Paymobile 3 platform and commenced amortisation of the asset over its assessed useful life of 3 years. As at 31 October 2015, the carrying value of capitalised software development cost is \$6.939 million (2014: \$5.443 million). At year end the directors assessed the absence of any impairment in the carrying value of the capitalised asset.

Recoverability of investment in Associate

The Group assesses its associate investment carrying value for indications of impairment at each reporting date. Where an impairment trigger exists the recoverable amount of the investment is determined. This determination may include value-in-use calculations which incorporate a number of key estimates which are subject to judgment and estimation uncertainty. Based on an independent valuation obtained during the year, and supported by the absence of any significant changes in market conditions, and the tracking of the overall performance of the HomeSend entity to plan, no impairment indicators were considered to exist at year end.

Recoverability of trade receivables and work in progress

The Group operates in geographical jurisdictions where delays are frequently encountered in the receipt of invoiced receivables due to banking and other regulatory issues, and where political instability and other factors can cause delays in provision of contractual services to customers. This can lead to high levels of receivables and work in progress relative to the Group's operating revenues. In consideration of these factors, which are frequently outside of the direct control of the Group, significant judgement is required in assessing the recoverability of trade receivables and work in progress and in assessing requirements for impairment provisioning against these balances.

Based on a detailed assessment by management, an impairment expense on trade debtors of \$4.624 million and on work in progress of \$2.569 million was recognised in profit or loss in the current year.

Notes to the Financial Statements for the financial year ended 31 October 2015

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(u) New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(v) Going Concern

The consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 October 2015 reflects a loss of \$32.374 million, and the consolidated statement of cash flows reflects net cash outflows from operations of \$15.704 million. The Directors' have reviewed a financial budget and cash flow forecast prepared by management for the period through to 31 January 2017. The cash flow forecast indicates that the Group will have sufficient funding to operate as a going concern during the forecast period, and on this basis the Directors' have prepared the financial statements on the going concern basis.

Included in the Directors' assessment of the cash flow forecast is the draw down of the remaining GBP 2.5 million (\$5.1 million) from its continuing Lenders (Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund), which occurred on 27 January 2016. These funds will be used to repay its existing bank financier (\$3.0 million secured facility with a repayment date of 31 March 2016) and for working capital.

If the Group is unable to generate its expected levels of operating performance and cash flows through to 31 January 2017, it is likely that additional capital and/or alternative funding will need to be secured. In the absence of such additional funding, significant uncertainty would exist as to whether the Group and the Parent will be able to continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements.

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

Notes to the Financial Statements for the financial year ended 31 October 2015

2. (LOSS)/ PROFIT BEFORE TAX

	Consolidated	
	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
(Loss)/ profit before tax has been arrived at after charging (crediting) the following:		
Other gains and losses:		
Net foreign exchange (gain)/ loss	(883)	449
Fair value gain on derivative financial liability	(1,280)	-
Total other gains and losses	(2,163)	449
Finance costs:		
Bank borrowings – interest	214	224
Other entities – interest	164	30
Shareholder loans		
- Interest	617	-
- Amortisation of establishment costs and premium	225	-
- Amortisation of prepaid share option cost associated with the loan	136	-
Total finance costs	1,356	254
Depreciation of non-current assets:		
Office furniture and fittings	31	26
Plant and equipment	106	558
Total depreciation of non-current assets	137	584
Amortisation of intangible assets:		
Software development costs	1,883	-
Operating lease rental expenses:		
Minimum lease payments	1,156	1,566
Impairment recognised on goodwill (Note 13)	4,002	-
Impairment/(write back) recognised on trade receivables (Note 8)	4,624	(4)
Impairment recognised on work in progress (Note 8)	2,569	243
Employee benefit expense:		
Contributions to defined contribution plans	16	19
Other employee benefits	21,224	19,896
Equity settled share-based payments	54	438
Total employee benefits expense	21,294	20,353

Notes to the Financial Statements for the financial year ended 31 October 2015

	Consolidated	
	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
3. REVENUE		
Revenue from continuing operations consisted of the following items:		
Revenue from the sale of goods and Licences	9,968	14,608
Revenue from the rendering of services	15,898	16,653
Total revenue from continuing operations	25,866	31,261

	Year Ended	
	31 October 2015 \$'000	31 October 2014 \$'000
4. INCOME TAXES		
(a) Income tax recognised in profit/(loss)		
Tax (benefit)/expense comprises:		
Current tax (benefit)/expense	626	6,372
Adjustments recognised in the current year in relation to the current tax of prior years	153	(119)
Deferred tax (income)/expense relating to the origination and reversal of temporary differences and tax credits	1,346	7,262
Income tax expense	2,125	13,515
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax (benefit)/expense in the financial statements as follows:		
Profit/(loss) from operations	(30,249)	27,755
Income tax expense/ (benefit) calculated at 30%	(9,075)	8,326
Non-deductible expenses	2,215	266
Foreign withholding tax credits not utilised	312	71
Deferred tax assets not recognised	9,002	3,218
Deferred tax asset written off	1,346	389
Effect of different tax rate in foreign operations	(1,828)	1,126
Under/(over) provision of income tax in previous year	153	119
Income tax expense	2,125	13,515

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.

No income tax was recognised directly in equity or in other comprehensive income during the financial year.

Notes to the Financial Statements for the financial year ended 31 October 2015

4. INCOME TAXES (continued)

	Consolidated	
	31 October 2015 \$'000	31 October 2014 \$'000
(b) Current tax assets and liabilities		
Current tax assets:		
Tax refund receivable	107	98
Current tax payables:		
Income tax payable	235	2,023

Deferred tax balances

Deferred tax assets arise from the following:

	Consolidated			
	Opening balance \$'000	Reclassified \$'000	(Charged)/ credited to profit or loss \$'000	Closing balance \$'000
2015				
Deferred tax assets:				
Tax losses – revenue (i)	990	-	(990)	-
Research & development tax credits	445	(119)	-	326
Foreign tax credits and other tax offsets	266	740	(356)	650
	1,701	621	(1,346)	976

	Consolidated			
	Opening balance \$'000	Reclassified \$'000	(Charged)/ credited to profit or loss \$'000	Closing balance \$'000
2014				
Deferred tax assets:				
Tax losses – revenue	7,827	-	(6,837)	990
Research & development tax credits	1,807	(1,362)	-	445
Foreign tax credits	302	-	(36)	266
Doubtful debts	319	-	(319)	-
Accrued costs	35	-	(35)	-
Other	35	-	(35)	-
	10,325	(1,362)	(7,262)	1,701

(i) During the year deferred tax asset totalling \$0.990 million which was previously recognised in respect of unused tax losses was assessed as being non-recoverable and was accordingly charged against income tax expense.

The benefit of tax losses which have not been recognised as a deferred tax asset due to non-satisfaction of the probability of the recoupment criteria totalled \$31.1m at year end (2014: \$22.1m).

Notes to the Financial Statements for the financial year ended 31 October 2015

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 and are therefore taxed as a single entity. 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 Board's 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	
	Year Ended 31 October 2015	Year Ended 31 October 2014
	\$	\$
Short-term employee benefits	2,183,936	3,529,172
Post-employment benefits	55,672	56,627
Termination benefits	361,752	-
Share-based payments	37,718	277,114
	2,639,078	3,862,913

Notes to the Financial Statements for the financial year ended 31 October 2015

6. SHARE BASED PAYMENTS

Executive and Employee Equity-Settled Share Based Payments

The Group has an ownership-based remuneration scheme for directors, key management personnel 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 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.

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 corporate bodies, at 31 October 2015, certain key management personnel and employees (past and present) are entitled to purchase an aggregate of 6,771,945 (2014: 7,571,945) ordinary shares of the entity at an exercise price of \$0.36 (2014: \$0.36) per ordinary share. At 31 October 2015, all 6,771,945 options had vested (31 October 2014: 5,671,945). The options may be exercised at various times up until 10 June 2018. 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 corporate body or scheme, and do not participate in any dividends declared.

During the financial year, the company issued no options under its executive and employee share option plan (2014: nil).

The following executive and employee share-based payment arrangements were in existence during the year:

Option Series	Grant Date	Expiry Date	Exercise Price \$	Fair value at grant date	Number Vested at year end	Contractual life at year end (days)
Issued 14 May 2012 ^{(i) (iii)}	14-May-12	2017	\$0.36	\$0.11	5,331,945	560
Issued 11 Feb 2013 ^(iv)	11-Feb-13	2017	\$0.36	\$0.26	1,500,000	781
Issued 01 Jul 2013 ⁽ⁱⁱ⁾	01-Jul-13	2018	\$0.36	\$0.24	740,000	952

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

- (i) Options issued in these series vest fully on the second anniversary date from the date of issue and expire five years from the date of issue.
- (ii) Options issued in this series vested as to one half on 10 June 2014 and the balance on 10 June 2015 and expire on 10 June 2018.
- (iii) 800,000 options issued in this series were exercised on 18 January 2015. The share price at exercise date was \$0.51.
- (iv) Options issued in these series vested fully on 21 December 2014 and expire on 21 December 2017.

Notes to the Financial Statements for the financial year ended 31 October 2015

6. SHARE BASED PAYMENTS (continued)

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

	31 October 2015		31 October 2014	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at the beginning of the financial year	7,571,945	0.360	9,100,000	0.360
Granted during the year	-	-	-	-
Exercised during the year	(800,000)	0.360	(1,428,055)	0.360
Expired/ lapsed/ cancelled during the year	-	-	(100,000)	0.360
Balance at the end of the financial year	6,771,945	0.360	7,571,945	0.360
Exercisable at the end of the financial year	6,771,945	0.360	5,671,945	0.360

	Consolidated	
	Year Ended 31 October 2015 \$	Year Ended 31 October 2014 \$
7. REMUNERATION OF AUDITORS		
Auditor of the Parent Entity		
Auditing or review of the financial report	139,000	125,000
	139,000	125,000
Other Auditors		
Auditing or review of the financial report	153,303	144,096
Other services – Taxation	27,601	67,869
	180,904	211,965
	319,904	336,965

The auditor of eServGlobal Limited 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.

Notes to the Financial Statements for the financial year ended 31 October 2015

	31 October 2015 \$'000	31 October 2014 \$'000
8. CURRENT TRADE, OTHER RECEIVABLES AND WORK IN PROGRESS		
Trade receivables (i)	17,029	15,050
Less : Allowance for doubtful debts	(5,514)	(890)
	11,515	14,160
Work in progress	13,433	10,618
Less : Allowance for non-recoverability and losses	(3,362)	(793)
	10,071	9,825
Goods and services tax receivable	554	635
	22,140	24,620

- (i) The average credit period on sales of goods and rendering of services is 60 – 90 days (2014: 60 – 90 days). Historically, the Group has not charged interest on overdue receivables, although customer contractual terms include the ability to do this. The Group recognises an allowance for debts whose collectability is considered doubtful. Objective evidence is determined by reference to knowledge of disputes at the reporting date, where applicable. Other relevant factors considered include political or regulatory issues in the geographical location of the customer, as well as any change in the credit quality of the customer from the date credit was initially granted up to the reporting date. 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 \$7.3 million (2014: \$7.5 million) (see below for aged analysis) which are past due at the reporting date for which the Group has not provided an allowance for doubtful debts 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 136 days (2014: 100 days).

	31 October 2015 \$'000	31 October 2014 \$'000
Ageing of past due but not impaired		
By up to 30 days	934	2,523
30 - 90 days	1,350	1,505
90 - 120 days	1	22
120 + days (*)	4,995	3,469
	7,280	7,519

(*) It is noted that the aged 120 + days balance includes a single customer totalling \$2.899 million. Against this balance are payable amounts owing to the same customer totalling \$2.493 million which are included in trade creditors and accruals at balance date.

Movement in allowance for doubtful debts

Balance at the beginning of the financial year	890	894
Impairment (reduction)/losses recognised on receivables	4,624	(4)
Balance at the end of the financial year	5,514	890

The ageing of all impaired receivables is 120+ days (2014: 120+ days).

Notes to the Financial Statements for the financial year ended 31 October 2015

	31 October 2015 \$'000	31 October 2014 \$'000
9. WORK IN PROGRESS AND DEFERRED INCOME		
Contract work in progress	31,421	22,588
Progress billings and advances received	(22,636)	(13,880)
	8,785	8,708
Recognised and included in the financial statements:		
Work in progress (i) :		
Current (Note 8)	10,071	9,825
Deferred income:		
Current	(1,286)	(1,117)
	8,785	8,708

(i) Net of provision for non-recoverability and losses totalling \$3.362 million (2014: \$0.793 million).

	31 October 2015 \$'000	31 October 2014 \$'000
10. CURRENT INVENTORIES		
Finished goods	66	173

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

- (i) Deferred sales proceeds, which relate to the sale of HomeSend business to the associate company HomeSend SRCL on 3 April 2014, are held in escrow and are subject to indemnification provisions within the transaction agreement. The funds are due to be paid to the Company on 3 April 2016, two years after the transaction agreement date.
- (ii) Unamortised loan facility cost relates to related party shareholder borrowings secured during the year, and includes loan establishment cost (net of amortisation) of \$0.334 million and fair value of share options issued associated with the loan (net of amortisation) of \$3.122 million (Refer to Note 16). The facility costs are being amortised on an effective interest basis over the two year loan term.

Notes to the Financial Statements for the financial year ended 31 October 2015

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Office furniture and fittings \$'000	Plant and equipment \$'000	Total \$'000
Gross carrying amount – at cost			
Balance at 1 November 2013	560	4,720	5,280
Additions	16	60	76
Disposals and scraps	(86)	(194)	(280)
Net foreign currency movement	(6)	(50)	(56)
Balance at 31 October 2014	484	4,536	5,020
Additions	112	51	163
Disposals and scraps	(427)	(3,725)	(4,152)
Net foreign currency movement	54	398	452
Balance at 31 October 2015	223	1,260	1,483
Accumulated depreciation			
Balance at 1 November 2013	553	4,245	4,798
Depreciation expense	26	558	584
Disposals and scraps	(86)	(192)	(278)
Net foreign currency movement	(10)	(77)	(87)
Balance at 31 October 2014	483	4,534	5,017
Depreciation expense	31	106	137
Disposals and scraps	(427)	(3,725)	(4,152)
Net foreign currency movement	79	318	397
Balance at 31 October 2015	166	1,233	1,399
Net book value			
As at 31 October 2014	1	2	3
As at 31 October 2015	57	27	84

Notes to the Financial Statements for the financial year ended 31 October 2015

	Consolidated	
	31 October 2015 \$'000	31 October 2014 \$'000
13. GOODWILL		
Gross carrying amount and net book value		
Balance at the beginning of the financial year	13,241	13,297
Additions	-	-
Translation effects of foreign currency exchange movements	1,224	(56)
Balance at end of financial year	14,465	13,241
Accumulated impairment losses		
Balance at the beginning of the financial year	(9,673)	(9,774)
Impairment	(4,002)	-
Translation effects of foreign currency exchange movements	(790)	101
Balance at end of financial year	(14,465)	(9,673)
Net book value		
At the beginning of the financial year	3,568	3,523
At the end of the financial year	-	3,568

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to a single cash generating unit, being the entire operating business, at which level goodwill is monitored for internal management purposes. This is because substantially the entire product list of the consolidated entity is available for sale to, and being sold to, substantially the entire customer base of the consolidated 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 forecast period, and a terminal value based upon an extrapolation of cash flows beyond the 5 year period using an estimated growth rate of 2.5% per annum which does not exceed the average long term growth rate for the global industry in which it operates.

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

- Sales are based on budget for financial year ending 31 October 2016, and are expected to grow over the remaining forecast period between 5.0 to 7.5% per annum based on a review of market potential and sales capacity.
- Gross margin of 49% increasing to 55% over the forecast period, this being based upon average gross margins achieved in recent periods and improvement potential arising from the new Paymobile 3 product installations.
- Operating expenses are expected to increase steadily over the forecast period at 3% per annum to reflect the CPI expectation. Management considers that it has in place the requisite workforce structure to deliver the 5 year forecast plan.
- Post-tax discount rate of 16.5% to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rate is 23.6% per annum.

Notes to the Financial Statements for the financial year ended 31 October 2015

13. GOODWILL (continued)

In light of the Group's poor performance in the current year, and in response to the above Goodwill impairment assessment that has been undertaken by management, the Directors have resolved to fully impair the recorded carrying value of Goodwill and have recognised an impairment expense of \$4.002 million in profit or loss.

14. INTANGIBLES

	Consolidated	
	Software development \$'000	Total \$'000
Gross carrying amount		
Balance at 1 November 2013	-	-
Internally developed	5,502	5,502
Effects of foreign currency exchange movements	(59)	(59)
Balance at 31 October 2014	5,443	5,443
Internally developed	2,820	2,820
Effects of foreign currency exchange movements	593	593
Balance at 31 October 2015	8,856	8,856
Accumulated Amortisation and impairment		
Balance at 1 November 2013	-	-
Amortisation expense	-	-
Effects of foreign currency exchange movements	-	-
Balance at 31 October 2014	-	-
Amortisation expense	(1,883)	(1,883)
Effects of foreign currency exchange movements	(34)	(34)
Balance at 31 October 2015	(1,917)	(1,917)
Net Book Value		
As at 31 October 2014	5,443	5,443
As at 31 October 2015	6,939	6,939

Significant intangible assets

Software development costs of \$6.939 million relate to the transformation of PayMobile 3.0 for channel sales enablement, and are being amortised over three years on a straight line basis.

Based on the directors assessment, including the CGU impairment assessment conducted as outlined above (refer Note 13), the directors do not consider there is evidence of impairment in the carrying value of this asset at year end.

Notes to the Financial Statements for the financial year ended 31 October 2015

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

(i) The average credit period on purchases of goods is 45 days (2014: 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.

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

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

The directors consider that the carrying amount of trade payables approximates their fair value.

	Consolidated	
	31 October 2015 \$'000	31 October 2014 \$'000
16. BORROWINGS		
Interest bearing loans		
Current (a)	3,000	3,000
Non-current (b)	16,531	-
	19,531	3,000

(a) Current borrowings from National Australia Bank due for repayment on 31 March 2016. The facility is secured by a charge over all of the present and future rights, property and undertakings of eServGlobal Limited (Refer to Note 31). Interest is charged based on the weighted average of interest rates applicable to each of the business market facility components – 7.1% (2014: 7.5%). The Group was in breach of the Interest Cover and Capital Adequacy covenants under the facility as at 31 October 2015 and continue to be in breach as at the date of this report. Accordingly the facility is due and payable on demand.

Notes to the Financial Statements for the financial year ended 31 October 2015

16. BORROWINGS (continued)

- (b) Non-current borrowings from related party shareholders - Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited ("Lenders").

Relevant terms of the loans are as follows:

Loan dated 4 June 2015

Principal amount	£5 million (AUD 10.2 million)
Establishment fee	2.5% of facility draw down amount
Drawn amount	£5 million (AUD 10.2 million)
Repayment Date	4 June 2017
Interest rate	0.8 % per month compounded plus repayment premium of 10% of the Principal amount if paid on Repayment Date, or an annualised 15% return if repaid earlier than this date.
Security	Refer (i) below

Loan dated 5 October 2015

	Tranche 1	Tranche 2
Principal amount	£2.5 million (AUD 5.3 million)	£2.5 million (AUD 5.3 million)
Establishment fee	2.5% of draw down amount	2.5% of draw down amount
Drawn amount	£2.5 million (AUD 5.3 million)	Nil – £2.5 million (AUD 5.3 million) available at Lenders discretion after 31 December 2015 and before 30 June 2016 subject to provision of requisite security. Post year end the facility was fully drawn by the Group on 27 January 2016.
Repayment Date	5 October 2017	5 October 2017
Interest rate	0.8% per month compounded	0.8% per month compounded
Security	Refer (i) below	Refer (i) below
Other details	Refer (ii) below	Refer (i) below

(i) As at 31 October 2015, no security was provided to the Lenders. Subject to shareholders approval (granted on 18 January 2016), security required to be provided on the total borrowings from the Lenders include grant of a general security deed over all present and acquired property of eServGlobal Ltd in favour of the Lenders. Provision of this security deed is subject to approval by NAB or repayment of the NAB facility and release of security held by NAB, as well as approval of all shareholders of Homesend SCRL to granting an encumbrance over shares held by the Group in Homesend SCRL.

(ii) A facility fee of 39,866,107 options granted over eServGlobal Limited shares on draw down of Tranche 1. Exercise term of the options is 2 years from June 2015 and the exercise price is lesser of 7.75 pence or a 20% discount to the 60 day VWAP for depository interest on AIM for the period commencing 28 September 2015.

Notes to the Financial Statements for the financial year ended 31 October 2015

16. BORROWINGS (continued)

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

Amortised cost of the loan as at 31 October 2015 is \$13.075 million being \$16.531 million per (i) above less unamortised facility cost of \$3.456 million shown in non-current assets at Note 11(b).

(d) Available Facilities

	31 October 2015	31 October 2014
	\$'000	\$'000
Available Facilities as at 31 October 2015		
<u>Secured loan facility</u>		
• Amount used	3,000	3,000
• Amount unused	-	-
<u>Unsecured Loan Facilities</u>		
• Amount used	16,531	-
• Amount unused (*)	-	-

(*) Tranche 2 of the loan facility dated 5 October 2015 in (b) above totalling £2.5 million (AUD 5.3 million) is available for drawdown subject to the discretion of the Lenders based on their satisfaction of the Group's financial performance, and the provision of requisite security described in (b)(i) above. Post year end the facility was fully drawn by the Group on 27 January 2016.

Notes to the Financial Statements for the financial year ended 31 October 2015

17. PROVISIONS

	Employee provisions \$'000	Retirement benefit provision (i) \$'000	Total \$'000
Consolidated			
Balance as at 1 November 2014	1,174	865	2,039
Additional provisions recognised	250	78	328
Utilised during the year	(44)	-	(44)
Balance as at 31 October 2015	1,380	943	2,323
Current	1,380	-	1,380
Non-current	-	943	943
Balance as at 31 October 2015	1,380	943	2,323

(i) The retirement benefit provision is a provision for statutory termination obligations due to eligible employees in France who remain employed with the French entity until their statutory retirement date. The amount of the statutory lump sum retirement payment is dependent on the employee's length of service with the company and their salary on retirement. No entitlement accrues to employees who terminate their employment prior to retirement date. The Group's obligations are unfunded and covered by the recorded provision. The cost of providing the benefit is determined by way of actuarial valuation carried out at the end of each annual reporting period (Refer to Note 1(b)).

Notes to the Financial Statements for the financial year ended 31 October 2015

	Consolidated	
	31 October 2015 \$'000	31 October 2014 \$'000
18. OTHER FINANCIAL LIABILITIES		
Derivative financial liability	2,058	-

Derivative financial liability represents the fair value of options granted by eServGlobal Limited in connection with the shareholder loan from Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited – Refer to Note 16.

The derivative financial liability is recognised and measured in accordance with accounting policy Note 1(d). Fair value movement recognised in the profit or loss for the current year amounted to \$1.28 million (Refer to Note 2).

The following table gives information about how the fair value of this financial liability was determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair value as at			Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 October 2015 \$'000	31 October 2014 \$'000	Fair value hierarchy			
Derivative financial liability	2,058	-	Level 2	Refer (a) below	N/A	N/A

(a) The fair value of the options were derived by an appropriately qualified expert using a Black-Scholes option pricing model applying the following inputs:

Exercise price (i)	£0.046
Maximum Option Life	2 years
Underlying share price at valuation date	£0.058
Expected share price volatility (ii)	60%
Risk free interest rate	1.74%

- (i) The exercise price for the options is the lesser of £0.0775 each or a 20% discount to the 60 day VWAP for the Company's depository interests trading on AIM for the period commencing on 28 September 2015 for 60 trading days. The VWAP for the period is £0.058 and a 20% discount on this price is £0.046.
- (ii) Historical volatility of the listed eServGlobal Limited shares has been determined based on the standard deviation of the continuously compounded rate of return on the shares in the last twelve months.

Notes to the Financial Statements for the financial year ended 31 October 2015

19. ISSUED CAPITAL	31 October 2015 \$'000	31 October 2014 \$'000
265,774,052 fully paid ordinary shares (2014: 254,974,052)	116,074	110,574

	31 October 2015		31 October 2014	
	No. '000	\$ '000	No. '000	\$ '000
Fully Paid Ordinary Shares				
Balance at the beginning of financial year	254,974	110,574	249,046	106,695
Issue of shares under the Company's employee share option plan (Note 6)	800	288	1,428	514
Issue of new shares in the Company	10,000	5,500	4,500	3,375
Costs of share issue	-	(288)	-	(10)
Balance at the end of financial year	265,774	116,074	254,974	110,574

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 31 October 2015, 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.

Notes to the Financial Statements for the financial year ended 31 October 2015

Consolidated

	31 October 2015 \$'000	31 October 2014 \$'000
20. RESERVES		
Foreign currency translation reserve (a)	(2,791)	(7,066)
Equity-settled benefits reserve (b)	2,965	2,911
	174	(4,155)

(a) Foreign currency translation reserve

Balance at beginning of financial year	(7,066)	(6,563)
Translation of foreign operations	4,275	(503)
Balance at the end of the financial year	(2,791)	(7,066)

Exchange differences relating to the translation from the functional currency of foreign subsidiaries into Australian dollars are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(b) Equity-settled benefits reserve

Balance at beginning of financial year	2,911	2,473
Employee equity-settled benefits (i)	54	438
Balance at the end of the financial year	2,965	2,911

(i) The employee equity-settled benefits reserve arises on the grant of share options to key management personnel and employees under the executive and employee share option plan. Further information about equity-settled benefits is contained in Note 6 to the financial statements.

	31 October 2015 \$'000	31 October 2014 \$'000
21. ACCUMULATED LOSSES		
Balance at beginning of the financial year	(51,349)	(65,451)
(Loss)/Profit for the year attributable to equity holders of the parent	(32,540)	14,102
Balance at end of financial year	(83,889)	(51,349)

Notes to the Financial Statements for the financial year ended 31 October 2015

	Consolidated	
	Year Ended 31 October 2015	Year Ended 31 October 2014
22. EARNINGS PER SHARE		
Basic earnings per share (cents per share)	(12.3)	5.6
Diluted earnings per share (cents per share)	(12.3)	5.5

Basic earnings per share

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

	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
Earnings – being the (loss)/profit for the year attributable to equity holders of the parent	(32,540)	14,102
	31 October 2015 No '000	31 October 2014 No '000
Weighted average number of ordinary shares	263,963	253,103

Diluted earnings per share

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

	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
Earnings – being the (loss)/profit for the year attributable to equity holders of the parent	(32,540)	14,102
	31 October 2015 No '000	31 October 2014 No '000
Weighted average number of ordinary shares and potential ordinary shares (a)	294,576	256,735

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

Weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share	263,963	253,103
Shares deemed to be issued for no consideration in respect of share options	30,613	3,632
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted (loss)/earnings per share	294,576	256,735

No dilution has been included in the current year due to losses incurred.

Notes to the Financial Statements for the financial year ended 31 October 2015

23. DIVIDENDS

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

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.

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Consolidated	
	Year Ended	Year Ended
	31 October	31 October
	2015	2014
	\$'000	\$'000
Non-cancellable operating leases		
No longer than 1 year	578	939
Longer than 1 year and not longer than 5 years	1,541	32
Longer than 5 years	11	-
	<u>2,130</u>	<u>971</u>

Notes to the Financial Statements for the financial year ended 31 October 2015

		Ownership Interest	
		31	31
		October	October
		2015	2014
		%	%
COUNTRY OF INCORPORATION			
25. SUBSIDIARIES			
Parent Entity			
eServGlobal Limited	Australia (vi) (vii)		
Subsidiary			
eServGlobal Holdings SAS	France (i)	100	100
eServGlobal SAS	France (i) (iii)(viii)	100	100
PT eServGlobal Indonesia	Indonesia (i) (ix)	100	100
eServGlobal Telecom Romania Srl	Romania (i)(ix)(viii)	50	50
eServGlobal Telecom Serviços do Brasil Ltda	Brazil (i) (iv) (ix)	100	100
eServGlobal (NZ) Pty Limited	Australia (ii) (v) (vi)	100	100
eServGlobal (HK) Limited	Hong Kong (i) (iv)	100	100
eServGlobal NVSA	Belgium (i) (iv)	100	100
eServGlobal UK Limited	United Kingdom (x)	100	100
eServ UK Limited	United Kingdom(iv)	100	100
eServGlobal Singapore Pte. Ltd.	Singapore (i)	100	100
eServGlobal Inc.	United States of America (iv)	100	100
eServGlobal Aust Pty Limited	Australia (iv) (v) (vi)	100	100
(i)	These subsidiaries carry on business in their country of incorporation; France, Indonesia, 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)	These subsidiaries did not trade in the current or previous financial year.		
(v)	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.		
(vi)	These companies are members of the Australian tax consolidated group.		
(vii)	eServGlobal Limited is the head entity within the tax consolidated group.		
(viii)	This company is a subsidiary of eServGlobal Holdings SAS. Management have determined that the group has control over this subsidiary in accordance with Note 1(m).		
(ix)	These companies are subsidiaries of eServGlobal SAS.		
(x)	eServGlobal UK Limited carries on business in the United Kingdom and has a branch which carries on business in the Netherlands.		

Notes to the Financial Statements for the financial year ended 31 October 2015

26. INVESTMENT IN ASSOCIATES

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

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			31 October 2015	31 October 2014
Homesend SCRL (i)	Provision of international mobile money services	Brussels, Belgium	35%	35%

The associate is accounted for using the equity method in these consolidated financial statements. Refer to Note 1(s).

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

Summarised financial information in respect of HomeSend SCRL is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with local Belgium GAAP, adjusted to align with the Australian equivalent to International Financial Reporting Standards and to reflect other required notional equity accounting adjustments.

HomeSend SCRL	31 October 2015 \$'000	31 October 2014 \$'000
Current assets	25,637	14,046
Non-current assets	71,361	68,666
Current liabilities	(7,075)	(3,352)
Non-current liabilities	-	-
Net assets	89,923	79,360
	Year ended 31 October 2015 \$'000	Period from 3 April 2014 to 31 October 2014 \$'000
Revenue	3,630	924
Profit or (loss) from continuing operations	(10,945)	(6,501)
Profit (loss) for the year	(10,945)	(6,501)
Total comprehensive income (loss) for the year	(10,945)	(6,501)
Dividends received from the associate during the year	-	-

Notes to the Financial Statements for the financial year ended 31 October 2015

26. INVESTMENT IN ASSOCIATES (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in HomeSend SCRL recognised in the consolidated financial statements:

	31 October 2015	31 October 2014
	\$'000	\$'000
Net assets of the associate	89,923	79,360
Proportion of the Group's ownership interest in HomeSend SCRL	35%	35%
Carrying amount of the Group's interest in HomeSend SCRL	<u>31,473</u>	<u>27,777</u>

Reconciliation of the carrying amount of the investment in associate:

	31 October 2015	31 October 2014
	\$000	\$000
Opening balance	27,777	-
Investment in associate (i)	5,412	31,125
Share of current period loss of the associate	(3,831)	(2,275)
Effects of foreign currency exchange movements	<u>2,115</u>	<u>(1,073)</u>
Closing balance	<u>31,473</u>	<u>27,777</u>

(i) On 5th October 2015 the company agreed to invest additional \$5.412 million with full voting rights, in the HomeSend joint venture company so as to maintain its shareholding at 35%.

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

Notes to the Financial Statements for the financial year ended 31 October 2015

27. SEGMENT INFORMATION

The Group operates in a single segment being the provision of telecommunications software solutions to mobile and financial service providers on a global basis. Information reported to the chief operating decision maker (Board of directors) for the purposes of resource allocation and assessment of segment performance focuses on the telecommunication software solution business as a single business unit.

The results and financial position of this single segment are shown in the statement of profit or loss and other comprehensive income and the statement of financial position respectively.

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.

	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
Hardware	2,210	977
Licences	7,758	13,631
Services	6,079	4,193
Support	7,741	9,582
Software as a Service	2,078	2,878
Total revenue from continuing operations	25,866	31,261

Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from external customers		Non-current assets	
	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
Middle East	13,031	12,040	-	-
Asia Pacific	4,063	1,995	3,486	13
Europe	1,138	6,507	38,465	41,714
Africa	7,604	10,575	1	3
Central and South America	30	144	-	-
Total	25,866	31,261	41,952	41,730

Non-current assets exclude deferred tax assets.

Information about major customers

Included in total revenue is revenue of \$3.454 million and \$3.399 million which arose from sales to the Group's two largest customers.

Notes to the Financial Statements for the financial year ended 31 October 2015

28. 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

Information on key management personnel interests in shares and options is detailed in the Directors' Report.

d) Non-executive directors option holdings

There were no options issued to non-executive directors during the financial year or in the prior financial period.

e) Loans from related party shareholders

Refer to details per Note 2, Note 16 and Note 18.

f) Other related party transactions

	Consolidated	
	Year Ended 31 October 2015 \$	Year Ended 31 October 2014 \$
Mr Conoley's Director Fees, as detailed in the Directors' Report, are paid to his private company	351,659	89,416
Mr Baldwin's Director's Fees, as detailed in the Directors' Report, are paid to his private company	87,284	98,727
Mr Mathews' Directors Fees paid to his private company until his resignation in March 2014	-	40,000
Consulting Fees paid to FDB Partners SPRL, a company controlled by Francois Barrault	23,134	52,765

g) Parent Entities

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

Notes to the Financial Statements for the financial year ended 31 October 2015

29. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
a) Reconciliation of cash		
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	4,976	3,679
Bank overdraft	-	-
	4,976	3,679
b) Reconciliation of profit for the year to net cash flows from operating activities		
(Loss)/ profit for the year	(32,374)	14,240
Interest income	(3)	(11)
Depreciation of non-current assets	137	584
Amortisation of non-current assets	1,883	-
Loss/(profit) on disposal of non-current assets	-	2
Foreign exchange (gain)/ loss, including changes in foreign currency net assets and liabilities	568	(718)
Fair value gain on derivative financial instrument	(1,280)	-
Equity settled share-based payments	54	438
Interest expense accrued	977	-
Gain on disposal of business	-	(31,684)
Share of loss of associate	3,831	2,275
(Increase)/decrease in current income tax balances	(1,798)	6,048
(Increase)/decrease in deferred tax balances	726	8,624
(Increase)/decrease in goodwill	3,568	-
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
- Receivables	(666)	(5,758)
- Inventories	106	(99)
Increase/(decrease) in liabilities:		
- Trade payables	8,113	2,834
- Provisions	284	24
- Other liabilities	170	(873)
Net cash used in operating activities	(15,704)	(4,074)

Notes to the Financial Statements for the financial year ended 31 October 2015

29. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

c) Non-cash transactions

As described in Note 26, on 5th October 2015 the company agreed to invest additional \$5.412 million with full voting rights, in the HomeSend joint venture company so as to maintain its shareholding at 35%.

The company paid \$0.875 million Euros (\$1.353 million) on 14th October 2015 and is required to pay the balance of \$2.625 million Euros (\$4.059 million) on 15th April 2016. This non-cash investing activity is not reflected in the consolidated statement of cash flows.

d) Cash balance not available for use

The cash balance not available for use (classified as other receivables) as at 31 October 2015 is \$1.059 million (2014: \$0.784 million). The cash balance which is not available for use is held as security by the financial institutions in relation to a financial guarantee that has been issued on behalf of the company.

30. 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 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 31 October 2015 the Group had bank borrowings of \$ 3.0m (2014: \$ 3.0m), and borrowings from related party shareholders of \$16.5m (2014: nil). The group has no other borrowings (2014: nil). Operating cash flows and advances from borrowings are used to maintain and expand the Group's assets as well as to pay for operating expenses, tax liabilities and software 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. 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 and changes in market interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risks from the previous period.

Notes to the Financial Statements for the financial year ended 31 October 2015

30. 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. The group may use foreign currency exchange contracts to hedge these risks. No such contracts were entered into during the current year (2014: nil).

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	
	31 October 2015 \$'000	31 October 2014 \$'000	31 October 2015 \$'000	31 October 2014 \$'000
External Group Exposure (*)				
US Dollars	6,073	7,345	548	251
Euro (Functional currency – Australian Dollars)	34	23	20	-
UK Pounds	-	-	17,261	768
Egyptian Pounds	43	196	-	-
Indonesian Rupees	66	28	-	-
Indian Rupees	18	80	-	-
Romanian Lei (RON)	5	58	-	-
UAE Dirham (AED)	85	75	-	-
Brazilian Real	9	174	-	-

(*) Unless otherwise indicated, the functional currency for the above external group exposure is predominantly Euro.

Internal Group Exposure

Australian Dollars (Functional currency – Euro)	-	-	5,376	2,542
Euros (Functional currency Australian Dollars)	23,950	22,142	-	-

Internal Group exposure relates to intercompany balances where foreign exchange gains or losses are recognised in the profit or loss.

Notes to the Financial Statements for the financial year ended 31 October 2015

30. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency 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 year end for a 10% change in foreign currency rates.

Currency	Profit or loss Consolidated	
	31 October	31
	2015	October
	\$'000	r 2014 \$'000
External Group Exposure		
US Dollars	736	844
Euro	6	3
UK Pounds	1,918	85
Egyptian Pounds	5	22
Indonesian Rupees	7	3
Indian Rupees		9
	2	
Romanian Lei (RON)	1	6
UAE Dirham (AED)	9	8
Brazilian Real	1	19
Internal Group Exposure		
Australian Dollars	538	254
Euro	2,661	2,460

The sensitivity includes external receivables and payables as well as balances with foreign operations within the Group where the denomination of the receivable or payable is in a currency other than the functional currency of the respective entity.

For assets, a positive number indicates an increase in profit with the functional currency weakening against the respective currency. For a strengthening of the functional currency against the respective currency there would be an equal and opposite impact on the profit, and the amounts above would be negative. For liabilities, the opposite would apply.

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. As stated in the Group's Accounting Policies Note 1(f), 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 are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The main operating entity outside of Australia is based in France. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the Euro.

Notes to the Financial Statements for the financial year ended 31 October 2015

30. FINANCIAL INSTRUMENTS (continued)

f) Interest Rate Risk Management

The Group's exposure to interest rate risk at 31 October 2015 is in respect of interest generated on deposits balances invested during the course of the year and interest incurred on variable rate external borrowings. Cash deposits yielded a weighted average interest rate of 1.52% for the financial year (2014: 0.80%), and borrowings were incurred at a weighted average rate of 29% for the current financial year (2014: 7.46%).

Interest rate sensitivity analysis

The Group's sensitivity to interest rates is on surplus cash placed on short-term deposit or drawings on variable rate borrowing facilities. The Group's net sensitivity to interest rate movements is not considered to be material to the Group. The new shareholder loan facilities entered into during the current year (Refer to note 16) are at fixed rate of interest and the Group is therefore not exposed to interest rate sensitivity in respect of these loans.

g) 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 principal and interest 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
Consolidated					
31 October 2015					
Trade payables - Non-interest bearing	-	2,553	2,555	-	-
Other payables	-	-	10,452	4,059	-
Borrowings	29% (i)	-	-	3,089	20,661
Other financial liabilities	-	-	-	-	2,058
		2,553	13,007	7,148	22,719
31 October 2014					
Trade payables - Non-interest bearing	-	2,002	1,002	-	-
Other payables	-	11	8,497	-	-
Borrowings	7.46%	-	-	3,094	-
		2,013	9,499	3,094	-

(i) This includes the effective interest amortisation of the fair value of options issued to Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited.

Notes to the Financial Statements for the financial year ended 31 October 2015

30. 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
Consolidated						
31 October 2015						
Cash and cash equivalents	0.04%	4,976	-	-	-	-
Deferred sales proceeds	-	-	-	5,343	-	-
Deposits - Non-interest bearing	-	-	-	1,146	-	-
Trade receivables - Non-interest bearing	-	2,879	5,757	2,879	-	-
		7,855	5,757	9,368	-	-
31 October 2014						
Cash and cash equivalents	0.03%	3,679	-	-	-	-
Deferred sales proceeds	-	-	-	-	4,939	-
Deposits - Non-interest bearing	-	-	-	1,094	-	-
Trade receivables - Non-interest bearing	-	7,098	3,549	2,259	-	-
		10,777	3,549	3,353	4,939	-

h) 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 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.

Notes to the Financial Statements for the financial year ended 31 October 2015

30. FINANCIAL INSTRUMENTS (continued)

(i) Fair value measurements recognised in the statement of financial position

Categories of financial instruments	Consolidated	
	31 October 2015 \$'000	31 October 2014 \$'000
Financial Assets:		
Cash and cash equivalents	4,976	3,679
Loans and receivables		
Trade receivables	11,515	14,160
Deposits and other assets	1,146	1,094
Deferred sales proceeds	5,343	4,939
Financial Liabilities:		
Trade payables (at amortised cost)	5,108	3,004
Other payables	14,511	7,715
Borrowings	19,531	3,000
Other financial liabilities	2,058	-

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

Other financial liabilities representing derivative financial liability of \$2.058 million is measured at fair value. Refer to Note 18 for details on fair value assessment and the valuation techniques used.

None of the Group's other financial assets and financial liabilities are measured at fair value as at 31 October 2015 (31 October 2014: nil).

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

The directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Financial Statements for the financial year ended 31 October 2015

31. PARENT ENTITY INFORMATION

(a) Financial position	31 October 2015 \$'000	31 October 2014 \$'000
Assets		
Current assets	3,852	552
Non-current assets	51,477	58,243
Total assets	55,329	58,795
Liabilities		
Current liabilities	3,969	3,500
Non-current liabilities	19,869	-
Total liabilities	23,838	3,500
Equity		
Issued capital	116,074	110,574
Accumulated losses	(86,268)	(58,190)
Reserves		
Equity-settled benefits	2,965	2,911
Total equity	32,771	55,295
(b) Financial performance		
	Year Ended 31 October 2015 \$'000	Year Ended 31 October 2014 \$'000
(Loss)/Profit for the year	(28,078)	13,624
Other comprehensive income	-	-
Total comprehensive income	(28,078)	13,624

(c) Guarantees entered into by the parent entity

eServGlobal Limited has not provided any guarantees in relation to any of its subsidiaries.

(d) Contingent liabilities of the parent entity

There are no contingent liabilities for the parent entity.

(e) Commitments for the acquisition of property, plant and equipment by the parent entity

There are no commitments for the acquisition of property, plant and equipment by the parent entity.

32. SUBSEQUENT EVENTS

On 27 January 2016 the company drew down the £2.5 million (\$5.1 million) second tranche of the loan facility from Alphagen Volantis Fund Limited and Alphagen Volantis Catalyst Fund Limited, acting through its investment manager, Alphagen Capital Limited (formerly known as Henderson Alternative Investment Advisor Limited), part of Henderson Global Investors. The lenders agreed to the drawdown following shareholder approval being obtained for the granting of the Company's assets as collateral for the Loan Facility and the Existing Loan on the terms described in the Explanatory Memorandum to the Company's Notice of Meeting dated 18 December 2015. The extraordinary general meeting giving this approval took place on 18 January 2016. The loan facility, which was announced on 5 October 2015, is now fully drawn down in the amount of £5.0 million.

There has not been any other matter or circumstance that has arisen since the end of the financial year through the date of this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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

c/o Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road
Millers Point Sydney NSW 2000
Australia

Additional Securities Exchange Information as at 26 January 2016

Corporate Governance

The Corporate Governance Statement of the company may be found at <http://eservglobal.com/investors/cgs/>

Ordinary share capital

265,774,052 fully paid ordinary shares are held by 1,190 individual shareholders on the Australian Securities Exchange and 149 individual depository interest holders on the London Stock Exchange (AIM).

All issued ordinary shares carry one vote per share.

Options

15 individual option holders hold 6,140,000 options exercisable at \$0.36 per option.

Henderson Global Investors Limited holds 39,866,107 options exercisable at £0.0456 per option.

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	165	7	-
1,001-5,000	406	12	-
5,001-10,000	192	12	-
10,001-100,000	357	65	2
100,001-Over	70	53	14
Total	1,190	149	16
Holding less than a marketable parcel	661		

Substantial shareholders

	Number
Legal and General Investment Management Plc	45,295,200
Henderson Global Investors Ltd	46,549,213
Acorn Capital Limited	32,913,500

**Additional Securities Exchange Information
as at 26 January 2016**

Twenty largest holders of quoted equity securities

Australian Securities Exchange

London Stock Exchange (AIM)

Computershare Clearing Pty Ltd holds 161,729,209 ordinary fully paid shares on behalf of the Depositary Interest Holders.

Ordinary Shareholders	Number	% of capital	Depositary Interest (DI) Holders	Number	% of DI Holders
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,346,351	4.65	NORTRUST NOMINEES LIMITED <TDS>	28,244,699	17.46
J P MORGAN NOMINEES AUSTRALIA LIMITED	10,906,213	4.10	AURORA NOMINEES LIMITED <2234100>	18,393,230	11.37
NATIONAL NOMINEES LIMITED	10,755,869	4.05	NORTRUST NOMINEES LIMITED <SLEND>	16,071,461	9.94
CITICORP NOMINEES PTY LIMITED	7,911,957	2.98	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED <764685>	12,500,000	7.73
PAUA PTY LTD <THE PAUA A/C>	4,355,812	1.64	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED <667656>	11,648,006	7.20
BT PORTFOLIO SERVICES LIMITED <MCMANAMEY SUPER FUND A/C>	4,282,604	1.61	STATE STREET NOMINEES LIMITED <OM04>	11,117,000	6.87
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,884,437	1.46	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED <944287>	8,685,000	5.37
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	3,821,936	1.44	BNY (OCS) NOMINEES LIMITED <HIT>	6,595,790	4.08
UBS NOMINEES PTY LTD	3,197,166	1.20	THE BANK OF NEW YORK (NOMINEES) LIMITED <703632>	6,454,503	3.99
BNP PARIBAS NOMS PTY LTD <DRP>	2,798,933	1.05	GOLDMAN SACHS SECURITIES (NOMINEES) LIMITED <ILSEG>	5,216,464	3.23
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,605,935	0.98	HAREWOOD NOMINEES LIMITED <4153230>	4,548,469	2.81
3RD WAVE INVESTORS LTD	2,200,000	0.83	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED <978777>	3,260,714	2.02
PATRICK MCGRORY	1,730,426	0.65	CHASE NOMINEES LIMITED	2,975,000	1.84
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	1,515,971	0.57	APOLLO NOMINEES LTD <CRE>	2,587,448	1.60
MR BRENDAN THOMAS BIRTHISTLE	1,130,000	0.43	BNY MELLON NOMINEES LIMITED <BSDTGUSD>	2,319,589	1.43
MR JOHN JOSEPH RYAN	1,035,500	0.39	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED <887711>	2,044,037	1.26
MR STEPHEN JOHN BALDWIN + MRS ANDREA MAREE BALDWIN <THE STEVE BALDWIN SF A/C>	850,000	0.32	FITEL NOMINEES LIMITED <DMOD>	1,782,039	1.10
MR REMI ARAME	800,000	0.30	PLATFORM SECURITIES NOMINEES LIMITED <KKCLT>	1,757,825	1.09
HONNE INVESTMENTS PTY LIMITED	700,000	0.26	BNY (OCS) NOMINEES LIMITED <UKREITS>	1,707,708	1.06
MR FRANCOIS BARRAULT	500,000	0.19	JAMES CAPEL (NOMINEES) LIMITED <PC>	1,141,000	0.71

**Additional Securities Exchange Information
as at 26 January 2016**

Company Secretary

Tom Rowe

Registered Office & Principal Administration Office

C/o Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road
Millers Point Sydney NSW 2000
Australia

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 Depository Interests under the ticker "ESG".

Date of Annual General Meeting

14 March 2016

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■ email: investors@eservglobal.com ■ www.eservglobal.com