



Proposed Sale of USP Business

Paris, 26 May 2010

eServGlobal Limited (ASX: ESV; LSE: ESG), a provider of smarter transaction management solutions, is pleased to announce the conditional sale of its USP Business and USP Products to Oracle for up to US\$93.75 million (£65 million, AUD\$113.4 million).ⁱ

eServGlobal Limited (“**eServGlobal**” or the “**Company**”) has entered into a conditional agreement to sell the assets and undertakings of its USP Business, including the USP Products, to Oracle (the “**Agreement**”).

The USP Business operates by providing software solutions to telecommunications customers through the licence and support of the USP Products. The USP Products proposed to be sold to Oracle include the USP Platform, ChargingMax, MessageMax, NumberMax, uVOMS, UMS and Social Relationship Manager. The revenue attributable to the USP Business in the financial year ending 30 June 2009 was AUD\$61.6 million (£35.6 million) (42% of the total revenue for eServGlobal in that year). Profits attributable to the USP Products and other associated assets cannot be calculated, as they are not currently accounted for separately from the non-USP Products and assets and is further due to the fact that the cost accounting and reporting undertaken by the Company is by expense category and not product category.

Following completion of the proposed transaction, the Company will focus on continuing and enhancing the growth of its non-USP Business utilising the non-USP products (as described below). The non-USP business comprised 58% of the Company’s total revenue in the financial year ending 30 June 2009 and has exciting prospects.

Purchase Price

The purchase price is US\$93.75M (AUD\$113.4 million, £65 million) which compares to a total market capitalisation of eServGlobal on 24 May of AUD\$88.6 million (£51.2 million).

Approximately 22% of the purchase price (US\$20.75 million) (AUD\$25.1 million, £14.4 million) will be held in escrow for a period of two years, with 50% of the escrow amount to be released after the first year and the remainder to be released after the second year (assuming funds are available and that there are no claims).

The escrow amount is in place in consideration of the warranties and indemnities provided by eServGlobal to Oracle. Release of the escrow amount is not in any way conditional on the performance of the USP Business once it is acquired by Oracle.

Transaction Rationale

Having built, implemented and developed a world leading pre-paid charging platform, the Company recognises that Telecom Operators (“**TOs**”) are progressively looking for suppliers to provide ‘convergent billing’ solutions; meaning both pre-paid and post-paid billing in a single offer. Without a post-paid solution, eServGlobal could not independently provide convergent billing. To that end, the Company is dependent upon post-paid billing partners when providing solutions to tier one

telecommunications operators. As these partners introduce their own pre-paid platforms, the value of the USP platform to the Company reduces.

The Board and management consider the purchase price to incorporate a sufficient premium to reflect the strategic value of our USP assets and business.

Furthermore, the Directors of the Company believe that the business of the Company will benefit from the separation of the USP Business from the Non-USP Business. Following completion of the Proposed Transaction, the focus of the Company will be on the development, support and customisation of the high growth areas of mobile money services and value add services.

The New eServGlobal

The Board is excited by the prospects of its remaining business which comprises of over 60+ customers in 40+ countries. The remaining business will comprise:

The HomeSend Platform

- HomeSend: Global hubbing service offering cross border person-to-person transfers of money, air time and roaming recharge

The Value Added Services (VAS) Platform

- PromoMax: Carrier grade solution for TOs to build targeted, personalised, diversified and timely promotions and loyalty programs
- Value Added Services: Carrier grade messaging and value added services platform
- MSP: Carrier grade, open standard messaging services platform
- Mailis: Flexible, modular and scalable solution enabling service providers to deliver voice mail, unified mail and video mail to both retail and business customers
- UIP: eServGlobal's highly scalable and multi-lingual interactive voice response solution

This product suite will allow eServGlobal to pursue opportunities to provide global telecommunication carriers with full "end-to-end" and "any account to any account" mobile financial services and international money transfers. Additionally, by providing "value added services" to operators that enable them to engage with their customers in a personalised and dynamic manner positions eServGlobal as a natural partner for the next phase of their customer offering.

Shareholder Approval

The conditions precedent to completion of the sale are numerous and include approval by eServGlobal shareholders. A meeting of shareholders will be convened on 30 June 2010 at Blackwattle Room 1, Crowne Plaza Darling Harbour, 150 Day Street, Sydney, New South Wales, Australia 2000. A notice of meeting and explanatory memorandum setting out further details in respect of the proposed transaction will be dispatched to shareholders in the coming days. The relevant documents will also be available on the Company's website www.eservglobal.com.

The Company's major shareholder, Guinness Peat Group (holding approximately 19% of the issued share capital of eServGlobal) has agreed to vote its shares in favour of the transaction. In addition, MHB Holdings Pty Ltd, Wallaby Hill Pty Ltd and Craig Halliday (who hold approximately 20% of the Company's issued share capital in aggregate) are supportive of the transaction and have confirmed in writing to the Company that in the absence of a superior proposal from a third party, they intend to vote their shares in favour of the resolution. The Company has agreed to pay Oracle a break fee

of US\$937,500 (AUD\$1.1 million, £650,000) in the event that shareholder approval for the sale is not obtained.

Guidance Update

Given the Board's proposal to sell the USP Business and assets to Oracle, we are issuing updated guidance to the market as follows.

Given the timing of this transaction, key USP customers will likely defer traditional end of financial year orders to coincide with the transition of the USP Business and assets to Oracle. Given the month of June is historically the largest month in the financial year for license sales, the impact of the transaction on FY2010 revenue and earnings on the eServGlobal business going forward is expected to be material. The Company's revenue and earnings are highly seasonal with a disproportionately large amount of the Company's revenue earned in the last few months (particularly June) of the financial year.

The Board believes the purchase price reflects an adequate premium to reflect the intrinsic valuation of the USP Business and assets which takes into account any benefit that Oracle might receive from the deferment of orders into the period following completion of the proposed transaction.

As the proposed transaction is by way of an asset sale, the Company accounts will reflect the profit on sale of the USP Business and assets. The profit (based on current exchange rates and after potential purchase price adjustments and transaction fees) arising from the transaction is in excess of AUD\$103 million (£60.7 million).

The Australian dollar has strengthened considerably against the Euro during the year, which has additionally impacted revenues, and over the full year has had a negative impact of approximately AUD\$12 - 14 million (£6.9 – 8.1 million) based on our budgeted rate of\$ 0.542 AUD per Euro.

As a result of the above factors the Board now believes that FY2010 revenue will be in the range of AUD\$77 million to AUD\$82 million (£43.4 – 46.2 million) (FY2009: AUD\$147.2 million £85.1 million) and overall FY2010 EBITDA (before non recurring restructuring and foreign exchange losses) will be in the range of AUD\$92 million to AUD\$97 million (£52 – 54 million) (FY2009: AUD\$2.4 million) (£1.4 million) having regard to both FY2010 operating activities and the sale of the USP Business and assets.

As a consequence of the transaction, FY2011 will be a year of transition in which eServGlobal's management and organisational structure will be focused on growing the remaining non-USP businesses. Both the HomeSend platform and the Value-Added Services platform represent exciting growth opportunities, albeit they are at varying stages of development and revenue generating potential. Management expects to grow both revenue and earnings progressively over the medium to long term. While FY2011 will be a year of transition, the Board believes it can achieve revenue in the range of AUD\$38 million to AUD\$45 million (£22 – 26 million) and generate positive EBITDA (before non-recurring restructuring charges) of up to AUD\$5 million (£2.9 million).

Capital Management Review

Following completion of the transaction, the Board will conduct a capital management review, wherein it will consider the extent to which the cash proceeds in relation to the transaction are excess to the Company's requirements going forward, having regard to:

- The business plan associated with the remaining non-USP business over the medium term, including capital investment, restructuring and working capital requirements associated with a more focussed and slimmed-down business;
- The desirability of paying down the Company's existing credit facilities;
- The amount of tax payable by the Company in connection with the transaction; and
- The Company's current and possible future obligations to Oracle with respect to the Agreement, noting that a portion of the sale proceeds will remain in escrow for two years post completion.

If and to the extent the Board considers that a portion of the sale proceeds is excess to the Company's requirements, it will also investigate the most efficient form of distribution of that excess to shareholders, which may in turn require shareholder approval. No determination in this regard has been made by the Board at this time. The Board expects to update shareholders in relation to its capital management review during the second half of 2010.

About eServGlobal

eServGlobal is listed on the Australian Securities Exchange (ASX:ESV) and the London Stock Exchange AIM Market (LSE:ESG).

More information is available in our investor presentation which is accessible via our website www.eservglobal.com.

eServGlobal Limited
Richard Mathews
Chief Executive Officer

Tel +61 73302 0190
info@eservglobal.com

Altium (AIM)
Nominated Adviser, Mike Fletcher/Paul Lines
Corporate Broking, Chloe Ponsonby

Tel +44 (0) 207 484 4040

ⁱ Note that all currency amounts have been calculated using the currency exchange rates on www.reuters.com on 24 May 2010. The final purchase price will be converted into Australian dollars using the currency exchange rate on www.reuters.com on the date that is 9 business days before the closing. Further, the final purchase price payable at closing will be adjusted for certain movements in working capital between today's date and the closing date.