19 September 2017

Escher Group Holdings plc

Half year results

Escher Group Holdings plc (AIM: ESCH, 'Escher' or 'the Group'), a world leading provider of point-of-service software for use in the postal, retail and financial industries, has published its results for the six months ended 30 June 2017.

Financial highlights

- Revenue US$9.39m (H1 2016: US$12.34m)
    - Software licence sales US$0.84m (H1 2016 $3.62m)
- Adjusted EBITDA* of US$1.36m (H1 2016: US$3.35m)
- Loss before tax US$0.03m (H1 2016: Profit before tax US$1.81m)
- Basic loss per share US$0.5 cents per share (H1 2016: earnings of US$7.0 cents per share)
- Operating expenses US$5.83m (H1 2016: US$6.39m)
- Net cash at 30 June 2017 was US$0.1m (31 December 2016: US$0.1m)

Operational highlights

- New licence sale of Escher's mobile platform and associated services to world's largest postal organisation
- Expansion of existing mobile solution for world-leading e-Commerce and Logistics company
- Launch of Riposte platform on Android and iOS devices
- Escher engaged by Middle-Eastern post-office to carry-out major implementation project on the Riposte platform
- Continued exploration of paths to market for Escher's Licensing and Permitting technology, particularly in US

Liam Church, Chief Executive, said:

"Our licence sales in the first half were modest as compared to those of H1 2016. Nevertheless, we were able to deliver US$1.4m in adjusted EBITDA.

"Our customers' spending patterns mean that our traditional business model remains inherently volatile. To meet our full-year expectations, we will need to sign additional licence sales in H2 from our pipeline of opportunities.

"The investment in moving our Riposte platform to Android and IOS devices has been keenly received by our customers, as evidenced by the sale of the mobile licence in H1."

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

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

About Escher

Escher is a world-leading provider of outsourced point-of-service software for use in the worldwide postal, retail and government sectors. Its core software, Riposte®, a Digital Transaction Platform enables its customers to expand their offerings, providing new services, reducing costs and increasing efficiency.

The Riposte® Platform securely extends the retail branch network. Escher's technology creates new revenue opportunities, it streamlines operations and its flexibility allows it to be deployed across multiple platforms and devices, giving the ultimate freedom of choice when it comes to channel and hardware selection.

Escher's focus is to ensure the success of its customers by delivering the very best in innovative technology for their business.

Overview

Escher's first half results in 2017 were impacted by the lower level of new software licence sales, as compared with H1 2016. Revenue totalled US$9.39m (H1 2016: US$12.34m). Software licence revenue totalled US$0.84m (H1 2016: US$3.62m). In 2016, 78% of the year's licence revenue was realised in the first half of the year.

Maintenance contracts grew to US$4.07m (H1 2016: US$4.05m). Software Development and Consulting Services also posted growth at US$3.06m (H1 2016 US$2.95m).

Support revenue in H1 2017 was US$1.42m (H1 2016: US$1.72m).

In H2 2016, the company carried out a restructuring to realign its cost base with the changing nature of the business. This permitted the company to achieve savings in cost of sales and in operating expenses in H1 2017. Cumulatively, operating expenses and cost of sales were US$9.19m (H1 2016 US$10.30m), decreasing by 11%. Operating expenses were US$5.83m (H1 2016: US$6.39m).

Adjusted EBITDA for the first half of the year 2017 was US$1.36m (H1 2016: US$3.35m), resulting in a small loss before income tax of US$0.03m (H1 2016: profit before income tax US$1.81m).

Escher's strategy continues to be one of broadening its software range and enhancing its customer offering by investing in its existing software portfolio and new software ranges including Digital *(Licensing and Permitting*), Interactive Services and Enterprise Mobile software.

Current trading and outlook

The Company has a good pipeline of business. Maintenance, Services and Support revenues remain strong.

While there is an adequate pipeline of opportunities to deliver a material licence sale in H2, the spending patterns of our traditional customer base are such that the timing of these sales remains difficult to predict and can therefore impact the Company's earnings in the short-term.

Operational review

Organisation

In the second half of 2016, the Group merged its Interactive Services business with its Retail Services business to consolidate these activities under a Postal and Retail Services unit and decided that the focus of its Digital Services unit should primarily be on developing licensing and permitting management solutions, for which an attractive opportunity in the North Americas was identified.

Postal and Retail Services

Opportunities in 2017 to achieve new, major licence sales of the Riposte digital transaction management software are concentrated in the second half.

Maintenance revenues continue to increase and constitute more than $4m of the Company's revenues. This is the main constituent of the recurring revenue which has brought more balance to the business model.

The broadening of Escher's technological offerings to its postal customers continued with new sales of its mobile platform and with the expansion of its existing mobile deployments for one of the world's largest logistics and e-commerce companies.

The need of Postal Organisations to enter into direct relationships with e-Commerce end-users and improve consumer experience has resulted in a significant increase in interest in Escher's Loyalty platforms.

Digital Services – Licensing and Permitting

Escher's flagship deployment of its Licensing and Permitting platform, the Irish national licensing platform "Licences.ie", continues to gradually add government departments and other licensing authorities to its client base.

Meanwhile, ongoing study of this activity in the US confirms the pertinence of Escher's offer and the continuing growth of opportunities in this market.

Financial review

Revenue

Overall revenue was down 24% to US$9.39m for the first half of 2017 (H1 2016: US$12.34m).

Licence revenue in H1 2017 was US$0.84m (H1 2016: US$3.62m).

Maintenance revenue has improved on the prior year at US$4.07m (H1 2016: US$4.05m), which was due to a high level of maintenance contract renewals.

Software development and consulting revenue increased by 4% to US$3.06m (H1 2016: US$2.95m) with continuing high levels of service provision to North American customers and growth in services provided to Middle Eastern customers.

Support revenue decreased by 17% to US$1.42m (US$1.72m in H1 2016).

There were no significant impacts on the group's results in H1 2017 arising from fluctuations in exchange rates.

Revenue breakdown

US$'m	H1 2017	H1 2016	Change %	H1 2017 Contribution to Group Revenue	H1 2016 Contribution to Group Revenue
Once-off					
Software Licenses	0.84	3.62	-77%	9%	29%
Software development and consulting services	3.06	2.95	4%	33%	24%
Recurring					
Maintenance	4.07	4.05	0%	43%	33%
Support	1.42	1.72	-17%	15%	14%
Total Revenue	**9.39**	**12.34**	**-24%**	**100%**	**100%**

Gross profit
Gross profit for H1 2017 decreased by 28% to US$6.03m compared to US$8.43m for H1 2016. The decrease of US$2.4m was mainly due to reduction in high margin licence sales. This also impacted the gross margin rate, which decreased to 64% for the six months to 30 June 2017 (H1 2016: 68%), with a lesser proportion of licence revenue and more development and consulting revenue.

Operating expenses
Operating expenses decreased by 9% to US$5.83m (H1 2016: US$6.39m) arising from restructuring undertaken in H2 2016.

The Group continued to focus on cost control, which resulted in reduced administrative expenses to US$2.24m (H1 2016: US$2.34m).

Research & development (R&D) decreased to US$1.61m in 2017 (H1 2016: US$2.23m). As a percentage of revenue, R&D spend decreased to 17% (H1 2016: 18%). This decrease in R&D is due to reduction in R&D staff levels following restructuring and with developments moved to commercialisation stages.

Increases in sales and marketing expenses to US$1.98m (H1 2016: US$1.82m) were also seen, linked to increased investment in generating our revenue pipeline.

US$'m	H1 2017	H1 2016	Movement	2017 % of Revenue	2016 % of Revenue
Research and development	1.61	2.23	-28%	17%	18%
Sales and marketing	1.98	1.82	9%	21%	15%
Administrative expenses	2.24	2.34	-4%	24%	19%
Total	**5.83**	**6.39**	**-9%**	**62%**	**52%**

Capitalisation and amortisation movements
The Group capitalised US$0.56m (H1 2016: US$0.66m) of R&D costs in H1 2017. As core work on platform technology development progresses, Escher is capitalising less of its R&D costs and expects this trend to continue in H2 2017 and 2018.

Amortisation of US$0.98m was charged in H1 2017 (H1 2016: US$0.98m). The net impact on the income statement of capitalisation and amortisation was a charge of US$0.42m (H1 2016: US$0.32m). R&D tax credits recognised in the first half of 2017 were US$0.09m (H1 2016: US$0.15).

US$'m	H1 2017	H1 2016	% change
Additions			
RiposteTrEx	0.26	0.17	52%
Riposte	0.30	0.49	-39%
Total capitalisation	**0.56**	**0.66**	**-16%**
Amortisation			
RiposteTrEx	(0.32)	(0.32)	1%
Riposte	(0.66)	(0.66)	0%
Total amortisation	**(0.98)**	**(0.98)**	**0%**
Net charge on the income statement	**(0.42)**	**(0.32)**	**33%**

Reconciliation of operating profit to Adjusted EBITDA
Adjusted EBITDA was down 59% to US$1.36m (H1 2016: US$3.35m). Adjusted EBITDA represents operating profit before depreciation, amortisation and share based charges. The decrease was mainly due to the decrease in licence revenue partially offset by cost savings.

US$'m	H1 2017	H1 2016	Change	% change
Operating profit	0.20	2.04	-1.84	-90%
Depreciation	0.09	0.15	-0.06	-40%
Amortisation	0.98	0.98	-	0%
EBITDA	**1.27**	**3.17**	**-1.90**	**-60%**
Share based payment	0.09	0.18	-0.09	-53%
Adjusted EBITDA	**1.36**	**3.35**	**-1.99**	**-59%**

Net finance costs
The continued reduction in bank debt was offset by increasing interest rates, which resulted in net finance costs largely unchanged at US$0.23m (H1 2016: US$0.23m). The amortisation of the finance costs related to the Bank of Ireland (BOI) loan facility remained at US$0.07m.

(Loss)/profit before income tax
Loss before income tax was US$0.03m (H1 2016: profit before income tax US$1.81m). Adjusted profit before income tax, excluding share based payments was US$0.06m (H1 2016: US$1.99m).

Income tax expense
Irrecoverable withholding taxes gave rise to a charge of US$0.06m in H1 2017.

Earnings per share
Basic loss per share was US$0.5 cents per share (H1 2016: earnings per share US$7.0 cents). Diluted loss per share was US$0.5 cents per share (H1 2016: Diluted earnings per share US$6.7 cents).

Dividend
The Group is not paying a half year dividend.

Cash flow
Net cash at the end of June 2017 was US$0.05m (December 2016: US$0.06m). Cash at the end of June 2017 was US$5.55m (December 2016: US$6.06m) and borrowings were US$5.50m (December 2016: US$6.00m).

Net cash at the end of H1 2017 improved over H1 2016 (net debt US$2.68m), with strong cash conversion and the timing of customer receipts.

Consolidated Income Statement

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 US$'000 (Unaudited)	Six months ended 30 June 2016 US$'000 (Unaudited)	Year ended 31 December 2016 US$'000 (Audited)
Revenue	5	9,390	12,340	22,411
Cost of sales		(3,365)	(3,913)	(7,436)
Gross profit		**6,025**	**8,427**	**14,975**
Operating expenses		(5,827)	(6,388)	(12,109)
Operating profit		**198**	**2,039**	**2,866**
Finance income		3	1	2
Finance costs		(228)	(233)	(490)
Net finance costs		**(225)**	**(232)**	**(488)**
(Loss)/profit before income tax		**(27)**	**1,807**	**2,378**
Income tax expense		(75)	(491)	(511)
(Loss)/profit for the period		**(102)**	**1,316**	**1,867**
(Loss)/earnings per share (US$ cent per share)				
Basic	6	(0.5)	7.0	10.0
Diluted	6	(0.5)	6.7	9.8

Reconciliation of EBITDA and adjusted EBITDA		Six months ended 30 June 2017 US$'000 (Unaudited)	Six months ended 30 June 2016 US$'000 (Unaudited)	Year ended 31 December 2016 US$'000 (Audited)
Operating Profit		**198**	**2,039**	**2,866**
Depreciation	7	93	150	282
Amortisation	8	982	982	1,941
EBITDA		**1,273**	**3,171**	**5,089**
Share options expense		85	180	281
Exceptional items		-	-	287
Adjusted EBITDA		**1,358**	**3.351**	**5,657**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	Six months ended 30 June 2017 US$'000 (Unaudited)	Six months ended 30 June 2016 US$'000 (Unaudited)	Year ended 31 December 2016 US$'000 (Audited)
(Loss)/profit for the period	(102)	1,316	1,867
Other comprehensive income:			
Items that may subsequently be reclassified to the Income Statement:			
Currency translation differences	56	97	(348)
Total other comprehensive income	**56**	**97**	**(348)**
Total comprehensive income for the period	**(46)**	**1,413**	**1,519**

The notes form an integral part of these condensed consolidated interim financial statements

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 US$'000 (Unaudited)	30 June 2016 US$'000 (Unaudited)	31 December 2016 US$'000 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	7	194	344	218
Intangible assets	8	34,595	35,808	35,020
Deferred income tax assets		549	724	534
Investments in equity instruments	10	747	521	746
Total non-current assets		**36,085**	**37,397**	**36,518**
Current assets				
Cash and cash equivalents	9	5,554	3,816	6,712
Trade and other receivables		7,103	9,248	6,055
Current income tax receivable		-	-	-
Total current assets		**12,657**	**13,064**	**12,767**
Total assets		**48,742**	**50,461**	**49,285**
Equity and liabilities				
Issued capital		129	128	128
Other reserves		884	1,086	743
Retained earnings		9,317	8,868	9,419
Share premium		26,909	26,909	26,909
Total equity		**37,239**	**36,991**	**37,199**
Non-current Liabilities				
Borrowings	9	4,500	5,388	4,954
Deferred income tax liabilities		-	-	-
Provisions for other liabilities and charges		22	22	21
Total non-current liabilities		**4,522**	**5,410**	**4,975**
Current liabilities				
Borrowings	9	962	936	939
Trade and other payables		5,903	6,658	5,960
Current income tax payable		116	466	212
Total current liabilities		**6,981**	**8,060**	**7,111**
Total liabilities		**11,503**	**13,470**	**12,086**
Total equity and liabilities		**48,742**	**50,461**	**49,285**

The notes form an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity

	Equity share capital	Share premium	Cumulative foreign currency 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 2017	**128**	**26,909**	**(1,918)**	**2,661**	**9,419**	**37,199**
Loss for the financial period	-	-	-	-	(102)	(102)
Other comprehensive income	-	-	56	-	-	56
Shares issued under options	1	-	-	-	-	1
Share based payments	-	-	-	85	-	85
Balance at 30 June 2017	**129**	**26,909**	**(1,862)**	**2,746**	**9,317**	**37,239**
(Unaudited)						
Balance at 1 January 2016	**128**	**26,909**	**(1,570)**	**2,380**	**7,552**	**35,399**
Profit for the financial period	-	-	-	-	1,316	1,316
Other comprehensive income	-	-	97	-	-	97
Share based payments	-	-	-	179	-	179
Balance at 30 June 2016	**128**	**26,909**	**(1,473)**	**2,559**	**8,868**	**36,991**
(Unaudited)						
Profit for the financial period	-	-	-	-	551	1,867
Other comprehensive income	-	-	(445)	-	-	(348)
Total comprehensive income	-	-	(445)	-	551	1,519
Share based payments	-	-	-	102	-	281
Balance at 31 December 2016	**128**	**26,909**	**(1,918)**	**2,661**	**9,419**	**37,199**

The notes form an integral part of these condensed consolidated interim financial statements

Consolidated Statement of Cash Flows
For the six months ended 30 June 2017

		Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
		US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Audited)
Cash flows from operating activities				
Cash generated from operations	**11**	**1,018**	**1,016**	**4,827**
Interest received		3	1	2
Interest paid		(136)	(168)	(348)
Income taxes paid		(338)	(244)	(289)
R&D tax credit received		-	234	-
Net cash generated from operating activities		**547**	**839**	**4,192**
Cash flows from investing activities				
Additions to intangible assets		(557)	(660)	(1,346)
Acquisition of investments		-	(139)	(251)
Government grant		-	-	254
Purchase of property, plant and equipment		(68)	(109)	(117)
Net cash used in investing activities		**(625)**	**(908)**	**(1,460)**
Cash flows from financing activities				
Borrowing costs		-	-	(6)
Repayment of borrowings		(500)	(3,500)	(4,000)
Net cash(used in) financing activities		**(500)**	**(3,500)**	**(4,006)**
Net decrease in cash and cash equivalents		**(578)**	**(3,569)**	**(1,274)**
Cash and cash equivalents at beginning of period		6,055	7,346	7,346
Foreign exchange adjustments		77	39	(17)
Net decrease in cash and cash equivalents		(578)	(3,569)	(1,274)
Cash and cash equivalents at end of period		**5,554**	**3,816**	6,055

The notes on pages 11 to 17 form an integral part of these condensed consolidated interim financial statements

NOTES TO THE INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2017

1. General information

Escher Group Holdings plc and its wholly-owned subsidiaries (collectively the "Group") are world-leading providers of retail and message-based software solutions and services. The Group develops, markets, sells and supports enterprise-wide software applications for counter automation and distributed network communication. The Group's principal customers are international postal services. The Group services these customers from its offices in Ireland, the United States, Singapore, South Africa, and its branch in the United Kingdom.

The company was incorporated in the Republic of Ireland 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 re-registered as a public limited company on 14 July 2011 and changed its name to Escher Group Holdings plc on that date. On 25 July 2011, the Group filed for an Initial Public Offering on the London Stock Exchange plc's AIM Market. Admission to AIM occurred on 8 August 2011.

The Company's registered office is 111 St Stephens Green, Dublin 2, Ireland.

2. Basis of preparation

The Group's condensed consolidated interim financial statements included in this report have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ('IAS 34') as adopted by the European Union. These condensed statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 included in the Group's 2016 Annual Report which is available on the Group website www.eschergroup.com. The condensed consolidated interim financial statements presented do not constitute full statutory accounts. Full statutory accounts for the year ended 31 December 2016 will be filed with the Irish Registrar of Companies in due course. The Audit Report on those statutory accounts was unqualified.

The Group's condensed interim financial information for the six months ended 30 June 2017 and the comparative figures for the six months ended 30 June 2016 are unaudited. The financial information presented for the year ended 31 December 2016 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 2017 is included on pages 4 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 judgements, key assumptions and estimates as set out in the Group's annual report for the year ended 31 December 2016. The principal risks and uncertainties faced by the Group were outlined in our 2016 annual report. The annual report is available on Escher's website. The principal risks and uncertainties have remained substantially the same for the current period.

5. Segment information

In line with the requirements of IFRS 8, "Operating Segments", the Group has identified its Chief Operating Decision Maker (CODM) as the Board of the company. The Board reviews the Group's internal reporting in order to assess the performance of the Group and allocate resources. The Board considers the business from a product perspective and reviews working capital and overall statement of financial position performance on a Group wide basis. Consequently the Board determined there to be only one segment.

The Board assess the performance of the segment based primarily on measures of revenues, adjusted EBITDA and profit before income tax. Adjusted EBITDA is used as it is an industry-wide standard and it is calculated using operating profit before non-cash share based charges, interest, tax, depreciation on property plant and equipment and amortisation of intangible assets. These revenues derive from the following main sources:

Analysis of revenue by category

	Six months ended 30 June 2017 US$'000 (Unaudited)	Six months ended 30 June 2016 US$'000 (Unaudited)	Year ended 31 December 2016 US$'000 (Audited)
Software licenses	840	3,619	4,613
Software development and consulting services	3,064	2,953	6,209
Maintenance	4,069	4,053	8,222
Support	1,417	1,715	3,367
Revenue	**9,390**	**12,340**	**22,411**

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 2017 US$'000 (Unaudited)	Six months ended 30 June 2016 US$'000 (Unaudited)	Year ended 31 December 2016 US$'000 (Audited)
UK and Ireland	760	1,150	2,117
Other Europe	2,310	2,475	4,768
North & Latin America	4,023	3,948	7,769
Asia-Pacific region	677	3,513	4,570
Africa & Middle East	1,620	1,254	3,187
Revenue	**9,390**	**12,340**	**22,411**

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 2017 % (Unaudited)	Six months ended 30 June 2016 % (Unaudited)	Year ended 31 December 2016 % (Audited)
Customer A (North & Latin America)	40%	27%	30%
Customer B (Asia-Pacific Region)	0%	23%	13%
% of total reported revenues	**40%**	**50%**	**43%**

The total of non-current assets other than deferred income tax assets located in the Republic of Ireland at 30 June 2017 is US$3.8m (June 2016: US$5.1m), and the total of non-current assets located in other countries is US$31m (June 2016: US$31m).

6. Earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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 (loss)/earnings per share computations.

	Six Months ended 30 June 2017	Six Months ended 30 June 2016	Year ended 31 December 2016
	US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Audited)
(Loss)/profit attributable to ordinary shareholders	(102)	1,316	1,867
Basic weighted number of shares	18,743,677	18,704,085	18,714,690
Dilutive potential ordinary shares:			
Effects of employee share options	364,381	432,923	300,875
Diluted weighted number of ordinary shares	19,108,058	19,137,008	19,015,565
Basic (loss)/earnings per share (in US$ cents per share)	(0.5)	7.0	10.0
Diluted (loss)/earnings per share (in US$ cents per share)	(0.5)	6.9	9.8

7. Property, plant and equipment

	30 June 2017	31 December 2016
	US$'000 (Unaudited)	US$'000 (Audited)
Net book value at beginning of the period	**218**	**383**
Additions	68	117
Depreciation	(93)	(282)
Exchange differences	1	-
Net book value at end of period	**194**	**218**

8. Intangible assets

At 30 June 2017	Goodwill	Other Intangible assets	Total Intangible assets
	US$'000	US$'000	US$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Net book value at 1 January 2017	29,671	5,349	35,020
Additions	-	557	557
Amortisation charge	-	(982)	(982)
Net book value at 30 June 2017	**29,671**	**4,924**	**34,595**

At 31 December 2016	Goodwill	Other Intangible assets	Total Intangible assets
	US$'000	US$'000	US$'000
	(Audited)	(Audited)	(Audited)
Net book value at 1 January 2016	29,853	6,198	36,051
Additions	-	1,346	1,346
Government grants	-	(254)	(254)
Amortisation charge	-	(1,941)	(1,941)
Exchange differences	(182)	-	(182)
Net book value at 31 December 2016	**29,671**	**5,349**	**35,020**

9. Analysis of net cash

	31 December 2016	Movement	30 June 2017
	US$'000	US$'000	US$'000
	(Audited)	(Unaudited)	(Unaudited)
Cash and cash equivalents	**6,055**	**(501)**	**5,554**
Non-current borrowings	(4,954)	454	(4,500)
Deferred finance costs	(46)	46	-
Non-current borrowings	**(5,000)**	**500**	**(4,500)**
Current borrowings	(939)	(23)	(962)
Deferred finance costs	(61)	23	(38)
Current borrowings	**(1,000)**	**-**	**(1,000)**
Total borrowings	**(6,000)**	**500**	**(5,500)**
Net cash	**55**	**(1)**	**54**

Escher's long term debt has annual repayments of US$1m and expires in 2018.

10. Financial assets

Available-for-sale financial assets include the following classes of financial assets:

	Six Months ended 30 June 2017	Six Months ended 30 June 2016	Year ended 31 December 2016
	US$'000	US$'000	US$'000
	(Unaudited)	(Unaudited)	(Audited)
Non-current assets			
Investments carried at cost	**495**	**382**	**495**
Convertible loan notes	**251**	**139**	**251**
	746	**521**	**746**

In 2016, the Company made investments in the ordinary shares of two companies (Deposify Limited and Circit Limited) of US$495,000 in consideration for the provision of services and licence software. In addition to these investments, the Company invested in convertible loan notes in both these companies in amount of US$251,000. These loan notes will be convertible into Ordinary A shares when agreed conditions have been met. To determine if an available-for-sale financial asset is impaired, the Company evaluates the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and short-term business outlook for the investee.

11. Cash generated from operations

	Six Months ended 30 June 2017	Six Months ended 30 June 2016	Year ended 31 December 2016
	US$'000	US$'000	US$'000
	(Unaudited)	(Unaudited)	(Audited)
(Loss)/profit before income tax	**(27)**	**1,807**	**2,378**
Adjustments for:			
Depreciation	93	150	282
Amortisation	982	982	1,941
Amortisation of deferred finance costs	69	69	138
Finance income	(3)	(1)	(2)
Finance expense	159	164	352
Foreign exchange translation	(69)	(15)	(11)
Employee share based payments	85	180	281
Non-cash revenue transactions	-	-	(495)
(Increase)/decrease in trade and other receivables	(348)	(2,698)	342
Decrease in trade and other payables	77	378	(379)
Cash generated from operations	**1,018**	**1,016**	**4,827**

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 2016.

14. Related party transactions

Details of related party transactions in respect of the year ended 31 December 2016 are contained in Note 26 to the consolidated financial statements of the Group's 2016 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 2017 or changes to transactions with related parties disclosed in the 2016 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 19 September 2017.