Billing Services Group Limited
("BSG" or the "Company")

Unaudited interim results for the six months ended June 30, 2016

SUCCESSFUL EXECUTION OF BUSINESS PLAN DELIVERS EARNINGS AND POSITIVE CASH FLOW

(September 22, 2016) San Antonio, Texas, USA and Aldermaston, United Kingdom – BSG, a leading provider of telecommunications clearing and financial settlement products, Wi-Fi data solutions and verification services, today announces its unaudited interim results for the six months ended June 30, 2016.

Financial Highlights
(All amounts in US$)

	Six Months Ended June 30 2016		2015	
Revenue	$	16.2 million	$	18.8 million
EBITDA [1]	$	3.0 million	$	3.3 million
Net income	$	3.4 million	$	6.0 million
Net income per basic and diluted share	$	0.01 per share	$	0.02 per share
Cash at end of period	$	8.8 million	$	8.2 million
Debt at end of period	$	-0-	$	1.5 million

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

- Generated $3.0 million of EBITDA (2015: $3.3 million)
- Recorded net income of $0.01 per share (2015: $0.02 per share)
- Improved gross margin by 3.3 percentage points (52.5% vs. 49.2% in the first six months of 2015)
- Increased cash balance by $1.4 million from December 31 ($8.8 million vs. $7.4 million at December 31, 2015)

Operational Highlights

- Completed development of the new Wi-Fi Location Data Service ("WLDS") and engaged with lead customers, including Comcast, Boingo Wireless, Shaw and TELUS
- Selected by Panasonic Avionics to provide inflight Wi-Fi connectivity services
- Continued to extend penetration of the North American cable operator market by deploying upgraded releases of our hotspot finder product with Bright House Networks, Comcast and Shaw
- Signed contract with Kyrio (a CableLabs subsidiary) for "white label" hub services
- Extended our hotspot finder and connection product suite delivered to the Deutsche Telekom 'Business Wi-Fi' product line with usage reporting and in-flight connectivity
- Signed seven new third-party verification agreements, including five within the energy sector

Current Trading

- Following the announcement made by the Company on September 12, 2016, the Company expects there will be a modest impact to revenue and EBITDA in the current financial year resulting from the decision by the LEC to effectively terminate virtually all third-party billing. In addition, the Company expects that revenues in the second half of 2016 will continue to be affected by the secular decline in billable long distance and operator service calls initiated on landline phones, partially offset by revenue gains from services to the wireless market
- Trading for the six months ended June 30, 2016 was in line with the Board's expectations and consistent with the recent trading conditions experienced by the Company
- For the year ending December 31, 2016, the Company updates its guidance and now expects revenues to be within a range of $30.5 million to $32.5 million, and EBITDA to be within a range of $4.8 million to $5.2 million, with current trends toward the lower end of each range

Commenting on the results, Norman M. Phipps, Chief Executive Officer, said:

> *"The first half earnings were in line with expectations. As expected, overall revenues declined, but the Company succeeded in generating additional revenues and cash flow from delivery of higher-margin services. The Company ended the period with $8.8 million of cash and no debt."*

INQUIRIES:

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About BSG:

BSG has locations in San Antonio, Texas, USA and Aldermaston, United Kingdom. The Company's shares are traded on the London Stock Exchange (AIM: BILL). For more information on BSG, visit (www.bsgclearing.com).

CHIEF EXECUTIVE'S STATEMENT

We continued to achieve the major objectives under our business plan during the first half of 2016. Over the past few years, I have told shareholders that our business momentum has changed, allowing us to play more offense. Today, with the Federal Trade Commission ("FTC") settlement completed and the class action litigations nearing their respective ends, I am pleased to say we have made substantial progress. However, as indicated in our September 12, 2016 announcement, we continue to face challenges.

Financial Results

Revenue, EBITDA and net income for the first half of 2016 are less than the first half of 2015. That was expected. It largely reflects the external forces which have adversely affected our business over the past several years, including the displacement of wireline phones with wireless devices and a more aggressive regulatory environment. Our first half results in 2016 nonetheless reflect our ability to adapt to changing circumstances:

- We generated $3.0 million of EBITDA
- We earned net income of $0.01 per share
- Our gross margin was 52.5%. By comparison, our gross margin in the first half of 2011 (five years ago) was 40.2%. We are successfully repositioning our service offerings to generate more revenue from higher-margin services, a core objective of our business plan
- We reduced operating expenses
- We added $1.4 million to our cash balance
- We are operating the business with zero debt
- Our presence in the wireless market is expanding

Settlement of the FTC litigation

In May, we settled litigation with the FTC related to services we discontinued four years ago. Reserves established are adequate to satisfy the accrued liability.

Resolution of the Class Actions Against LECs

I am pleased to report that the parties are approaching the complete wind-down of class action litigation under which the Company incurred indemnification liabilities to two of the largest local exchange carriers ("LECs"). The reserves we established have proven adequate in meeting our obligations.

Going forward

With the elimination of debt, the resolution of the FTC matter and the virtual wind-down of the class action litigation, management has been able to narrow its focus on execution of strategies and tactics to enhance shareholder value. Our primary strategy is aimed at providing more services to the wireless sector. The strategy is working, but new revenues are not yet being generated quickly enough to replace the decline in revenue from services associated with landline phones.

In our announcement of September 12, 2016, we noted that one of the major LECs in a recent communication indicated that it would take actions beyond what it is required to take pursuant to the terms of a Consent Decree. These actions, if carried into effect, would result in a decline in both revenue and EBITDA in 2016, and would have a materially negative effect in the future. We are currently investigating alternative billing arrangements which could potentially offer several advantages over third-party billing through the LECs, and while optimistic in this regard, we emphasize this is still in its early stages. As is our custom, we will issue guidance for 2017 when our year-end 2016 results are announced, expected in March 2017.

Current Trading and Prospects

The longstanding secular decline in landline phone usage will continue to restrain revenue and earnings. We are endeavouring to mitigate the decline through a larger presence in the wireless market.

For the year ending December 31, 2016, the Company updates its guidance and now expects revenues to be within a range of $30.5 million to $32.5 million, and EBITDA to be within a range of $4.8 million to $5.2 million, with current trends toward the lower end of each range.

Norman M. Phipps
Chief Executive Officer

FINANCIAL REVIEW

Financial Review of the Six Months Ended June 30, 2016

The Company's unaudited results for the six months ended June 30, 2016 are compared to the corresponding period of 2015 in the accompanying financial statements. BSG's consolidated financial statements are prepared in conformity with United States generally accepted accounting principles ("GAAP") for interim financial information.

Certain Terms

Revenues. Revenues are derived primarily from fees charged to wireline and wireless 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 arises primarily in the Company's clearinghouse business. Cost of services in the clearinghouse business includes fees charged by local exchange carriers 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 largely dependent upon transaction volume, nature of services rendered, 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 ("ASC") 350, *Intangibles – Goodwill and Other*. These assets consist of contracts with customers and LECs. Assets are depreciated or amortized, as applicable, over their respective useful lives. 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. The computation of EBITDA also excludes other non-cash and non-recurring items as additions or deductions to earnings.

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 certain LECs, to pay the Company's processing fees and to serve as a reserve against retrospective charges from

LECs. 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, 2016 to the Six Months ended June 30, 2015

Total Revenues. Total revenues of $16.2 million during the first half of 2016 were $2.6 million, or 14%, lower than the $18.8 million of revenues recorded during the first half of 2015. The $2.6 million decrease reflects lower transaction volumes across all clearing, settlement and customer service activities provided for landline service providers, partially offset by higher managed services fees from BSG Wireless' offerings.

Cost of Services and Gross Profit. Cost of services in the first half of 2016 was $7.7 million, compared to $9.5 million during the first half of 2015. The $1.8 million, or 19%, decrease in cost of services is largely attributable to lower LEC fees for billing and collection services associated with a reduced volume of transactions. The Company generated $8.5 million of gross profit in the first half of 2016 compared to $9.3 million in the same period of 2015. The gross margin of 52.5% in the first half of 2016 was 3.3 percentage points higher than the 49.2% margin achieved in the first half of 2015. The improved gross margin in 2016 resulted from a favorable mix of services provided within the landline business and a larger percentage of revenue from the wireless business, which operates at a higher gross margin level than the landline business.

Cash Operating Expenses. Cash operating expenses were $5.5 million in the first half of 2016, compared to $6.0 million in the first half of 2015. The $0.5 million, or 8%, decrease largely reflects reduced compensation expenses as the result of headcount reductions and compensation adjustments and lower legal expenses.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The Company generated $3.0 million of EBITDA during the first half of 2016, compared to $3.3 million during the first half of 2015. A reconciliation of net income and EBITDA in each period is shown below:

	Six Months Ended June 30	
$ millions	**2016**	**2015**
Net income	$ 3.4	$ 6.0
Depreciation expense	0.7	1.0
Amortization of intangibles	0.3	0.3
Stock-based compensation expense	-	0.1
Interest expense	-	0.2
Interest income	-	(0.1)
Foreign currency transactions	(0.6)	-
Income tax expense	0.8	0.9
All other income, net	(1.6)	(5.1)
EBITDA	**$ 3.0**	**$ 3.3**

Depreciation and Amortization Expense. Depreciation and amortization expenses during the first half of 2016 were $1.0 million, compared to $1.3 million in the same period of 2015. The $0.3 million decline largely reflects cessation of depreciation on several categories of capitalized software development costs for which accumulated depreciation reached the assets' respective gross carrying values.

Stock–based Compensation Expense. The Company incurred $0.1 million or less of stock-based compensation expense during the first half of each of 2016 and 2015. 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. There was no interest expense in the first half of 2016, compared to $0.2 million of expense during the first half of 2015. The Company retired its debt in full during the second half of 2015. During the first half of 2015, the weighted average debt outstanding was $5.0 million.

Other Income. The Company realized $1.6 million of net other income during the first half of 2016 compared to $5.1 million of net other income the first half of 2015. Net other income in the first half of 2016 was largely attributable to adjustments to indemnification amounts under pending class action litigation offset by nonrecurring expense in connection with severance payments made under a restructuring program in the Company's North America operations. Net other income recognized in the first half of 2015 was attributable to nonrecurring indemnification charges to both our former and current clients for their respective shares of direct end-user refunds and allocable class action expenses pursuant to litigation against two LECs, coupled with write-offs of certain balances owed by former clients.

Other income arises from miscellaneous items typically of a non-recurring nature. Accordingly, other income items were not included as earnings for purposes of computing EBITDA.

Change in Cash. BSG's cash balance at June 30, 2016 was $8.8 million, compared to $7.4 million at December 31, 2015. The $1.4 million increase during the first six months of 2016 is largely attributable to $4.4 million of transfers from restricted cash to pay indemnification obligations, offset by $2.9 million of net cash used in operating activities.

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. Through December 31, 2015, pursuant to a 2012 agreement with one LEC, the LEC released a net $9.3 million of cash reserves. The cash was transferred into a restricted Company bank account to be used for funding the Company's indemnification obligation under pending class action litigation against the LEC. During the first six months of 2016, $4.4 million was released from the restricted cash account to satisfy indemnification obligations, reducing restricted cash to $5.0 million.

Change in Third-Party Payables. Third-party payables at June 30, 2016, inclusive of long-term liabilities, were $8.0 million, compared to $9.6 million at December 31, 2015. The $1.6 million decrease in third-party payables resulted largely from ordinary course settlement activities.

Change in Accrued Liabilities. Accrued liabilities at June 30, 2016 were $17.4 million compared to $24.2 million at December 31, 2015. The $6.8 million decrease in accrued liabilities resulted primarily from $4.4 million of disbursements for indemnification liabilities to LECs under pending class action litigation (see "*Change in Restricted Cash*" above), and $2.4 million of net reductions related to litigation expense, settlement payments to the Federal Trade Commission and adjustments arising from changes in foreign exchange rates. The amount owed under the Company's settlement with the FTC is included in accrued liabilities.

Capital Expenditures. During the first half of 2016, the Company invested $0.3 million in capital expenditures, primarily for capitalized software development costs. During the first half of 2015, capital expenditures were $0.9 million.

Cash Flows for the Six Months Ended June 30, 2016

Cash flow from operating activities. Net cash used in operating activities was $2.9 million during the first half of 2016. Net cash used was principally attributable to a $6.8 million reduction in accrued liabilities and a $1.6 million reduction in third-party payables, offset by $3.4 million of net income, $1.0 million of depreciation and amortization and a $1.0 million increase in the provision for deferred taxes.

Cash flow from investing activities. Net cash used in investing activities was $0.1 million, reflecting $0.3 million of capital expenditures offset by $0.2 million in net translation adjustments decreasing the value of intangible assets.

Cash flow from financing activities. Net cash provided from financing activities was $4.4 million, all of which arose from transfers from restricted cash to satisfy indemnification obligations.

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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

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Forward-Looking Statements

This report contains certain "forward-looking" statements and information relating to the plans, objectives, expectations and intentions of 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," "projects," "could," "should," "will" and words or phrases of similar meaning, are intended to identify forward-looking statements. Forward-looking statements reflect the Company's current views with respect to future events and financial performance. Such statements, including certain information set forth herein under "Financial Review" that is not historical fact or statement of current condition, reflect management's assessment of the current risks, uncertainties and assumptions related to certain factors, including, without limitation, the competitive environment, general economic conditions, customer relations, relationships with local exchange carriers and other vendors, availability of credit, borrowing terms, interest rates, foreign exchange rates, litigation, governmental regulation and supervision, capital expenditures, product development, product acceptance, technological change and disruption, changes in industry practices, one-time events and other factors described herein. Based upon changing conditions or circumstances arising from any one or more of these risks or uncertainties, or should any underlying assumptions prove incorrect, actual results may vary materially from historical or anticipated results as described herein.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Billing Services Group Limited

Consolidated Balance Sheets
(In thousands, except shares)

	June 30 2016 (Unaudited)	December 31 2015 (Audited)	June 30 2015 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 8,786	$ 7,427	$ 8,225
Restricted cash	4,962	9,317	12,730
Accounts receivable	5,313	5,720	6,389
Purchased receivables	2,263	2,277	2,680
Income tax receivable	209	534	442
Prepaid expenses and other current assets	600	245	581
Deferred taxes – current	2,548	2,803	1,728
Total current assets	24,681	28,323	32,775
Property, equipment and software	48,123	47,953	47,464
Less accumulated depreciation and amortization	43,913	43,340	42,493
Net property, equipment and software	4,210	4,613	4,971
Deferred finance costs, net of accumulated amortization of $347 at June 30, 2015	-	-	1
Intangible assets, net of accumulated amortization of $74,430, $74,111 and $74,436 at June 30, 2016, December 31, 2015 and June 30, 2015, respectively	6,865	7,400	7,871
Goodwill	25,276	25,278	25,280
Other assets	65	165	165
Total assets	$ 61,097	$ 65,779	$ 71,063

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Billing Services Group Limited

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

	June 30 2016 (Unaudited)	**December 31 2015 (Audited)**	**June 30 2015 (Unaudited)**
Liabilities and shareholders' equity			
Current liabilities:			
Trade accounts payable	$ 2,509	$ 2,934	$ 2,374
Third-party payables	7,923	9,545	15,980
Accrued liabilities	17,394	24,193	24,450
Current portion of long-term debt	-	-	1,481
Total current liabilities	27,826	36,672	44,285
Deferred taxes – noncurrent	2,956	2,203	2,292
Other liabilities	89	84	81
Total liabilities	30,871	38,959	46,658
Commitments and contingencies			
Shareholders' equity:			
Common stock, $0.59446 par value; 350,000,000 shares authorized; 282,415,748 shares outstanding	167,771	167,771	167,771
Additional paid-in capital (deficit)	(175,477)	(175,492)	(175,524)
Retained earnings	38,311	34,866	32,143
Accumulated other comprehensive (loss) income	(379)	(325)	15
Total shareholders' equity	30,226	26,820	24,405
Total liabilities and shareholders' equity	$ 61,097	$ 65,779	$ 71,063

See accompanying notes.

Billing Services Group Limited

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

	Six Months Ended June 30	
	2016	**2015**
	(Unaudited)	**(Unaudited)**
Operating revenues	$ 16,237	$ 18,793
Cost of services	7,717	9,538
Gross profit	8,520	9,255
Selling, general, and administrative expenses	5,544	5,972
EBITDA	2,976	3,283
Depreciation and amortization expense	1,044	1,301
Non-recurring expense	269	-
Stock-based compensation expense	15	53
Operating income	1,648	1,929
Other income (expense):		
Interest expense	-	(171)
Interest income	43	139
Foreign currency transactions	645	-
Other income, net	1,907	4,927
Total other income, net	2,595	4,895
Income from operations before income taxes	4,243	6,824
Income tax expense	(798)	(871)
Net income	3,445	5,953
Other comprehensive (loss) income	(54)	51
Comprehensive income	$ 3,391	$ 6,004
Net income per basic and diluted share:		
Basic net income per share	$ 0.01	$ 0.02
Diluted net income per share	$ 0.01	$ 0.02
Weighted average shares outstanding	282,416	282,416

See accompanying notes.

Billing Services Group Limited
Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30	
	2016	**2015**
	(Unaudited)	**(Unaudited)**
Operating activities		
Net income	$ 3,445	$ 5,953
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	724	968
Amortization of intangibles	319	324
Amortization of deferred finance costs and other assets	-	9
Stock-based compensation expense	15	53
Changes in operating assets and liabilities:		
Decrease in accounts receivable	407	659
Decrease in income taxes receivable	325	553
Increase in other current assets and other assets	(255)	(296)
Decrease in trade accounts payable	(425)	(67)
Decrease in third-party payables	(1,617)	(3,713)
Decrease in accrued and other liabilities	(6,799)	(1,895)
Provision for deferred taxes	1,008	1,006
Net cash (used in) provided by operating activities	(2,853)	3,554
Investing activities		
Purchases of property, equipment and software	(321)	(912)
Net receipts (advances) on purchased receivables	14	(254)
Translation adjustment in intangible assets	218	(21)
Net cash used in investing activities	(89)	(1,187)
Financing activities		
Payments on long-term debt	-	(4,800)
Restricted cash	4,355	1,570
Net cash provided by (used in) financing activities	4,355	(3,230)
Effect of exchange rate changes on cash	(54)	51
Net increase (decrease) in cash and cash equivalents	1,359	(812)
Cash and cash equivalents at beginning of period	7,427	9,037
Cash and cash equivalents at June 30	$ 8,786	$ 8,225

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 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, unless the effect of such inclusion would be anti-dilutive.

NOTE 3 LONG-TERM DEBT

Outstanding debt at June 30, 2015 was $1.5 million. In September 2015, the Company fully retired its outstanding debt. The related credit facility was concurrently terminated.

The Company's credit facility, when active, included covenants requiring the Company to maintain certain minimum levels of debt service coverage and maximum levels of leverage and capital expenditures. The agreement also included 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 at all times through its termination in September 2015.

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. 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 federal tax returns for 2013 through 2015 remain subject to examination by the federal tax authority. Most state tax returns for the 2012 through 2015 tax years remain open for examination by the relevant tax authorities.