Immediate Release

Billing Services Group Limited
(“BSG” or the “Company”)

Unaudited interim results for the six months ended June 30, 2012

ROBUST CASH FLOW FROM OPERATIONS
TRADING IN LINE WITH EXPECTATIONS

(September 6, 2012) San Antonio, Texas – BSG, a leading provider of clearing, settlement, payment and financial risk management solutions to the telecommunications industry, merchants and online stores, today announces its unaudited interim results for the six months ended June 30, 2012.

Financial Highlights
(All amounts in US$)

	Six Months Ended June 30 2012	2011
Revenues	$ 38.5 million	$ 52.4 million
EBITDA [1]	$ 8.7 million	$ 11.8 million
Net loss	$ (8.2) million	$ (0.8) million
Net loss per basic and diluted share	$ (0.03) per share	$ -0- per share

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

- Generated $10.0 million of cash from operating activities (Six months 2011: $9.2 million)
- Repaid $5.6 million of outstanding debt, for a period-end balance of $30.4 million (December 31, 2011: $36.0 million)
- Reduced overhead expenses by $2.3 million ($6.9 million in 2012 vs. $9.2 million in 2011), largely as the result of personnel reductions and other restructuring actions
- Recognized a $2.5 million impairment loss on intangible assets as a result of the announced discontinuation of billing for enhanced service transactions
- Reached a favorable agreement with one local exchange carrier (“LEC”) defendant in a consumer class action litigation, resulting in the use of $15.3 million of reserves to satisfy potential liabilities. As part of this agreement, incurred a $10.3 million pre-tax expense in connection with the use of these reserves
- Achieved a period-end cash balance of $11.6 million (December 31, 2011: $10.9 million)

Operational Highlights

- Signed five new third party verification ("TPV") contracts with energy providers, further expanding our market position in this TPV vertical
- Expanded our eZ-Wi™ relationship with AT&T Mobility

Current Trading

- Year-to-date revenues and EBITDA are in line with expectations
- In line with expectations, second half revenues and EBITDA are expected to be modestly lower than the first half

Commenting on the results, Norm Phipps, Interim Chief Executive Officer, said:

*"*Our first half revenues and EBITDA were in line with expectations. The unfavorable comparisons to last year's first half results were anticipated, due in part to the continuing decline in volume for enhanced service transactions and the secular decline in land line phone usage. Nonetheless, our continued emphasis on cash flow resulted in $10.0 million of cash generation from operating activities.

We additionally succeeded in applying $15.3 million of reserves held by a LEC for use toward satisfying obligations under a previously announced consumer class action suit affecting our business. We continue to be focused on resolving litigation, increasing operational efficiency and reducing debt.*"*

INQUIRIES:

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About BSG:

BSG is headquartered in San Antonio, Texas, USA and traded on the London Stock Exchange (AIM: BILL). For over 20 years, BSG has been a leading provider of clearing, settlement, payment and financial risk management solutions for the telecommunications industry, merchants and online stores. For more information on BSG, visit *www.bsgclearing.com*.

CHIEF EXECUTIVE'S STATEMENT

We accomplished much in the first half of 2012. On $38.5 million of revenues, the business generated $8.7 million of EBITDA and $10.0 million of cash flow from operating activities, and paid down $5.6 million in debt.

Most importantly, we established a favorable framework for settling obligations under pending class action litigation. We reached an agreement with one of the LECs which resulted in $15.3 million in reserves maintained with the LEC being used to satisfy obligations to the LEC for litigation expenses.

Financial Results

Revenue and EBITDA in the first half of 2012 compare unfavorably to the first half of 2011. This was anticipated, due in part to the continuing decline in volume for enhanced service transactions and the ongoing decline in land line phone usage.

The secular decline in land line phone usage affects our historical core product offerings for long distance and operator service phone calls. The downward trend in billable land line phone transactions is likely to continue, as more people use wireless devices and prepaid calling cards. As previously announced, moreover, the two largest LECs in the U.S. will discontinue acceptance of enhanced service transactions during the second half of 2012. We expect to cease billing for all enhanced service transactions by year end.

First half results in 2012 were also adversely affected by a $10.3 million pre-tax charge for projected expenses associated with consumer class action litigation. The charge arose from the Company's contractual obligation to indemnify LECs for expenses relating to transactions submitted to them. This charge resulted from a favorable agreement reached with one of the LECs, allowing the Company to use $15.3 million in reserves held with the LEC to pay this indemnification obligation. The settlement of the litigation expense is not expected to materially affect the Company's cash position or ongoing financial performance. Included in the $15.3 million of available reserves is $5.0 million that the Company has placed in a restricted cash account dedicated to payment of litigation expense.

As set out under the 'Current Trading' section of our 2011 audited results statement released on March 27, 2012, we have been managing numerous governmental and class action litigation issues and this process continues. With respect to the action initiated by the Federal Trade Commission, the Company continues to vigorously defend itself, and there have been no material developments since the action was initiated.

Looking Ahead

We have aggressively reduced overhead costs and managed cash flow. Our debt balance is $30.4 million, and we are comfortably generating sufficient cash to meet debt service obligations. The successful framework for paying litigation expenses with respect to one class action adds desirable clarity and certainty to the business.

On August 31, 2012, in furtherance of our effort to seek new growth avenues, we announced the acquisition of the issued share capital of UK-based Connection Services Holdings Limited (“CSL”). CSL is a leading Wi-Fi solutions provider and systems integrator, offering value added solutions to the Wi-Fi network operator and service provider marketplace. This purchase allows us to expand our product line and customer base in the wireless data market. The purchase also helps diversify the wire line portfolio and positions the Company as a Wi-Fi solutions industry leader through expansion of the tier one customer base, addition of veteran leadership and further strengthening of our industry leading product portfolio.

Current Trading and Prospects

First half revenues and EBITDA were in line with expectations. For the reasons cited elsewhere in this announcement, and in line with expectations, we anticipate that revenues and EBITDA in the second half of 2012 will decline modestly from first half levels.

Norman M. Phipps
Interim Chief Executive Officer
Chief Financial Officer

FINANCIAL REVIEW

Financial Review of the Six Months Ended June 30, 2012

The Company's unaudited results for the six months ended June 30, 2012 are compared to the corresponding period of 2011 in the accompanying financial statements. BSG's consolidated financial statements are prepared in conformity with United States generally accepted accounting principles ("GAAP").

Certain Terms

Revenues. Revenues are derived primarily from fees charged to wire line 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 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 Accounting Standards Codification 350, *Intangibles – Goodwill and Other*. These assets consist of contracts with customers and LECs. The assets are depreciated or amortized, as applicable, 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, 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 and non-recurring items.

Third Party Payables. Third party payables include amounts owed to customers in the ordinary course of clearinghouse activities and additional amounts maintained as reserves for retrospective charges from LECs. In its clearinghouse business, the Company aggregates call records submitted by its customers and submits them to LECs for billing to end-user customers. The Company collects funds from LECs each day and, approximately ten days later, distributes to customers the collected cash, net of withholdings, under weekly settlement protocols. The Company withholds a portion of the funds received from the LECs to pay billing and collection fees of LECs in certain instances, to pay the Company's processing fees and to serve as a reserve against retrospective charges from LECs. Reserves have historically been released to customers over an 18-month period, based upon loss experience. Depending upon the timing of receipts, weekly settlements and reserve releases, both cash and third party payables can fluctuate materially from day-to-day.

When LECs make payments to the Company, they withhold funds to cover a variety of expenses and potential retrospective charges. As noted above, the Company similarly withholds funds from its clients to cover expenses and retrospective charges. The third party payable balance is computed as the net excess of funds owed to clients (recorded as a liability) over reserves withheld by LECs (recorded as an asset).

Comparison of Results for the Six Months Ended June 30, 2012 to the Six Months ended June 30, 2011

Total Revenues. Total revenues of $38.5 million during the first half of 2012 were $13.9 million, or 27%, lower than the $52.4 million of revenues recorded during the first half of 2011. The $13.9 million decrease reflects lower transaction volumes across all clearing and settlement services and related declines in chargeable customer service activities.

Revenue from the Company's service offerings, excluding enhanced services, declined $7.1 million. Revenue from enhanced service offerings declined by $6.8 million. The preceding revenue amounts are inclusive of customer service-related activities (including complaint and recourse fees).

The $7.1 million decline in revenue from long distance, operator service, third party verification and related services reflects the ongoing secular decline in U.S. land line usage. The $6.8 million decline in revenue from enhanced service transactions reflects the disruption that began in 2010 when the largest LEC in the Unites States placed new restrictions which effectively eliminated billing for certain newly marketed enhanced services. The Company expects to discontinue billing for enhanced service transactions by December 31, 2012.

Cost of Services and Gross Profit. The Company's cost of services in the first half of 2012 was $23.0 million, compared to $31.4 million during the first half of 2011. The $8.4 million, or 27%, decrease in cost of services reflects lower LEC fees for billing and collection services associated with a reduced volume of transactions. The Company generated $15.5 million of gross profit in the first half of 2012 compared to $21.1 million in the same period of 2011. The gross margin of 40.3% in the first half of 2012 was consistent with the 40.2% margin achieved in the first half of 2011.

Cash Operating Expenses. Cash operating expenses were $6.9 million in the first half of 2012, compared to $9.2 million in 2011. The $2.3 million, or 25%, decrease in expenses largely reflects reductions of $1.3 million in compensation costs, and $0.3 million in each of professional fees, facilities and volume-driven customer service costs.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The Company generated $8.7 million of EBITDA during the first half of 2012, compared to $11.8 million during the first half of 2011. A reconciliation of net loss and EBITDA is shown below:

	Six Months Ended June 30	
$ millions	**2012**	**2011**
Net loss	$ (8.2)	$ (0.8)
Interest expense	0.7	2.1
Income tax benefit	(4.1)	(0.1)
Depreciation expense	2.5	2.3
Amortization expense	4.4	6.3
Settlement of interest rate swap contracts	-	1.8
Impairment loss	2.5	-
Non-recurring restructuring expense	0.7	-
Other non-recurring expense	10.3	-
Stock-based compensation expense	-	0.2
All other, net	(0.1)	-
EBITDA	**$ 8.7**	**$11.8**

Depreciation and Amortization Expense. Depreciation and amortization expenses during the first half of 2012 were $6.9 million, compared to $8.6 million in the same period of 2011. The $1.7 million decline is largely attributable to a $1.6 million decrease in amortization of original issue discount ("OID") on debt and a $0.4 million reduction in amortization of deferred finance costs, offset by a $0.2 million increase in depreciation. The decrease in amortization of OID and deferred finance costs resulted from accelerated amortization in 2011 precipitated by full repayment of the related debt in connection with a refinancing in June 2011. The replacement debt was issued without OID. The $0.2 million increase in depreciation during the first half of 2012 resulted largely from depreciation of equipment and software purchased during the second half of 2011.

Impairment Loss. In June 2012, the Company recorded a $2.5 million non-cash impairment loss against intangible assets. The $2.5 million expense reflects a write-off of the unamortized carrying value of contracts with LECs and customers related to the provision of billing and collection services for enhanced service transactions. The write-off resulted from the Company's scheduled discontinuation of acceptance and billing for enhanced service transactions by December 31, 2012. Impairment losses are not included as a deduction to earnings for purposes of calculating EBITDA.

Non-recurring Restructuring Expense. In June 2012, the Company recorded $0.7 million of restructuring charges related to a cost reduction program. The restructuring charges primarily consist of severance and related compensation costs paid or reserved for terminated employees. Given its non-recurring nature, the expense was not included as a deduction to earnings for purposes of calculating EBITDA.

Other Non-recurring Expense. In June 2012, the Company recognized a $10.3 million charge related to its obligation to indemnify a LEC for expenses of the LEC under consumer class action litigation brought against the LEC. The Company concurrently released its claim on $10.3 million of reserves with the LEC, which the

Company had recorded as an account receivable (reflected as a contra-liability in third-party payables – see *Third Party Payables* above), in exchange for credit against the indemnification obligation. Given its non-recurring nature, the expense was not included as a deduction to earnings for purposes of calculating EBITDA.

Stock–based Compensation Expense. The Company incurred less than $0.1 million of stock-based compensation expense during the first half of 2012. In the first half of 2011, such expense was $0.2 million. The decline in stock-based compensation expense in the first half of 2012 resulted from a substantially lower number of unvested stock options outstanding during the period. Stock-based compensation expense, all of which is non-cash, was not included as a deduction to earnings for purposes of calculating EBITDA.

Interest Expense. Interest expense was $0.7 million during the first half of 2012, which was $1.4 million lower than the $2.1 million of expense incurred during the first half of 2011. The lower expense during the first half of 2012 reflected a reduced level of outstanding debt and lower effective interest rates. During the first half of 2012, the weighted average debt outstanding was $34.3 million, compared to an average of $56.5 million in the first half of 2011. On June 30, 2011, moreover, the Company's debt was refinanced at a lower interest rate which reduced the effective interest rate in the first half of 2012 by approximately 325 basis points compared to the same period in 2011.

Settlement and Mark-to-Market of Derivatives. The Company borrows funds on a floating rate basis, typically related to the London Interbank Offered Rate ("LIBOR"). As required by its former credit agreement (refinanced in June 2011), the Company was obligated to maintain interest rate swap contracts which had the effect of fixing the interest rate on a portion of outstanding debt. In connection with the refinancing of debt in June 2011, the Company incurred a $1.8 million expense from termination of interest rate swap contracts covering a notional principal amount of $35 million. The termination expense was essentially a discounted payment of future interest expense associated with the swaps. Due to its non-operational nature, the expense was not included as a deduction to earnings for purposes of computing EBITDA.

Other Expense. During the first half of 2012 and 2011, the Company realized $0 and $0.2 million of other expense, respectively. Other expense arises from miscellaneous items typically of a non-recurring nature. Accordingly, other expense was not included as a deduction to earnings for purposes of computing EBITDA.

Change in Cash. BSG's cash balance at June 30, 2012 was $11.6 million, compared to $10.9 million at December 31, 2011. The $0.7 million increase in cash during 2012 resulted from $10.0 million of cash flow from operations and a $1.8 million reduction in receivables purchased from customers, offset by $5.6 million in principal payments on long-term debt, a $5.0 million transfer to restricted cash and $0.5 million in capital expenditures.

Change in Restricted Cash. In the ordinary course of business, LECs withhold funds from their payments to the Company in order to create a reserve securing potential future obligations of the Company to the LEC. During the first half of 2012, the Company reached an agreement with one LEC pursuant to which the LEC released $5.0 million of such reserves and concurrently transferred $5.0 million of cash into a restricted Company bank account which will be used for funding the Company's indemnification obligations under pending class action litigation against the LEC. The $5.0 million of restricted cash, in conjunction with the $10.3 million charge described above (see *Other Non-Recurring Expense*), resulted in a total of $15.3 million of credit toward the satisfaction of the Company's indemnification obligation associated with class action litigation.

Change in Third Party Payables. Third party payables at June 30, 2012, inclusive of long-term liabilities, were $15.3 million, compared to $18.9 million at December 31, 2011. The $3.6 million reduction in third party payables during the first half of 2012 resulted from a net reduction of $1.5 million related to the pending class action litigation, a $1.2 million reduction associated with ordinary course settlement activities and a $0.9 million reduction arising from net collection of purchased receivables.

When the Company purchases receivables from a customer, the Company typically advances approximately 50% of the gross receivable amount to the customer. The remaining 50% is classified as a third party payable until the Company completes settlement activities related to the purchased receivable. During the first half of 2012, the Company reduced purchased receivables by $1.8 million, which resulted in a $0.9 million reduction in third party payables.

Change in Accrued Liabilities. Accrued liabilities at June 30, 2012 were $13.5 million compared to $1.2 million at December 31, 2011. The $12.3 million increase in accrued liabilities resulted largely from an $11.8 million increase in liabilities to LECs under pending class action litigation. It is anticipated that at least $5.0 million of accrued liabilities will be paid from restricted cash.

Capital Expenditures. During the first half of 2012, the Company invested $0.5 million in capital expenditures, primarily for capitalized software development costs, telecommunications equipment and computer hardware and software. During the first half of 2011, capital expenditures were $0.8 million.

Cash Flow for the Six Months Ended June 30, 2012

Cash flow from operating activities. Cash provided by operating activities was $10.0 million during the first half of 2012. Net cash provided was principally attributable to a $12.3 million increase in accrued liabilities, $6.9 million of depreciation and amortization, a $5.2 million decrease in accounts receivable and a $2.5 million impairment loss, offset by an $8.2 million net loss, a $3.6 million reduction in third party payables, a $2.3 million increase in income tax receivable, a $1.8 million decrease in the provision for deferred taxes and a $0.8 million decrease in trade accounts payable.

Cash flow from investing activities. Cash provided by investing activities was $1.3 million, reflecting a $1.8 million reduction in purchased receivables offset by $0.5 million of capital expenditures.

Cash flow from financing activities. Cash used in financing activities was $10.6 million, reflecting $5.6 million of principal payments on long-term debt and a $5.0 million addition to restricted cash (see *Change in Restricted Cash* above).

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:

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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," "intend" and “will” 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.

Billing Services Group Limited

Consolidated Balance Sheets
(In thousands, except shares)

	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2011 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents – unrestricted	$ 11,591	$ 10,922	$ 10,229
Restricted cash	5,000	-	-
Accounts receivable	7,825	13,030	14,155
Purchased receivables	4,273	6,111	6,612
Income tax receivable	3,208	842	1,858
Prepaid expenses and other current assets	647	403	943
Deferred taxes – current	1,173	1,106	1,410
Total current assets	33,717	32,414	35,207
Property, equipment and software	43,270	42,759	41,616
Less accumulated depreciation and amortization	31,426	28,952	26,513
Net property, equipment and software	11,844	13,807	15,103
Deferred finance costs, net of accumulated amortization of $145, $78 and $-0- at June 30, 2012, December 31, 2011 and June 30, 2011, respectively	202	269	275
Intangible assets, net of accumulated amortization of $72,601, $68,272 and $63,942 at June 30, 2012, December 31, 2011 and June 30, 2011, respectively	17,763	24,580	29,959
Goodwill	34,345	34,374	34,404
Other assets	515	534	534
Total assets	$ 98,386	$ 105,978	$ 115,482

Billing Services Group Limited

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

	June 30, 2012	**December 31, 2011**	**June 30, 2011**
	(Unaudited)	**(Audited)**	**(Unaudited)**
Liabilities and shareholders' equity			
Current liabilities:			
Trade accounts payable	$ 8,507	$ 9,271	$ 9,646
Third-party payables	14,530	18,154	14,193
Accrued liabilities	13,498	1,231	3,071
Current portion of long-term debt	9,600	10,400	9,600
Total current liabilities	46,135	39,056	36,510
Long-term debt, net of current portion	20,787	25,600	38,400
Deferred taxes – noncurrent	2,203	3,951	4,698
Other liabilities	2,420	2,348	2,012
Total liabilities	71,545	70,955	81,620
Commitments and contingencies			
Shareholders' equity:			
Common stock, $0.59446 par value; 350,000,000 shares authorized and 280,165,748 shares issued and outstanding	166,433	166,433	166,433
Additional paid-in capital (deficit)	(174,646)	(174,667)	(174,879)
Retained earnings	34,942	43,148	42,194
Accumulated other comprehensive income	112	109	114
Total shareholders' equity	26,841	35,023	33,862
Total liabilities and shareholders' equity	$ 98,386	$ 105,978	$ 115,482

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Operations
(In thousands, except per share amounts)

	Six Months Ended June 30 2012 (Unaudited)	Six Months Ended June 30 2011 (Unaudited)
Operating revenues	$ 38,494	$ 52,444
Cost of services	22,971	31,387
Gross profit	15,523	21,057
Selling, general, and administrative expenses	6,861	9,225
EBITDA	8,662	11,832
Depreciation and amortization expense	6,889	8,635
Impairment loss	2,488	-
Non-recurring restructuring expense	687	-
Other non-recurring expense	10,318	-
Stock-based compensation expense	21	246
Operating (loss) income	(11,741)	2,951
Other income (expense):		
Interest expense	(691)	(2,055)
Settlement and mark-to-market of derivatives	(3)	(1,760)
Interest income	93	151
Other income (expense), net	21	(176)
Total other expense, net	(580)	(3,840)
Loss from operations before income taxes	(12,321)	(889)
Income tax benefit	4,115	123
Net loss	$ (8,206)	$ (766)
Net loss per basic and diluted share:		
Basic net loss per share	$ (0.03)	$ 0.00
Diluted net loss per share	$ (0.03)	$ 0.00
Weighted average shares outstanding	280,166	280,166

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30	
	2012	**2011**
	(Unaudited)	**(Unaudited)**
Operating activities		
Net loss	$ (8,206)	$ (766)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	2,473	2,264
Amortization of intangibles	4,329	4,329
Amortization of deferred finance costs and other assets	87	467
Amortization of original issue discount on debt	-	1,575
Impairment loss	2,488	-
Stock-based compensation expense	21	246
Loss on settlement of derivative contracts	-	1,760
Changes in operating assets and liabilities:		
Decrease in accounts receivable	5,205	2,377
Increase in income taxes receivable	(2,337)	(616)
Increase in other current assets and other assets	(244)	(214)
Decrease in trade accounts payable	(764)	(984)
Decrease in third-party payables	(3,553)	(128)
Increase in accrued liabilities	12,269	1,099
Provision for deferred taxes	(1,815)	(497)
Decrease in other liabilities	-	(1,760)
Net cash provided by operating activities	9,953	9,152
Investing activities		
Purchases of property, equipment and software	(511)	(840)
Net receipts on purchased receivables	1,838	2,441
Net cash provided by investing activities	1,327	1,601

Billing Services Group Limited

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

	Six Months Ended June 30	
	2012	**2011**
	(Unaudited)	**(Unaudited)**
Financing activities		
Payments on long-term debt	(5,613)	(12,829)
Restricted cash	(5,000)	-
Financing costs	-	(275)
Net cash used in financing activities	(10,613)	(13,104)
Effect of exchange rate changes on cash	2	23
Net increase (decrease) in cash and cash equivalents	669	(2,328)
Cash and cash equivalents at beginning of year	10,922	12,557
Cash and cash equivalents at June 30	$ 11,591	$ 10,229

See accompanying notes.

BILLING SERVICES GROUP LIMITED
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 United States 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 (LOSS) PER COMMON SHARE

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

Diluted net income (loss) per share includes the effect of all dilutive options exercisable into common stock, unless the effect of such inclusion would be anti-dilutive. For both six month periods ended June 30, 2012 and 2011, basic and diluted net income were the same in each period.

NOTE 3 LONG-TERM DEBT

On June 30, 2011, the Company entered into a new credit facility which matures on June 30, 2015. The credit facility requires quarterly principal payments of $2.4 million, with any unpaid balance due at maturity.

Outstanding loans at June 30, 2012 and 2011 were $30.4 million and $48.0 million, respectively. At June 30, 2012 and June 30, 2011, the actual interest rate on the debt was 4.00%, p.a. reflecting a 90-day LIBOR floor of 0.75% plus a margin of 3.25%.

The Company's credit facility includes covenants requiring the Company to maintain certain minimum levels of debt service coverage and maximum levels of leverage and capital expenditures. The agreement also includes various representations, restrictions and other terms and conditions that are usual and customary in agreements of this nature. The Company was in compliance with all terms of the credit facility during the first six months of 2012.

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 and regulatory proceedings, 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 the 2008 through 2011 tax years generally remain subject to examination by the federal and most state tax authorities.