ESCHER GROUP™

9 September 2013

Escher Group Holdings plc

Half year results

Escher Group Holdings plc (AIM: ESCH, 'Escher' or 'the Group'), the world-leading provider of outsourced, point-of-sale software to the postal industry, announces its unaudited results for the six months ended 30 June 2013.

Highlights

- Revenue up 48% to US$12.87m (H1 2012: US$8.68m)
- Adjusted EBITDA* grew 27% to US$2.39m (H1 2012: US$1.87m)
- Adjusted profit before tax** up 17% to US$1.35m (H1 2012: US$1.15m)
- Adjusted diluted EPS *** up 19% to US$5.4 cents per share (H1 2012: US$4.6 cents)
- Profit before tax of US$1.08m (H1 2012: US$1.15m)
- Diluted EPS was US$3.9 cents (H1 2012: US$4.6 cents)
- Strong services revenue from United States Postal Service
- Significant renewals of maintenance and support contracts including Posten Norge, An Post and Israel post
- Gaining traction in RiposteTrEx retail/mCommerce, eGovernment and community based message solutions
- Continued investment in development of interactive services offering, increased business development activity and growth in number of tenders

Liam Church, Chief Executive, said:

"Our contract wins translated into a strong revenue performance in the first half of the year. We have a good pipeline within our core postal business and are seeing increasing traction within our interactive services offering.

"We are continuing to invest in the people and resources to deliver increased services to our existing clients and to provide the business development activity to meet the tenders and interest our new products are already generating.

"This investment for further growth positions us well to exploit opportunities in the longer term and to deliver further valuable services to our international client base."

* Operating profit before, depreciation, amortisation, and share based payments

** Profit before tax excluding share based payments

*** Diluted Earnings per share before share based payments

Enquiries:

Escher +353 (0)1479 0555
Liam Church, Chief Executive Officer
Jonathan O'Connell, Finance Director
Fionnuala Higgins, EVP Sales & Marketing

Panmure Gordon +44 (0)20 7886 2500
Andrew Godber / Callum Stewart (Corporate Finance)
Hannah Woodley (Corporate Broking)

College Hill +44 (0)20 7457 2020
Adrian Duffield/Rozi Morris

The half year results announcement is available on the Group's website: www.eschergroup.com.

About Escher Group
Escher is a world leading developer and provider of outsourced, point of service software for use in the postal industry worldwide. Its core software, RiposteEssential, enables post offices to expand upon their traditional offering, providing additional new services, reducing costs and increasing efficiency. Riposte is a messaging middleware that enables applications operating on different computers to communicate with each other. The Riposte software manages data, monitors the system status and communicates across the network. Escher operates across two divisions - its Retail Software Division and its Message Based Communications Division.

The Retail Software Solution (RiposteEssential) serves the postal and courier markets. Transactions include mail and financial services and the system is integrated with utilities and financial services companies, banks and central and local governments.

Escher's Message Based Communications Division (RiposteTrEx) is based on a digital post office box model and is designed to provide a national digital infrastructure linking governments, businesses and citizens via a secure platform.

Overview

Escher made good progress with revenue in the period growing 48% to US$12.87m (2012: US$8.68m). The Group has continued to invest significantly in resourcing its growing tender activity and increased services to existing customers. Overall adjusted EBITDA* at US$2.39m (2012: US$1.87m) remains in line with the Board's expectations. Net debt at 30 June 2013 was US$4.64m (December 2012: US$2.20m).

The Group's core point-of-sale postal software business saw strong revenue growth following four new contract wins in 2012. The main revenue driver was the USPS retail software project which is progressing with rollout expected to commence later in 2013.

Escher's interactive services division is now seeing real traction with its new product offerings, which provide retail/mCommerce, eGovernment and community based message solutions, using the Group's RiposteTrEx solution. These products are developing to meet a growing and differentiated market opportunities, and the Group is investing in business development and meeting the tenders that are already coming in. Escher is now looking at eight to nine opportunities in this area compared to one or two a year ago.

Current trading and outlook

During 2013 there has been significant interest and activity in RiposteTrEx, with Escher currently shortlisted in a number of significant eGovernment electronic messaging tenders. In addition, the Group is evaluating the launch of some new community based message services based on the RiposteTrEx software. These projects have the potential to generate revenue in 2014 and will require further incremental investment and expenditure in the medium term.

The Board's expectation for the financial outcome for the full year remains dependent on the part rollout by USPS of the customised Riposte solution, when Escher will recognise the significant license revenues. Progress with the USPS is continuing and the expectation is that rollout will commence later in 2013.

In the longer term, the investment that the Group is making in people and resource positions it well for further progress. There are significant market drivers particularly within the retail, government and postal sectors that will lead to continued growth through Escher's strong reputation and leading international solutions.

ESCHER GROUP™

FINANCIAL REVIEW

Revenue

Revenue increased by US$4.19m or 48% to US$12.87m (H1 2012: US$8.68m). This was mainly due to the USPS Retail System Software contract.

Due to the strong performance from licensing and professional services, the revenue mix altered with license revenue increasing by US$0.95m to US$2.59m (H1 2012: US$1.64m) and revenue from software development and consulting services growing strongly by 103% to US$6.13m (H1 2012: US$3.02m). This growth was mainly due to the USPS contract. Revenue from support contracts increased by 2% to US$1.46m (H1 2012: US$1.43m). Revenue from maintenance contracts increased by 4% to US$2.68m (H1 2012: US$2.59m). New customer contracts are weighted heavily towards the second half of Escher's financial year.

Revenue by category	30 June 2013 (US$m)	30 June 2012 (US$m)	% change *	Contribution to Group revenue %
Licensing	**2.6**	1.6	58%	20%
Software development and consulting	**6.1**	3.0	103%	47%
Support	**1.5**	1.4	2%	12%
Maintenance	**2.7**	2.6	4%	21%
Total revenue	**12.9**	8.7	48%	100%

* calculation is based on rounded '000's.

Gross profit

Gross profit increased by US$1.93m to US$7.84m (H1 2012: US$5.91m). The gross profit margin was 60.9% compared to 68.1% in the comparable period, due to the change in revenue mix with a greater proportion of professional services revenue.

Adjusted EBITDA

Adjusted EBITDA increased by 27% to US$2.39m from US$1.87m. Adjusted EBITDA represents operating profit before depreciation, amortisation and share based payments. The non-cash charge for share based payments was US$0.27m (H1 2012: US$nil) and comprised the charge on grant of share options to employees in October 2012 and April 2013.

Operating expenses/profit

Operating expenses increased by 45% to US$6.48m from US$4.47m. This increase was mainly due to;

- Increased sales and business development activities as a result of the upsurge in new business opportunities especially in new product areas.
- Increased overheads as a result of the rise in the number of employees and consultants, including additional office space in Singapore and Boston.
- Increasing amortisation on capitalised research and development at US$0.52m (H1 2012: US$0.28m)

Operating profit includes US$1.30m (H1 2012: US$1.37m) of research and development costs which have been capitalised and amortisation of US$0.52m (H1 2012: US$0.28m) on the following projects:

- RiposteTrEx US$0.55m (H1 2012: US$0.68m), amortisation US$0.38m (H1 2012: US$0.28m)
- Commercial off the shelf solution ('COTS') US$0.75m, (H1 2012: US$0.50m) amortisation US$nil both periods
- NFC and other capital projects US$nil, (H1 2012: US$0.18m) amortisation US$0.14m (H1 2012: US$nil)

Operating profit was US$1.36m (H1 2012: US$1.44m).

Net finance expense

Net finance expense was US$0.28m, a reduction of US$0.01m. Included in the net finance expense was the amortisation of US$0.09m (H1 2012: US$0.06m) of financing costs related to the Bank of Ireland loan facility, the total of which are being recognised over the term of the loan.

Profit before income tax

Adjusted profit before tax, excluding share based payments increased 17% to US$1.35m (H1 2012: US$1.15m). The Group reported a profit before tax of $1.08m (H1 2011: $1.15m).

Income tax expense

The effective tax rate was 30% which is in line with H1 2012.

Earnings per share

Basic EPS was US$4.1 cents per share (H1 2012: US$4.6 cents per share). Diluted EPS was US$3.9 cents per share (H1 2012: US$4.6 cents per share). Adjusted basic earnings per share, excluding share based payments, was up 20% to US$5.5 cents per share (H1 2012: US$4.6 cents).

Dividend

The Group is not paying a half year dividend (2012: nil).

Cash flow and net debt

Cash generated from operations in the first half was US$0.16m (H1 2012: US$0.96m). The change reflects a decrease in accounts payable of US$2.11m. Accounts payable includes deferred revenue on maintenance contracts and the decrease reflects the revenue recognised on maintenance contracts which were deferred from the beginning of the year.

The Group's net debt was US$4.64m at 30 June 2013 (31 December 2012: US$2.20m). In January 2013 US$1.96m was paid off the Bank of Ireland term loan facility resulting in the balance at 30 June 2013 being US$8.06m, US$8.28m in the same period of the prior year. The revolving 12 month facility for US$1.80m was fully drawn at 30 June 2013 (30 June 2012: US$nil).

ESCHER GROUP™

OPERATIONAL REVIEW

Postal Solutions

The Group's postal business performed strongly during the first six months, with revenues increasing significantly following four new contract wins in 2012. The main driver of revenue was the USPS which continues to have significant dedicated resources. This project is progressing well with much of the customisation nearing finalisation. The implementation of Pos Malaysia's Riposte services commenced early this year and Escher has increased its resources in Singapore to deliver this contract.

The Group continues to generate revenue from existing customers for maintenance and support contracts which generally have a duration of three to five years. A number of these contracts were renewed for similar or longer periods, including Posten Norge, Brunei Post, An Post and Israel Post.

To facilitate the 2012 postal contract wins and in order to continue to deliver to existing and future customers, Escher has hired 22 new employees for postal solutions service delivery, mainly in Singapore.

Recently, there have been two major trends in the postal industry: e-commerce and e-substitution. E-commerce has driven parcels volume growth, and this trend is expected to continue. Traditional mail volumes, however, have been impacted structurally by e-substitution or the digitalisation of communication despite robust performance in certain geographies. While better general connectivity contributes to this decline, the Group believes that a floor will eventually be reached in mail volumes. Postage prices have increased to offset the volume regression.

Strategic reviews from post office operators globally highlight the structural and budgetary pressure on postal services and demonstrated that the industry requires both revenue diversification and digitalisation in order for post offices to survive. As a result, there are a healthy number of post office operators worldwide that either have already or are showing signs of activating a tender process to improve its post office software systems.

Escher's software can supply cost-effective, off-the-shelf solutions or tailored offerings for customers and also provides the support to maintain the system which postal operators can use to extend their product offering, realise potential operational efficiencies and improve their operational metrics. Escher's software can enable postal operators to become more consumer focused with a multi-channel approach.

This capability means that Escher's pipeline for potential contracts remains strong with a number of postal operators going to tender or entering preliminary discussion stages.

Escher Interactive Services (EIS)

The Group continues to invest in its new product offerings, which provide retail/mCommerce, eGovernment and community based message solutions, using the Group's RiposteTrEx solution. As these products move towards commercialisation, Escher has expanded and invested its business development capabilities in this area and is beginning to see some traction in the market.

Increased pressure on government spending has led more governments to review the cost of their services and to evaluate eGovernment solutions. This is an opportunity for Escher, where it can leverage its existing relationships and reputation within the postal world and with governments to generate increased interest in RiposteTrEx. The Group is already seeing increased tender activity coming from existing customer relationships as well as new business development initiatives.

The Group has already agreed a RiposteTrEx software licence with Irish national postal operator, An Post.

In addition, the Group has been involved in a number of other eGovernment tenders to provide a platform which allows governments communicate with its citizens.

In Norway, Escher has been shortlisted in two separate tenders to provide a digital mailbox and a separate messaging server. The tender is being run by Difi, an Agency for eGovernment. Difi has links to the European project e-SENS (Electronic Simple European Networked Services) project, which was officially launched in April, 2013. Escher is also a participant in the e-SENS project.

The aim of the e-SENS project is to develop an infrastructure for interoperable public services in Europe. It will support the creation of a Digital Single Market by facilitating the delivery and usage of electronic public services.

Community based message services are another area in which the RiposteTrEx solution can be used and Escher is reviewing proposals for the provision of this service. One potential partner is helping 16 million adults and 1.7 million SMEs in the UK to get online. Escher is collaborating with that partner in a project designed to enable citizens, business and Governments collaborate, communicate and share information through a system such as RiposteTrEx.

Escher has also worked with the GSMA in drafting their mCommerce strategy document. The common themes amongst all these projects and policy papers written by governments (e.g. HM Information Economy Strategy) are open infrastrucures, interoperability, privacy, public procurement and supporting small businesses. Escher, through its RiposteTrEx software, is well positioned to take advantage of these opportunities. The Group is also integrating its RiposteTrex and NFC payment technologies to provide a seamless retail/mCommerce solution.

Escher continues to develop its NFC retail offering, providing solutions such as its peer-to-peer (P2P) mobile payments technology. The Group won its first contract to provide P2P mobile payments for Irish restaurant chain Graham O'Sullivan Restaurants in July 2013. The solution delivers a mobile and contactless card based rewards and payment program. It promotes greater interaction with the customer, aiding loyalty and supporting new customer acquisition.

Escher's Interactive Retail Solution utilises P2P NFC through Android Beam to send the customer identity from the phone to the retail point of sale to allow closed loop payment, loyalty card and coupon redemption. The solution works on any NFC-enabled Android phone on any mobile network and this Over The Top (OTT) application requires no agreement with the mobile network operator. Consumers simply download the app from the Google Play store and can pay for their purchases through the NFC capability.

Escher has hired 11 new employees to develop the Interactive Services offering, focused on research and development, sales and business development to support the increased activity in the new product areas.

Escher Group Holdings plc

Consolidated Income Statement
For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 US$'000 (Unaudited)	Six months ended 30 June 2012 US$'000 (Unaudited)	Year ended 31 December 2012 US$'000 (Audited)
Revenue	5	12,868	8,678	22,953
Cost of sales		(5,031)	(2,767)	(7,804)
Gross profit		**7,837**	**5,911**	**15,149**
Operating expenses		(6,476)	(4,467)	(10,233)
Operating Profit		**1,361**	**1,444**	**4,916**
Finance income		6	1	1
Finance expenses		(288)	(294)	(531)
Profit before income tax		**1,079**	**1,151**	**4,386**
Income tax expense		(324)	(345)	(1,387)
Profit for the period		**755**	**806**	**2,999**

Earnings per share (US$ cent per share)

Basic	6	4.1	4.6	16.5
Diluted	6	3.9	4.6	16.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June 2013 US$'000 (Unaudited)	Six months ended 30 June 2012 US$'000 (Unaudited)	Year ended 31 December 2012 US$'000 (Audited)
Profit for the period	755	806	2,999
Other comprehensive income:			
Items which will not be subsequently reclassified to the Income Statement:	-	-	-
	-	-	-
Items that may subsequently be reclassified to the Income Statement:			
Currency translation differences	(162)	(470)	(52)
	(162)	(470)	(52)
Total other comprehensive income	**(162)**	**(470)**	**(52)**
Total comprehensive income for the period	**593**	**336**	**2,947**

The notes on pages 12 to 18 form an integral part of these condensed consolidated interim financial statements

Escher Group Holdings plc

Consolidated Statement of Financial Position
As at 30 June 2013

	Notes	30 June 2013 US$'000 (Unaudited)	30 June 2012 US$'000 (Unaudited)	31 December 2012 US$'000 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	7	1,140	528	970
Intangible assets	8	36,393	34,877	35,705
Trade and other receivables		916	-	916
Deferred income tax assets		317	171	317
Total non-current assets		**38,766**	**35,576**	**37,908**
Current assets				
Cash and cash equivalents	9	5,217	3,977	7,828
Trade and other receivables		7,367	6,000	7,615
Total current assets		**12,584**	**9,977**	**15,443**
Total assets		**51,350**	**45,553**	**53,351**
Equity and liabilities				
Issued capital		128	128	128
Other reserves		955	47	880
Retained earnings		7,957	5,009	7,202
Share premium		26,899	26,894	26,899
Total equity		35,939	32,078	35,109
Non-current Liabilities				
Borrowings	9	4,529	5,592	6,410
Deferred income tax liabilities		317	-	317
Provisions for other liabilities and charges		-	24	-
Total non-current liabilities		**4,846**	**5,616**	**6,727**
Current liabilities				
Borrowings	9	4,969	2,283	3,169
Trade and other payables		5,380	5,327	7,692
Current income tax payable		192	249	630
Provisions for other liabilities and charges		24	-	24
Total current liabilities		**10,565**	**7,859**	**11,515**
Total liabilities		**15,411**	**13,475**	**18,242**
Total equity and liabilities		**51,350**	**45,553**	**53,351**

The notes on pages 12 to 18 form an integral part of these condensed consolidated interim financial statements.

Escher Group Holdings plc

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2013

	Equity share capital	Share premium	Cumulative foreign translation reserve	Other reserves	Retained earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
(Unaudited)						
Balance at 1 January 2013	**128**	**26,899**	**(499)**	**1,379**	**7,202**	**35,109**
Profit for the financial period	-	-	-	-	755	755
Other comprehensive income	-	-	(162)	-	-	(162)
Share based payments	-	-	-	237	-	237
Balance at 30 June 2013	**128**	**26,899**	**(661)**	**1,616**	**7,957**	**35,939**
(Unaudited)						
Balance at 1 January 2012	**118**	20,884	**(447)**	**964**	**4,203**	**25,722**
Profit for the financial period	-	-	-	-	806	806
Other comprehensive income	-	-	(470)	-	-	(470)
Proceeds from issuing new shares	10	6,346	-	-	-	6,356
Cost of issuing new shares	-	(336)	-	-	-	(336)
Balance at 30 June 2012	**128**	**26,894**	**(917)**	**964**	**5,009**	**32,078**
Profit for the financial period	-	-	-	-	2,193	2,193
Other comprehensive income	-	-	418	-	-	418
Share based payments	-	-	-	415	-	415
Cost of issuing new shares	-	5	-	-	-	5
Balance at 31 December 2012	**128**	**26,899**	**(499)**	**1,379**	**7,202**	**35,109**

The notes on pages 12 to 18 form an integral part of these condensed consolidated interim financial statements

Escher Group Holdings plc

Consolidated Statement of Cash Flows
For the six months ended 30 June 2013

		Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
		US$'000 (Unaudited)	US$'000 (Unaudited	US$'000 (Audited)
Cash flows from operating activities				
Cash generated from operations	**11**	**162**	**961**	**5,573**
Interest received		6	1	1
Interest paid		(214)	(274)	(337)
Income taxes paid		(702)	(504)	(1,061)
Net cash (used in)/generated from operating activities		**(748)**	**184**	**4,176**
Cash flows from investing activities				
Additions to intangible assets		(1,300)	(1,367)	(2,662)
Additions to property, plant and equipment		(423)	(133)	(742)
Net cash used in investing activities		**(1,723)**	**(1,500)**	**(3,404)**
Cash flows from financing activities				
Proceeds from issue of ordinary shares		-	6,356	6,357
Share issue costs paid		-	(336)	(331)
Proceeds from borrowings		1,800	11,500	14,250
Borrowing costs		-	(459)	(580)
Repayment of swap		-	(56)	(56)
Repayment of Bacchantes PIK		-	(3,392)	(3,392)
Repayment of IBRC borrowings		-	(8,424)	(8,424)
Repayment of BOI borrowings		(1,965)	(3,225)	(4,225)
Net cash(used in)/generated from financing activities		**(165)**	**1,964**	**3,599**
Net (decrease)/increase in cash and cash equivalents		**(2,636)**	**648**	**4,371**
Cash and cash equivalents at beginning of year		7,828	3,439	3,439
Foreign exchange adjustments		25	(110)	18
Net decrease/(increase) in cash and cash equivalents		(2,636)	648	4,371
Cash and cash equivalents at end of period		**5,217**	**3,977**	**7,828**

The notes on pages 12 to 18 form an integral part of these condensed consolidated interim financial statements

NOTES TO THE INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2013

1. General information

Escher Group Holdings plc and its wholly-owned subsidiaries (collectively the "Group") is a leading provider of distributed messaging and data management solutions and services. The Group develops, markets, sells and supports enterprise wide software applications for post office counter automation and distributed network communication. The Group's principal customers are international postal services. The Group services these customers from their offices in Ireland, South Africa, Singapore, the United Kingdom and the United States.

The company was incorporated on 7 June 2007 as NG Postal Limited, a private company limited by shares. On 14 September 2007, the company acquired the main operating subsidiaries giving rise to the goodwill asset. The company was renamed Escher Group Holdings Limited on 2 September 2008. It is incorporated and domiciled in the Republic of Ireland and its registered office is 111 St. Stephens Green, Dublin 2.

The company re-registered as a public limited company on 14 July 2011 and changed its name to Escher Group Holdings plc on 14 July 2011. The Group listed on AIM in the United Kingdom, the first day of trading its shares was 8 August 2011.

2. Basis of preparation

The Group's condensed interim financial information has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34), as adopted by the E.U. The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements in respect of the year ended 31 December 2012. The condensed Group interim financial statements presented do not constitute full group accounts within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with all of the disclosure and other requirements of those Regulations. The financial statements for the year ended 31 December 2012 will be filed with the Registrar of Companies and are available on the Group's website www.eschergroup.com. Those financial statements contained an unqualified audit report.

The Group's condensed interim financial information for the six months ended 30 June 2013 and the comparative figures for the six months ended 30 June 2012 are unaudited. The financial information presented for the year ended 31 December 2012 represents an abbreviated version of the Group's financial statements for that year.

The Group's condensed financial information is presented in US Dollars (US$), rounded to the nearest thousand, which is the functional currency of the Group.

A comprehensive review of the Group's performance for the six months ended 30 June 2013 is included on pages 3 to 7 of this document.

3. Going concern basis

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. The Group therefore continues to adopt the going concern basis in preparing its consolidated interim financial statements.

4. Accounting policies

The Group's condensed interim financial information has been prepared on the basis of the accounting policies, significant judgments, key assumptions and estimates as set out in the Group's annual report for the year ended 31 December 2012 except for the amendment to IAS 1 as described below. The principal risks and uncertainties faced by the Group were outlined in our 2012 annual report. The annual report is available on our website. The principal risks and uncertainties have remained substantially the same for the current period.

Amendments to IAS 1
The amended IAS 1, *Presentation of Financial Statements,* requires the grouping of items of other comprehensive income that may be reclassified to profit or loss at a future point in time separately from those items which will never be reclassified. The revised standard, which has been adopted by the Group with effect from 1 January 2013, affects presentation only and does not impact the Group's financial position or performance.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. Segment information

In line with the requirements of IFRS 8, "Operating Segments", the Group has identified its Chief Operating Decision Maker (CODM). The Group has identified the Board of the Company as its CODM. The Board reviews the Group's internal reporting in order to assess the performance of the Group and allocates resources. The operating segments have been identified based on these reports.

The Board assesses the performance of the segments based primarily on measures of revenues, adjusted EBITDA and net profit. The Board reviews working capital and overall statement of financial position performance on a Group-wide basis.

The Board considers the business from a product perspective and consequently determined there to be only one segment. These product revenues derive from the Group's owned software products and from the following main sources:

Analysis of revenue by category

	Six months ended 30 June 2013 US$'000 (Unaudited)	Six months ended 30 June 2012 US$'000 (Unaudited)	Year ended 31 December 2012 US$'000 (Audited)
Licenses	2,589	1,643	6,325
Maintenance	2,684	2,593	5,123
Support	1,462	1,427	2,871
Software development and consulting	6,133	3,015	8,634
Revenue	**12,868**	**8,678**	**22,953**

NOTES TO THE INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2013

5. Segment information (continued)

The entity is domiciled in the Republic of Ireland. The Group's external revenues are derived from the following main geographic locations:

	Six months ended 30 June 2013 US$'000 (Unaudited)	Six months ended 30 June 2012 US$'000 (Unaudited)	Year ended 31 December 2012 US$'000 (Audited)
UK and Ireland	292	292	618
Other Europe	2,340	2,523	5,001
North & Latin America	7,005	2,986	8,261
Asia-Pacific region	1,306	1,039	5,560
Africa & Middle East	1,925	1,838	3,513
Revenue	**12,868**	**8,678**	**22,953**

During the period the Group derived revenues from the following external customers (reporting segment region in parenthesis) which individually represented 10% or more of total reported revenues for that period:

	Six months ended 30 June 2013 % (Unaudited)	Six months ended 30 June 2012 % (Unaudited)	Year ended 31 December 2012 % (Audited)
Customer A (North & Latin America)	51%	30%	31%
Customer B (Other Europe)	7%	12%	17%
Customer C (Africa & Middle East)	8%	11%	9%
% of total reported revenues	**66%**	**53%**	**57%**

The total of non-current assets other than deferred income tax assets located in the Republic of Ireland at 30 June 2013 is US$12.0m (Dec 2012: US$11.8m), and the total of non-current assets located in other countries is US$32.7m (Dec 2012: US$29.7m).

6. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations.

	Six Months ended 30 June 2013	Six Months ended 30 June 2012	Year ended 31 December 2012
	US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Audited)
Profit attributed to equity holder of the parent	755	806	2,999
Basic weighted number of shares	18,633,096	17,622,108	18,126,430
Dilutive potential ordinary shares:			
Convertible ordinary shares	577,813	-	310,071
Diluted weighted number of ordinary shares	19,210,909	17,622,108	18,436,501
Basic earnings per share (in US$ cents per share)	4.1	4.6	16.5
Diluted earnings per share (in US$ cents per share	3.9	4.6	16.3

7. Property, plant and equipment

	30 June 2013	31 December 2012
	US$'000	US$'000
	(Unaudited)	(Audited)
Net book value at beginning of the period	**970**	**548**
Additions	422	742
Disposals	-	(7)
Depreciation charge	(238)	(335)
Exchange differences	(14)	22
Net book value at end of period	**1,140**	**970**

8. Intangible assets

At 30 June 2013	Goodwill	Other Intangible assets	Total Intangible assets
	US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Unaudited)
Net book value at beginning of period	30,870	4,835	35,705
Additions	-	1,300	1,300
Amortisation charge	-	(521)	(521)
Exchange differences	(91)	-	(91)
Net book value at end of period	**30,779**	**5,614**	**36,393**

At 31 December 2012	Goodwill	Other Intangible assets	Total Intangible assets
	US$'000 (Audited)	US$'000 (Audited)	US$'000 (Audited)
Net book value at beginning of period	31,127	2,836	33,963
Additions	-	2,662	2,662
Amortisation charge	-	(679)	(679)
Exchange differences	(257)	16	(241)
Net book value at end of period	**30,870**	**4,835**	**35,705**

9. Analysis of net debt

	31 December 2012	Movement	30 June 2013
	US$'000 (Audited)	US$'000 (Unaudited)	US$'000 (Unaudited)
Cash and cash equivalents	**7,828**	(2,611)	**5,217**
Net Non-current borrowings	(6,410)	1,881	(4,529)
Less deferred finance costs	(273)	(84)	(189)
Non-current borrowings	**(6,683)**	1,965	**(4,718)**
Net Current borrowings	(3,169)	(1,800)	(4,969)
Less deferred finance costs	(173)	-	(173)
Current borrowings	**(3,342)**	**(1,800)**	**(5,142)**
Net debt	**(2,197)**	**2,446**	**(4,643)**

NOTES TO THE INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2013

10. Fair Value

The following table sets out the fair value of the Group's principal financial assets and liabilities. The determination of these fair values is based on the descriptions set out within Note 3 to the consolidated financial statements of the Group's 2012 annual report.

	June 2013	
	Carrying value	**Fair value**
	$	**$**
Trade and other receivables [1]	8,283	8,283
Cash and cash equivalents [2]	5,217	5,217
	13,500	13,500
Trade and other payables [1]	5,380	5,380
Bank borrowings	9,498	9,498
	14,878	14,878
Total net position	**(1,378)**	**(1,378)**

(1) The fair value of trade and other receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.
(2) The carrying amount reported in the Consolidate Balance Sheet is estimated to approximate to fair value because of the short-term maturity of these instruments.

11. Cash generated from operations

	Six Months ended 30 June 2013 US$'000 (Unaudited)	Six Months ended 30 June 2012 US$'000 (Unaudited)	Year ended 31 December 2012 US$'000 (Audited)
Profit before tax	**1,079**	**1,151**	**4,386**
Adjustments for:			
Depreciation	238	143	335
Amortisation	521	285	679
Amortisation of deferred finance costs	88	-	134
Loss on disposal of PP&E	-	1	2
Finance income	(6)	(1)	(1)
Finance expense	200	294	397
Foreign exchange translation	(223)	(183)	186
Employee share based payments	268	-	444
Decrease/(increase) in trade and other receivables	110	(350)	(2,878)
(Decrease)/increase in trade and other payables	(2,113)	(379)	1,889
Cash generated from operations	**162**	**961**	**5,573**

12. Post balance sheet events

There have been no material events subsequent to the period end, which have not been reflected in the interim financial information.

13. Contingent liabilities

The Group is not aware of any major changes with regard to contingent liabilities in comparison with the situation as of 31 December 2012.

14. Related party transactions

Details of related party transactions in respect of the year ended 31 December 2012 are contained in Note 25 to the consolidated financial statements of the Group's 2012 annual report. The Group continued to enter into transactions in the normal course of business with its associates and other related parties during the period. There were no transactions with related parties in the first half of 2013 or changes to transactions with related parties disclosed in the 2012 consolidated financial statements that had a material effect on the financial position or the performance of the Group.

15. Cautionary statement

This document contains certain forward-looking statements with respect of the financial condition, results, operations and businesses of Escher Group Holdings plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause the actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

16. Copies of Interim Report

Copies of the interim financial statements are available from the Company at its office at 111 St Stephens Green, Dublin 2, Ireland. The interim financial information document will also be available on the Company's website www.eschergroup.com

17. Release of half yearly condensed financial statements

The Group condensed financial information was approved for release by a subcommittee of the Board of directors on 6 September 2013.