



ASX Release

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ServTech Global Quarterly Update and Appendix 4C

ServTech Global Holdings Ltd (ASX: SVT) (“ServTech” or the “Company”), a software development and Software as a Service (“SaaS”) solutions provider, presents the following report for the quarter ended on 31 December 2018.

HIGHLIGHTS

- **Continued delivery of current software development contracts;**
- **Repositioning complete to bring the Company close to a cash flow positive position from software development operations.**

The Company is successfully developing and delivering software development solutions for renowned national and international businesses, cementing its industry position and capabilities.

The Company has successfully implemented an organisational structure capable of delivering results to its clients, leveraging the knowledge of its team consisting of 30 software development professionals, with skill sets including, but not limited to, back end and front-end PHP, database, native iOS and Android as well as UI/UX developing, designing and testing.

ServTech is a building pipeline of opportunities and expects to announce further contract awards in due course.

Services Contract with The Agency

On 10 July 2018, the Company advised that the real estate businesses sold to The Agency Group Australia Limited (“The Agency”) (ASX: 21 February 2018) had been successfully migrated to The Agency.

As part of the transaction, ServTech continues to deliver services and SaaS support to The Agency.

The Company has continued to provide these services to The Agency's Sell Lease Property brand, The Agency's Mortgage and Finance Solutions and Property Management divisions. During the quarter, ServTech's invoiced more than ~\$30,000 each month for services to The Agency demonstrating that the offering has expanded beyond the scope of the initial engagement.

ServTech is currently in discussions with several real estate agencies and other corporates to provide these types of services. The Company expects to be able to report on these opportunities in due course.

Revenue from Software Development Contracts

The Company continues to provide services to Emerge Gaming Solutions Pty Ltd (“Emerge”) under the 2-year Services Contract Agreement to offer strategic insights and manage the development and maintenance of Emerge's cutting-edge eSports platform Arcade X (ASX: 7 May 2018).

The agreement with Emerge is the largest development contract the Company has secured since its inception and profitably underpins the operations of the software development division for the long term.

The development team also continues to service the Real Estate Institute of WA (“REIWA”) mobile application (the “REIWA App”). As per last quarter, the REIWA App was developed and launched successfully by the development team and the Company anticipates further work to flow from this engagement.



Corporate

The sale of the real estate businesses to The Agency occurred in exchange for consideration of \$950,000 payable to ServTech.

As per last quarter, the outstanding balance of the consideration totalling \$550,000 was previously agreed to be received in \$50,000 monthly instalments. However, with The Agency currently engaged in a significant corporate transaction, the Company has agreed for these payments to be temporarily delayed.

The Company is working closely with The Agency to agree payment of the outstanding balance in a timely manner, noting that The Agency is a key client and partner for ServTech, both now and into the future.

Company Financial Overview

Cash at the end of the quarter was ~\$112,000. Post quarter end, in early January 2019, the Company banked late payments from its customers to the value of \$230,000 and received a Commonwealth Government research and development tax incentive credit of \$45,000 for FY2017 activities. With these amounts included, the Company's cash balance at 31 December would have been ~\$387,000.

Of the ~\$303,000 in cash receipts (September 2018 quarter: \$282,000) during the period \$115,000 related to the contract with The Agency and \$182,000 related to other contracts including Emerge, REIWA, JLL and 5P Group. Only \$6,000 related to finalisation of transactions for the legacy real estate businesses.

Net cash outflows from operating activities for the December 2018 quarter was ~\$115,000 (September 2018 quarter: outflow of \$457,000). This result continues the trend of the Company moving closer to a cashflow positive position. If the Company can secure one more long-term contract of the size of its current contracts, then this target will be met.

Outlook

Over the past 15 months, ServTech's Board and management have been focussed on stabilising the business and concentrating resources on profitable software development and outsourced services for external clients. From a position of quarterly cash outflows from operating activities of \$2,146,000 (~\$715,000 a month) in September 2017, ServTech is now close to delivering a cash flow positive position with minimal liabilities.

Board and management are now tasked with driving revenue into its software development and outsourced services teams. In this regard, a pipeline of contract opportunities has been assembled, in tandem with the identification and assessment of potential complementary projects and acquisitions.

The Board is working closely with The Agency to expand the services provided to them as well as agreeing payment terms to recoup amounts owed to ServTech over a period of time which does not restrict ServTech's overall strategy.

ENDS

For more information:

ServTech Global Holdings Limited

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About ServTech Global Holdings Limited

ServTech Global is an ASX listed public company (ASX: SVT) specialising in software development and Software as a Service ('SaaS') solutions.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SERVTECH GLOBAL HOLDINGS LIMITED

ABN

93 614 814 041

Quarter ended ("current quarter")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers*	303	585
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(101)	(295)
(c) advertising and marketing	-	(7)
(d) leased assets	-	-
(e) staff costs	(209)	(527)
(f) administration and corporate costs	(108)	(307)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(21)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives**	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(115)	(572)

*Subsequent to period end, the Company banked late payments from its customers to the value of ~\$230,000.

**Subsequent to period end, the Company received a Commonwealth Government research and development tax incentive credit of ~\$45,000 for FY2017 activities.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets*	-	196
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	196

*On 21 February 2018, the Company announced that it had entered into a binding sale agreement with The Agency Group Limited (The Agency) for The Agency to acquire the assets of the Company's real estate businesses for consideration of \$950,000. To date \$400,000 has been received of the consideration with the balance of \$550,000 to be received via an agreed payment arrangement between the parties.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	239	514
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(115)	(572)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	196

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(12)	(26)
4.6	Cash and cash equivalents at end of quarter	112	112

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	112	239
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	112	239

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	36
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1 includes aggregate amounts paid to directors including salaries and directors' fees.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	6
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Technical consultancy fees paid to a director related entity.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	70
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	140
9.6 Administration and corporate costs	80
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	290

In terms of cash inflows, as above the Company banked late payments from its customers to the value of ~\$230,000. In addition, the Company will invoice for work completed during the next quarter.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company Secretary)

Date: 17 January 2019

Print name: Derek Hall

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.