



SERVTECH GLOBAL

EFFICIENT SERVICES EFFECTIVE TECHNOLOGY

ASX Announcement

31 July 2017

JUNE QUARTER ACTIVITY REPORT

HIGHLIGHTS

- **Revenue increased by 9% on last Quarter**
- **Achieved targeted consolidated group revenues in excess of \$10m for FY2017**
- **Geographic expansion of real estate business continues**
- **Property consultant growth accelerates in real estate business**
- **Industry diversification continues into Legal and Automotive industries**

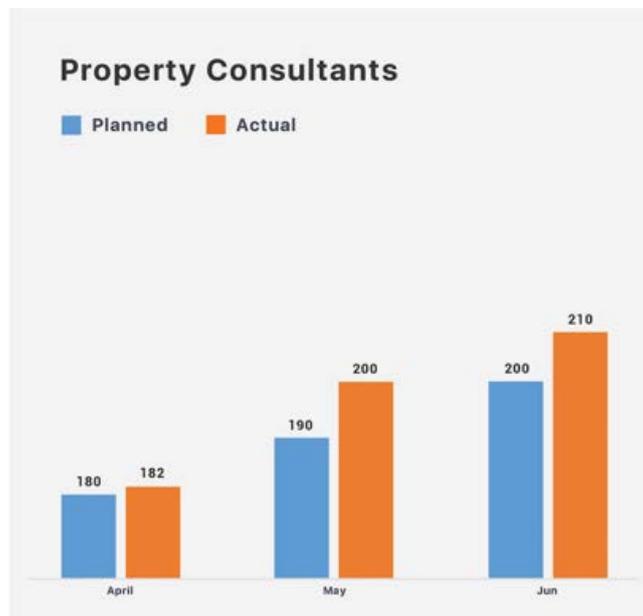
ServTech Global Holdings Limited (ASX: SVT) (**'ServTech'** or **'the Company'**), is pleased to provide a report of its activities for the quarter ended on 30 June 2017.

CEO Brett Quinn said, *"The June Quarter marked a significant turning point for ServTech. We are now accelerating revenue growth and broadening our income base through industry sector diversification and geographic expansion. In short, we are ahead of schedule in many areas of our corporate growth strategy which envisions the Company not being dependent on one product, one market or one technology to continue to grow our business. Our goal is to grow the size of the market, and to be a leader and innovator in our market."*

Commercial

Real Estate Business – Sell Lease Property

During the Quarter, the Company continued to focus on rolling out the subsidiary business, Sell Lease Property (**'SLP'**) across Australia with the establishment of its first office in New South Wales, Australia's largest real estate market. SLP is an award-winning, market-leading real estate company with established offices already in Western Australia, Victoria and Queensland. This newly established nationwide presence together with the growth of property consultants to 210 means SLP is well placed to drive organic growth and in turn accelerate revenues.



Additionally, ServTech remains confident that SLP finished the financial year as WA's best performing residential sales office by listings sold for the second consecutive year out of approximately 1300 agencies in WA. In May SLP finished first place in REIWA's rankings for Top Office by Number of Property Sold – totalling a number 1 ranking office in eight of the previous 11 months. SLP sold a total of 76 properties in May, 30 more than the second best performing agency, with a total value of circa \$36 million. ServTech expects to find out the results for the 2016/2017 financial year in the next month.

Expansion by geography

The Company continued to strengthen its leading position in the real estate sector during the quarter, signing a non-binding heads of agreement with Davey Real Estate, a leading Western Australian real estate group of companies. ServTech is currently determining the level of efficiencies and cost savings that may be generated for Davey Real Estate through the adoption of ServTech's scalable and adaptable technology platform. This assessment is progressing well and the Company expects to formalise a transaction management services agreement shortly.

During the quarter the Company commenced commercial discussions with a group of international real estate businesses as part of the Company's strategy of geographic diversification, with the intent of reaching a commercial outcome to assess the efficiencies of ServTech providing back office functions through its real estate specific technology platform, the 'Angel' platform. Following the end of the quarter, the Company announced that it had signed two non-binding heads of agreement with Malaysian real estate companies, Millennium Summit Properties and Harvest-Time Properties for this purpose. The Company will make an announcement if and when it enters into material transaction management services agreements with these counterparties.



Diversification by industry

As part of ServTech's diversification strategy by industry sectors, in May the Company announced it had signed a non-binding HOA with DVG Automotive Group, one of Western Australia's leading new and used car dealerships. The Company is currently assessing DVG's organisational structure, business processes and technology before formulating recommendations for the client to better improve businesses profitability. This assessment is progressing well and the Company expects to formalise a transaction management services agreement shortly.

Following discussions during the June quarter, earlier this month the Company announced that it had signed another key commercial agreement as part of its overall strategy to diversify its business by industry sector: a non-binding Heads of Agreement ('HOA') with Perth-based incorporated legal practice, MM Legal Pty Ltd (trading as Mendelawitz Morton), signalling the Company's first entry into the legal sector. Under the HOA, ServTech and the client are evaluating the opportunity to complete and commercialise a transaction management technology and services cloud platform for the legal industry.

Financial

During the June quarter, the number of property consultants in the real estate business continued to grow, with a net gain of 30 new property consultants. In addition, business development managers were appointed across the Company's subsidiaries in April, with training conducted in May. ServTech has undertaken these resourcing initiatives with the intention that they will positively impact revenue going forward with more property consultants generating revenue for the Company.

ServTech proposes to drive revenue growth by a combination of organic growth from the Australian property transaction sector and also from new business generated through an expansion into new industry sectors in Australia and internationally.

Revenue

Revenue increased 9% against the previous quarter. ServTech has met its targeted consolidated group revenues in excess of \$10 million for the financial year ending 30 June 2017. Further information on Group's performance for the financial year ending 30 June 2017 will be set out in the Company's annual report.

Cash Flows

Cash receipts from customers for the quarter ending 30 June 2017 were \$3.42m and for the financial year ending 30 June 2017 totalled \$10.65m. This represents an increase of \$1.95m or 22% compared to the financial year ending 30 June 2016.



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Net operating cash flows outflows were \$1.53m for the quarter ending 30 June 2017. The Company continues to invest in growth by rolling out its real estate subsidiary businesses across Australia as well as broadening its customer base both geographically and by industry.

The Company's business is performing in line with internal financial estimates. Cash at 30 June 2017 was \$3.3m.

Outlook

ServTech anticipates increased revenues will continue following the investment growth in the business. The Company is on track to achieve free cash flow by mid-2018 as revenues from operating activities continue to grow, capital spending abates and corporate costs abate after the initial costs of listing.

Corporate

Throughout the Quarter, the Company undertook the completion of its content marketing strategy for both customers and investors.

The Company is actively seeking to expand and broaden its revenue base by diversifying its products and services to new industry sectors. The Company has refined its key corporate positioning statement to assist in explaining its purpose and core business activity;

"ServTech Global increases business profitability by removing the time and cost burden of administrative tasks and back office functions". We do this through the development and application of a customised technology.

The positioning statement reflects the Company's focus on improving the efficiency of back office operations that reduces the administrative burden on business operators, allows scope for continued growth through diversification and expansion.

ENDS

Further information:

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About ServTech Global

ServTech Global increases business profitability by removing the time and cost burden of administrative tasks and back office functions. It is the holding company of a number of wholly-owned subsidiary companies, including a real estate agency (Sell Lease Property Pty Ltd), a conveyancing business (Complete Settlements), a property management business (Capitol Asset Management) and a mortgage broking business (Value Finance).

ServTech's key revenue driver to date is Sell Lease Property which has utilised ServTech's SaaS platform (the 'Angel' platform) to improve operating efficiencies, minimise fixed overheads and increase profit margins, becoming a disruptive player in the Australian real estate sector. With operations in four states, Sell Lease Property has grown to have more than 200 property consultants nationally since its launch in 2012. Over the financial year periods 2015/2016 Sell Lease Property achieved revenue growth of 370% and was named the 8th fastest growing company in Australia in FY 2016 according to BRW.

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")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,415	10,650
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(438)	(921)
(d) leased assets	(32)	(35)
(e) staff costs	(3,860)	(10,594)
(f) administration and corporate costs	(611)	(2,458)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	(7)	(62)
1.6 Income taxes paid	(1)	(2)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	-	(20)
1.9 Net cash from / (used in) operating activities	(1,526)	(3,434)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(285)	(389)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property		
(e) other non-current assets	-	(461)
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		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	(60)	(60)
2.6 Net cash from / (used in) investing activities	(345)	(910)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	6,001
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	-	(561)
3.5 Proceeds from borrowings	-	1,647
3.6 Repayment of borrowings	(9)	(9)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	46	204
3.10 Net cash from / (used in) financing activities	37	7,282

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	5,137	365
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,526)	(3,434)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(345)	(910)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	37	7,282

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of quarter	3,301	3,301

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	3,301	5,137
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)	3,301	5,137

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	239
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	

Director fees and superannuation of \$207,000, legal fees paid to a director related entity of \$24,000 and office rent paid to a director related entity of \$8,000

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	
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	

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	506	438
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.		

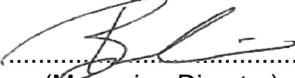
The facility is with National Australia Bank, has an interest rate of 6.015% and is unsecured.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	238
9.4 Leased assets	129
9.5 Staff costs	4,297
9.6 Administration and corporate costs	1,018
9.7 Other (provide details if material)	16
9.8 Total estimated cash outflows	5,698

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:  Date: 31 July 2017
(Managing Director)

Print name: Brett Quinn

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.