21 August 2009

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Billing Services Group Limited

("BSG" or the "Company")

Interim Results For The Six Month Period Ended 30 June 2009

CONTINUING STRONG PERFORMANCE
FULL YEAR TRADING IN LINE WITH EXPECTATIONS

BSG, a leading provider of clearing, settlement, payment and financial risk management solutions to the telecommunications industry, today announces its unaudited results for the six months ended 30 June 2009. Highlights include:

- Turnover increased by 9% to $71.6 million (2008: $65.7 million).
- EBITDA [1] increased 10% to $19.2 million (2008: $17.4 million).
- Net income of $5.8 million or $0.021 per basic share, and $0.020 per diluted share (2008: $1.6 million or $0.006 per basic and diluted share).
- Debt reduced by 11% to $83.6 million (31 December 2008: $93.6 million), inclusive of all unamortized original issue discount.
- Decommissioned the East Coast third-party verification data center and consolidated this operation into our Texas-based facility resulting in meaningful expense reduction.
- Won several Bill2Phone™ customers in both digital content and technical support products.
- Continued to make meaningful savings through ongoing cost management program.

(1) EBITDA (a non-GAAP measure) is computed as earnings before interest expense, income taxes, depreciation, amortization and other non-cash and non-recurring expenses

Greg Carter, Chief Executive Officer of BSG, said:

"The Company continues to perform strongly, winning new customers and tightly controlling operational costs.

The growth opportunities in our payment services business and the continued effectiveness of our ongoing cost reduction programs give us confidence for the business going forward, with current trading on track to meet management's expectations for the full year."

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NOTES TO EDITORS

BSG (www.bsgclearing.com) was admitted to AIM, the Alternative Investment Market of the London Stock Exchange, in June 2005 and trades under the symbol BILL. The Company's operating subsidiary, BSG Clearing Solutions, is the leading provider of third party clearinghouse services for the North American telecommunications industry. In addition to the core clearing business, BSG is fast becoming the company of choice for specialized risk management and credit card processing services as well as third party verification services specifically designed for communications providers and e-commerce merchants.

CHIEF EXECUTIVE'S STATEMENT

I am pleased to report that BSG performed strongly during the first half of the year with significant improvements in revenue, EBITDA, operational cost management and long-term debt reduction.

Revenue was $5.9 million, or 9%, higher than last year's first half results, and EBITDA improved by $1.8 million, or 10%. The improved first half revenue in 2009 largely reflected favorable pricing trends in the local exchange carrier ("LEC") clearinghouse business, as well as ongoing record count growth in our enhanced product offering. The increase in turnover, combined with a reduction in cash operating expenses (particularly payroll and related costs), resulted in a positive EBITDA comparison.

As part of our ongoing cost management program, we closed a data center in Virginia that was used by our third-party verification business. The planned site rationalisation removed considerable expense associated with this function, and we have successfully completed the consolidation of this operation in our San Antonio facility in Texas on schedule.

Operationally, we are experiencing a positive response from digital content merchants in connection with our ability to place non-telephony related charges, such as music and video downloads, to the telephone bill. While this initiative is still relatively new, BSG continues to educate and inform this market vertical about the benefits of our Bill2Phone™ services and anticipates additional contract wins with meaningful revenue contribution in future periods.

Current Trading and Prospects

In the first half of 2009, BSG generated $19.2 million of EBITDA, compared with $17.4 million in the first half of 2008. Notwithstanding the challenging economic conditions, we remain cautiously optimistic that the Company's financial results in the second half of 2009 will be in line with first half performance. The Board continues to view the prospects of the Company with confidence.

Greg Carter
Chief Executive Officer
Billing Services Group Limited

FINANCIAL REVIEW

Financial Review of the Six Months Ended 30 June 2009

The Company's unaudited results for the six months ended 30 June 2009 are compared against the comparable period of 2008 in the accompanying financial statements. BSG's consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States.

Certain Terms

Revenues. Revenues are derived primarily from fees charged to wireline service providers for data clearing, financial settlement, information management, payment and financial risk management, third party verification and customer service functions.

Cost of Services and Gross Profit. Cost of services primarily includes fees charged by local exchange carriers ("LECs") for billing and collection services. Such fees are assessed for each record submitted and for each bill rendered to end-user customers. BSG charges its customers a negotiated fee for LEC services. Accordingly, gross profit is generally dependent upon transaction volume, processing fees charged per transaction and any differential between the LEC fees charged to customers by BSG and the related fees charged to BSG by LECs.

Cash Operating Expenses. Cash operating expenses include all selling, marketing, customer service, facilities and administrative costs (including payroll and related expenses) incurred in support of operations and settled through the payment of cash.

Depreciation and Amortization. Depreciation expense applies to software, furniture and fixtures, telecommunications and computer equipment. Amortization expense relates to definite-lived intangible assets that are amortized in accordance with SFAS No. 142 "*Goodwill and Other Intangible Assets.*" These assets consist of contracts with LECs, contracts with customers and trademarks. The assets are depreciated or amortized over their respective useful lives. In addition, deferred finance fees are amortized over the term of the related loans.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). Earnings before interest expense, income taxes, depreciation and amortization, a non-GAAP metric, is a measurement of profitability often used by investors and lenders. EBITDA excludes non-cash charges related to stock-based compensation and non-recurring expenses.

Comparison of Results for the Six Months Ended 30 June 2009 to Six Months Ended 30 June 2008

Total Revenues. Total revenues of $71.6 million in the first half of 2009 were $5.9 million, or 9%, higher than the $65.7 million of revenues recorded during the first half of 2008. The $5.9 million increase largely reflected improved pricing for LEC clearinghouse services and ongoing growth in enhanced billing services, offset in part by a decline in long-distance processing volume.

Cost of Services and Gross Profit. The Company's cost of services in the first half of 2009 was $42.5 million, compared to $37.3 million in the comparable period of 2008. The $5.2 million increase in cost of services reflected higher LEC fees that are associated with higher LEC revenue. The Company's gross profit was $29.2 million in the first half of 2009, compared to $28.4 million in the comparable 2008 period. The Company's gross profit margin in the first half of 2009 was 40.7%, compared to 43.2% in the first half of 2008. The 2.5 percentage point decline in gross margin primarily reflected the increase in LEC rates charged to the Company, which in turn the Company passes through to its customers. Accordingly, there is generally a dollar-for-dollar increase in both Company revenue and cost of services in connection with LEC rate increases which serve to reduce overall gross margin.

Cash Operating Expenses. Cash operating expenses were $9.9 million in the first half of 2009, compared to $11.1 million in the comparable period of 2008. The $1.2 million decline reflected personnel reductions, particularly in corporate overhead functions.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The Company generated $19.2 million of EBITDA during the first half of 2009, compared to $17.4 million in the comparable period of 2008.

Depreciation and Amortization Expense. Depreciation and amortization expense in the first half of 2009 (excluding amortization of deferred finance costs and original issue discount on outstanding debt) was $6.7 million, compared to $6.4 million in the first half of 2008. The $0.3 million increase was largely attributable to additional depreciation recorded on capitalized software placed into service after the first half of 2008. Goodwill was neither amortized nor impaired in either period.

Nonrecurring Restructuring Expenses. During the first half of 2008, the Company recorded $2.4 million of restructuring charges related to a cost reduction program. The restructuring charges primarily consisted of severance and related compensation costs paid or reserved for terminated employees and contractors. Given its one-time nature, the 2008 expense is not included as a deduction to earnings for purposes of calculating EBITDA.

Stock–based Compensation Expense. The Company recognized $0.3 million of non-cash compensation expense during the first half of 2009, compared to $0.7 million in the first half of 2008. The $0.4 million decrease reflected a reduction in the number of shares covered by outstanding stock options, due to the termination of employment of the optionees. Stock-based compensation expense, all of which is non-cash, is not included as a deduction to earnings for purposes of calculating EBITDA.

Interest Expense. Interest expense of $3.0 million in the first half of 2009 was $2.4 million lower than the $5.4 million of interest expense incurred in the first half of 2008. The lower interest expense in 2009 was attributable to lower outstanding borrowings due to debt prepayments and repurchases coupled with lower interest rates from period to period.

Changes in Cash and Working Capital. BSG's cash balance at 30 June 2009 was $18.6 million, compared to $27.4 million at 31 December 2008. The reduction in cash of $8.8 million primarily relates to the reduction in the Company's long-term debt. The Company's working capital position (net of funded debt) at 30 June 2009 was $6.5 million, compared to $7.4 million at 31 December 2008. The Company can operate with a small or even negative working capital position, because a significant portion of its current liabilities would require payment over time, typically over an 18-month period, only if customers were to reduce significantly the volume of business done with the Company or terminate their relationships.

Capital Expenditures. During the first six months of 2009, the Company incurred $1.9 million of capital expenditures, including disbursements for ongoing software development, purchases of telecommunications and computer equipment.

Cash Flow for the Six Months Ended 30 June 2009

Cash flow from operating activities. Net cash provided by operating activities was $4.1 million during the first half of 2009. Net cash provided was principally attributable to $6.7 million in depreciation and amortization (excluding amortization of deferred finance costs and original issue discount on outstanding debt), $5.8 million of net income and a $1.5 million decrease in accounts receivable, offset by an $8.2 million decrease in accounts payable related to customers (including $3.2 million related to dial-around compensation, or "DAC" customers), a $1.3 million decrease in income taxes payable and a $0.4 million decrease in accrued sales taxes related to customers.

Cash flow from investing activities. Cash used in investing activities was $2.9 million, reflecting $1.9 million in capital expenditures and a $1.0 million increase in purchased receivables.

Cash flow from financing activities. Cash used in financing activities was $10.4 million during the first half of 2009, reflecting $9.6 million of principal payments on long-term debt and $0.8 million in payments on settlement of derivative contracts.

A copy of this statement is available on the Company's website (www.bsgclearing.com) and copies are available from BSG's Nominated Advisor at the address below:

Billing Services Group Limited
c/o Evolution Securities Limited
100 Wood Street
London EC2V 7AN
United Kingdom

Billing Services Group Limited

Consolidated Balance Sheets

(In thousands, except shares)

	30 June 2009	31 December 2008	30 June 2008
	(Unaudited)	**(Audited)**	**(Unaudited)**
Assets			
Current assets:			
Cash and cash equivalents	$ 18,632	$ 27,354	$ 33,072
Accounts receivable	20,719	22,188	20,362
Purchased receivables	19,341	18,259	21,025
Prepaid expenses and other current assets	1,030	535	1,688
Deferred taxes – current	3,607	3,752	2,730
Total current assets	63,329	72,088	78,877
Property, equipment and software	37,213	35,352	33,912
Less accumulated depreciation and amortization	17,061	14,710	12,472
Net property, equipment and software	20,152	20,642	21,440
Deferred finance costs, net of accumulated amortization of $550, $375 and $175 at June 30, 2009, December 31, 2008 and June 30, 2008, respectively	796	971	1,171
Intangible assets, net of accumulated amortization of $46,644, $42,322 and $37,302 at June 30, 2009, December 31, 2008 and June 30, 2008, respectively	47,132	51,453	56,473
Goodwill	34,615	34,739	37,706
Other assets	534	534	396
Total assets	$ 166,558	$ 180,427	$ 196,063

Billing Services Group Limited

Consolidated Balance Sheets (continued)
(In thousands, except shares)

	30 June 2009 (Unaudited)	31 December 2008 (Audited)	30 June 2008 (Unaudited)
Liabilities and shareholders' equity			
Current liabilities:			
Trade accounts payable	$ 13,452	$ 13,409	$ 13,785
Third-party payables	39,262	45,247	52,226
Accrued liabilities	4,455	4,923	9,265
Income tax payable, net	(323)	1,064	-
Current portion of long-term debt	9,187	8,562	8,750
Total current liabilities	66,033	73,205	84,026
Long-term debt, net of current portion and unamortized original issue discount of $2,687, $3,273 and $3,914 at June 30, 2009, December 31, 2008 and June 30, 2008, respectively	71,767	81,769	91,711
Deferred taxes – noncurrent	5,475	5,428	7,365
Other liabilities	7,524	11,362	7,701
Total liabilities	150,799	171,764	190,803
Commitments and contingencies			
Shareholders' equity:			
Common stock, $0.59446 par value; 350,000,000 shares authorized and 279,863,248 shares issued and outstanding	166,368	166,368	166,368
Additional paid-in capital (deficit)	(174,273)	(174,611)	(174,171)
Retained earnings	25,297	19,538	13,238
Accumulated other comprehensive loss	(1,633)	(2,632)	(175)
Total shareholders' equity	15,759	8,663	5,260
Total liabilities and shareholders' equity	$166,558	$ 180,427	$ 196,063

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Operations

(In thousands, except per share amounts)

	Six Months Ended 30 June 2009 (Unaudited)	Six Months Ended 30 June 2008 (Unaudited)
Operating revenues	$ 71,620	$ 65,711
Cost of services	42,465	37,294
Gross profit	29,155	28,417
Selling, general, and administrative expenses	9,943	11,059
EBITDA	19,212	17,358
Depreciation and amortization expense	7,246	6,405
Restructuring expense	-	2,358
Stock-based compensation expense	337	653
Operating income	11,629	7,942
Other income (expense):		
Interest expense, net of $46 capitalized in 2008	(2,964)	(5,418)
Settlement and mark-to-market of derivatives	(299)	(368)
Interest income	400	838
Other income (expense), net	437	(81)
Total other expense, net	(2,426)	(5,029)
Income from operations before income taxes	9,203	2,913
Income tax expense	(3,445)	(1,352)
Net income	$ 5,758	$ 1,561
Net income per basic and diluted share:		
Basic net income per share	$ 0.021	$ 0.006
Diluted net income per share	$ 0.020	$ 0.006
Weighted average shares outstanding	279,863	279,863

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended 30 June 2009	2008
	(Unaudited)	**(Unaudited)**
Operating activities		
Net income	$ 5,758	$ 1,561
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	2,351	2,085
Amortization of intangibles	4,321	4,321
Amortization of deferred finance costs	132	165
Amortization of original issue discount on debt	442	553
Stock-based compensation expense	337	653
Loss on settlement of derivative contracts	299	-
(Gain) on extinguishment of debt	(185)	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,469	302
Decrease in income taxes receivable	-	3,262
Increase in other current assets and other assets	(494)	(1,027)
Increase in trade accounts payable	43	2,120
Decrease in third-party payables	(8,235)	(7,027)
Decrease in accrued liabilities	(100)	(4,052)
Provision for deferred taxes	(362)	(147)
Decrease in other liabilities	(1,633)	(242)
Net cash provided by operating activities	4,143	2,527
Investing activities		
Purchases of property, equipment and software, including $46 of capitalized interest in 2008	(1,862)	(1,229)
Net advances on purchased receivables	(1,082)	(1,093)
Net cash used in investing activities	(2,944)	(2,322)

Billing Services Group Limited

Consolidated Statements of Cash Flows (continued)
(In thousands)

	Six Months Ended 30 June 2009 (Unaudited)	Six Months Ended 30 June 2008 (Unaudited)
Financing activities		
Payments on long-term debt	(9,591)	(8,125)
Payments in settlement of derivative contracts	(835)	-
Restricted cash	-	7,858
Net cash used in financing activities	(10,426)	(267)
Effect of exchange rate changes on cash	505	5
Net decrease in cash and cash equivalents	(8,722)	(57)
Cash and cash equivalents at beginning of year	27,354	33,129
Cash and cash equivalents at 30 June	$ 18,632	$ 33,072

See accompanying notes.

BILLING SERVICES GROUP LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Billing Services Group Limited ("BSG" or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 NET INCOME PER COMMON SHARE

Basic and diluted net income per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the relevant periods.

Diluted net income per share includes the effect of all dilutive options exercisable into common stock. For the six month period ended 30 June 2009, diluted net income per share equaled $0.020 and basic net income per share equaled $0.021. For the six month period ended 30 June 2008, diluted net income per share equaled basic net income per share because the exercisability of the outstanding stock options was based upon market conditions that had not been met at the end of the reporting period.

NOTE 3 LONG-TERM DEBT

Effective on 19 December 2007, the Company refinanced its debt. The new credit facility matures in 2014. At 30 June 2009, the actual interest rate on the debt was 4.56%, reflecting a 30-day London Interbank Offered Rate ("LIBOR") rate of 0.3125% plus a margin of 4.25%.

At 30 June 2009, the Company had in place interest rate swap arrangements for a notional amount of $48 million. Under the contracts, the Company will effectively pay fixed rates *per annum* of 4.00% to 4.18% on its loans, excluding the applicable interest margin on such loans.

BILLING SERVICES GROUP LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

NOTE 4 COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims, legal actions and regulatory proceedings arising in the ordinary course of business. The Company believes it is unlikely that the final outcome of any of the claims or proceedings to which the Company is a party will have a material adverse effect on the Company's financial position or results of operations. Due to the inherent uncertainty of litigation, however, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations for the fiscal period in which such resolution occurred.

The Company’s subsidiary’s tax returns for 2004 through 2008 tax years generally remain subject to examination by the federal and most state tax authorities. The Internal Revenue Service is currently examining the tax returns of the Company’s subsidiary for the years ended December 31, 2004 to 2006.

Forward Looking Statements

This report contains certain "forward-looking" statements and information relating to the Company that are based on the beliefs of the Company’s management as well as assumptions made by and information currently available to the Company’s management. When used in this report, the words "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar import, as they relate to the Company or its subsidiaries or Company management, are intended to identify forward-looking statements. Such statements reflect the current risks, uncertainties and assumptions related to certain factors including, without limitation, competitive factors, general economic conditions, customer relations, relationships with vendors, borrowing arrangements, interest rates, foreign exchange rates, litigation, governmental regulation and supervision, seasonality, product introductions and acceptance, technological change, changes in industry practices, one-time events and other factors described herein and in other announcements made by the Company. Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.