



ASX Announcement

SEPTEMBER QUARTER ACTIVITY REPORT

HIGHLIGHTS

- **Expansion into petroleum and convenience store market**
- **Sale of Rent Roll business**
- **REIWA app development contract secured**
- **Continued focus on growth**

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

CEO Brett Quinn said, *"The September Quarter consolidated the strong growth achieved in the June Quarter and was in line with our forecast. The result again demonstrated our strategy to diversify our income streams. Our focus on diversification and expansion continues to generate opportunities for new industries and markets."*

Commercial

Sale agreements were executed for ServTech's Rent Roll property management business to Housemart Real Estate Pty Ltd and Summit Development Corporation Pty Ltd. Selling the rent roll business was a strategic decision designed to significantly reduce the Company's operating costs, improve the Company's balance sheet and solidify ServTech Global's position as a leading provider of technology platforms and suited to a diverse range of industries. The final sale proceeds will be realised as the transition of the rent roll to the new owners draws to a close in November 2017.

In August, the Company announced it had formed a special purpose joint venture company for developing and commercialising 'AdminENE', a transaction management software platform specifically designed for Australian independent franchised petrol stations and convenience stores. ServTech Global's technology platform is currently being trialled in 4 petrol and convenience stores in south east Queensland.



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The petrol station and convenience store JV comes on the heels of a deal with DVG Automotive Group, one of Australia's leading new and used car dealerships, announced in the previous quarter. These deals demonstrate the strategic focus of ServTech Global to develop more diversified income streams across a range of different industry sectors, and by doing so reduce our exposure to any one industry or market sector.

In September, ServTech announced it has been engaged to develop a new consumer-focused mobile application (app) for the Real Estate Institute of Western Australia (REIWA). The technology development process will be executed through ServTech's 100% owned subsidiary, Technobrave Pty Ltd, which specialises in providing web and mobile application software development services. The REIWA contract again demonstrates the unique technological and commercial assets within the Company and the ability to expand and diversify the revenue stream while remaining focused on growth from core business.

During the quarter the Company took steps to materially reduce its cash burn by reducing non-critical positions and cutting overheads. The Company will realise the benefits of the cost reduction initiative from October.

Financial

During the September Quarter, cash receipts were \$3.1 million.

Revenue growth remains ahead of forecast, driven by growth from the Australian property transaction sector and from new business generated through the industry diversification strategy.

As at 30 September 2017, the cash balance on hand was approximately \$1.0 million.

The proceeds of the sale of the rent roll business will be banked in the December quarter. Net cash receipts for the business are expected to increase in the December quarter, as a result of subscription fees generated by the higher agent numbers and the proceeds of the sale of the rent roll business.

The cash burn rate has been reduced significantly as a result of actions taken by the Board and Management during the September Quarter, and will become evident in the December Quarter. The Company remains conscious of the need to strengthen its capital position while it builds its recurrent cash flow and establishes a sustainable platform to fund its growth.

Corporate

The industry diversification strategy is a deliberate decision by the company to reduce its dependency on any single industry or sector and explore opportunities for growth in new markets in Australia and internationally. This strategy has already yielded some positive commercial results, including deals with DVG Automotive Group, REIWA and the petrol station and convenience store joint venture, which will start to deliver revenue over the coming year as they mature.



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At a recent Microcap Investment Conference where ServTech Global was invited to present, the Company unveiled its key corporate positioning statement to explain its purpose and core business activity to potential investors;

“ServTech Global increases business profitability by removing the time and cost burden of administrative tasks and back office functions”.

The conference was a significant step towards raising investor awareness of ServTech Global in the Australian market, and will be followed by further promotional and marketing efforts in the next Quarter and into 2018.

ENDS

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About ServTech Global

ServTech Global is an ASX listed public company (ASX: SVT) specialising in the development and application of customised transaction and reporting technology platforms that reduce the administrative burdens of running a business.

The platform allows business owners, franchisees and small to medium sized business operators to spend more time growing their business, servicing the needs of their customers and increasing their profitability by removing the time and cost burden of recording and reporting transactions, administrative tasks and back office functions.

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 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,100	3,100
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(423)	(423)
(d) leased assets	(60)	(60)
(e) staff costs	(3,987)	(3,987)
(f) administration and corporate costs	(761)	(761)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	(11)	(11)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,146)	(2,146)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(160)	(160)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(1)	(1)
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	24	24
2.6 Net cash from / (used in) investing activities	(137)	(137)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	(93)	(93)
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	72	72
3.5 Proceeds from borrowings	-	-
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)	7	7
3.10 Net cash from / (used in) financing activities	(23)	(23)

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	3,300	3,300
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,146)	(2,146)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(137)	(137)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(23)	(23)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	992	992

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	992	992
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)	992	992

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	158
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 \$110,000, legal fees paid to a director related entity of \$37,000 and office rent paid to a director related entity of \$10,000

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	497	430
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	30
9.4 Leased assets	100
9.5 Staff costs	3,037
9.6 Administration and corporate costs	1,144
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	4,311

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: 
(Managing Director)

Date: 31 October 2017

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.