8 September 2014

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, has published its results for the six months ended 30 June 2014.

Highlights

- Revenue was US$11.08m (H1 2013: US$12.87m)
    - Consulting services revenue lower as major contract transitioned from development and customisation phase to a roll-out phase
- Gross margin increased to 63% for H1 2014 (H1 2013: 61%) due to mix of revenue with a bigger proportion of higher margin license and maintenance revenue
- Adjusted EBITDA* was US$1.61m (H1 2013: US$2.39m)
- Profit before tax of US$0.42m (H1 2013: US$1.08m)
- Diluted EPS was US$1.5 cents (H1 2013: US$3.9 cents)
- Net debt reduced to US$3.54m (H1 2013: US$4.64m)
- Recent contract wins in UAE and Gibraltar confirm position as supplier of choice in postal automation software
- Significant investment in new product areas now beginning to generate contract wins:
    - RiposteTrEx™ platform for e-registered mail for the South African Post Office progressing well and due to go live later this year
    - Interactive Services won loyalty and couponing deals with food retail chains, Insomnia Coffee Company and Just Falafel
    - Investment in Enterprise mobile software has significant potential following Deutsche Post DHL ("DPDHL") contract
- Also announced today was Escher's entry into the logistics market with a key contract secured with DPDHL to supply innovative Enterprise Mobile solution to DPDHL's network of Paketshops in Germany – see separate release
    - Five year subscription license agreement is based on minimum of 15,000 mobile devices
    - Supports rapidly growing ecommerce delivery market - opens a significant new market opportunity

Liam Church, Escher Chief Executive, said:

"***We have made good progress over the last two years, in developing a range of complementary products, based on our market leading Riposte platform, to address the growing ecommerce market opportunities around the world.***

"Our recent contract wins with the South African and UAE post offices and today's announcement with DPDHL in Germany, as well as a number of smaller retail chains, endorse our growth strategy.

"Our customers are increasing their focus on digital commerce which is driving demand for more points of presence, more flexible software solutions and an increasing range of additional services at these access points. These market developments, along with the

investment we have made in developing an Enterprise mobile platform, gives us increasing confidence about our medium-term growth prospects."

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

Enquiries:

Escher www.eschergroupholdings.com	+353 (0)1 254 5400
Liam Church, Chief Executive Officer	
Jonathan O'Connell, Finance Director	
Fionnuala Higgins, EVP Sales & Marketing	
Panmure Gordon	+44 (0)20 7886 2500
Andrew Godber / Alina Vaskina, Corporate Finance	
Charles Leigh-Pemberton, Corporate Broking	
Instinctif Partners	+44 (0)20 7457 2020
Adrian Duffield / Kay Larsen / Chantal Woolcock	

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 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 Group delivered a solid performance in the first half of 2014 with revenue at US$11.08 million (2013: US$12.87 million). Consulting services revenue was lower as a major contract transitioned from a development and customisation phase to a roll-out phase, which will lead to the recognition of license and maintenance revenues.

During the first half, Escher recognised US$1.8m of the outstanding US$6.0m licensing revenue from this major customer, and expects to recognise the remainder in the second half of 2014. This customer is progressing with its rollout phase.

Adjusted EBITDA* was US$1.61m (2013: US$2.39m). Adjusted EBITDA in the first half included an increase in investment in new product areas, specifically in the enterprise mobile area of the Group's core postal point of service product. This will allow Escher to be prepared for emerging opportunities in the global logistics space.

Over the last two years, Escher's strategy has been to shift its revenue mix solely from the licensed retail solutions postal business by investing in an increasing range of complementary products including Digital (RiposteTrEx) and Interactive services (loyalty and couponing) and now its ecommerce platform to address the growing postal and logistics markets around the world and is based on the Group's Riposte platform.

The investments made in new and existing technologies over the last two years mean that Escher is well positioned to take advantage of new opportunities around the world in digital services and logistics market addressed by its market leading software.

Signing DPDHL, the world's leading postal and logistics services group, will enable Escher to generate significant revenues while taking a lead in this growing logistics market. There are significant opportunities in this market segment with new as well as existing customers. Escher will supply its innovative Enterprise Mobile solution to DPDHL's network of Paketshops in Germany. Escher's Enterprise Mobile solution, which encompasses Windows CE, Windows phone, Apple's IOS and Google's Android platforms is designed to support the rapidly growing ecommerce market.

This is a five year subscription agreement is based on a minimum of 15,000 mobile devices for DPDHL and is different to most of Escher's contracts which involve up front license fees. It allows Escher to benefit from expansion of mobile handset network over time.

Current trading and outlook

As the point-of-service automation supplier of choice for postal organisations across the globe, the Group will continue its drive to penetrate this market. Although lead times are long, the Group has been in contact with several postal organisations for some time and is confident that new customers will be signed during the next 12 months.

The recent move to a subscription based revenue model changes the profile of our revenue recognition and while positive in the long run will have a materially negative impact on the Group's revenue for 2014 and associated adjusted EBITDA.

The Board's expectation, adjusted for a subscription based model, for the financial outcome for the full year remains dependent on a license sale and the rollout by a major customer of its integrated Riposte solution. When this has been rolled out to a certain number of workstations, Escher will recognise significant license revenues. Progress with rollout is continuing and the expectation is that rollout will complete in 2014.

The new digital services and interactive retail markets are developing well and the pipeline of opportunities has expanded over the last 12 months. The South Africa Post Office *RiposteTrEx* contract win in December 2013 is the start of the commercialisation of this opportunity and proof of the emerging demand for these services.

Escher's Interactive Services have also developed a range of technologies including NFC to loyalty and couponing on mobile phones, which has led to an increase in the number of opportunities in the market.

Given the quality of the Group's pipeline and current technology set, Escher remains confident about the prospects for 2014 and beyond.

Operating review

Retail Services – Postal point of service
Escher is the market leading vendor of outsourced software to the postal industry. The Group's products and associated services provide over 30 national postal operators around the world with the software infrastructure to generate revenues.

The strategic focus for the Group's core postal point of service market is to drive incremental sales from existing customers and to further penetrate the outsourced postal counter market with its Riposte range of products. These provide seamlessly integrated counter and automation solutions for postal and retail organisations of all sizes.

The recent contract wins in the United Arab Emirates and Gibraltar underpin Escher's international expansion plans and confirms the Group is a key supplier of postal automation software.

Escher's post office customer's mail businesses are in transition with increases in parcel delivery offsetting declines in letter volumes. This is driving postal operators to invest in expanding their networks. While cost pressures inhibit the growth of traditional post offices there is a move to expand the number of postal outlets through agency or 'post in shop' arrangements. This requires a more mobile orientated software infrastructure which Escher is able to provide.

To address these trends, Escher has invested in its Enterprise mobile capabilities to deliver new solutions to postal operators and logistics companies. Escher's Enterprise Mobile solution, which encompasses Windows CE, Windows Phone, Apple's IOS and Google's Android platforms is designed to support the rapidly growing ecommerce market. Escher has adapted its software to support transactions running on mobile devices used by posts and logistics companies.

Digital services (RiposteTrEx™) and Interactive services
Escher continues to invest in its Digital and Interactive Services business and the Group expects to generate significant growth opportunities from its retail / enterprise mobile / mCommerce, eGovernment and community-based message solutions.

RiposteTrEx™ is Escher's solution for digital Government, allowing citizens, governments and businesses to communicate and transact with each other anytime and from anywhere. Driven by the need to reduce costs and increase interaction with citizens, Governments and local authorities are looking for new cost effective and efficient ways to communicate. RiposteTrEx™ is a secure, highly scalable, digital post box solution which allows citizens, businesses, governments and international agencies to collaborate securely online.

In December 2013, following a rigorous tender process, the South African Post Office selected the RiposteTrEx™ platform to deliver its eRegistered mail solution. The platform will provide eRegistered mail services to more than 51 million citizens. RiposteTrEx™ will allow South African Post users including citizens, government, business and SME's to send eRegistered and confidential mail to secure digital mailboxes, or as registered hybrid letters.

Escher Interactive Services has developed a range of in-store engagement software in areas like payment, loyalty and couponing. Its Interactive technology has already been implemented in over 60 retail outlets by utilising a number of NFC (Near Field Communications) and other technologies such as Card Emulation, peer-to-peer (P2P) data transfer and QR codes.

Escher recently announced that it had supplied Ireland's largest coffee retail chain, Insomnia, with a mobile wallet solution in its 81 locations as a fully managed service. The solution delivers interactive loyalty, coupons, mobile payments and iBeacon technologies to enhance customer engagement across Insomnia's growing retail network.

Financial review

Revenue

Revenue was US$11.08m for the first half of 2014 (2013: US$12.87m). There was an increase in license and maintenance revenue of US$0.40m and US$0.24m respectively. License revenue was US$2.99m (2013: US$2.59m), the increase mainly related to a new contract signed with Emirates Post Group in June 2014. US$1.8m of license revenue was recognised from a major customer with US$4.2m yet to be recognised which is expected to be recognised in the latter half of 2014.

Maintenance revenue was US$2.92m (2013: US$2.68m) which increased from maintenance contracts commencing for customers signed 12 to 18 months ago.

The reduction in lower margin services revenue to US$4.02m (2013: US$6.14m) was due to a major customer moving from service intensive development to rollout phase.

Support revenue of US$1.15m decreased by US$0.31m from US$1.46m in 2013 mainly due to one existing customers' contract renegotiation.

US$'m	H1 2014	H1 2013	Change %	2014 Contribution to Group Revenue	2013 Contribution to Group Revenue
Licenses	2.99	2.59	15%	27%	20%
Maintenance	2.92	2.68	9%	26%	21%
Support	1.15	1.46	-21%	10%	11%
Service - development and consulting	4.02	6.14	-35%	36%	48%
Revenue	**11.08**	**12.87**	**-14%**	**100%**	**100%**

Gross profit

Gross profit was US$6.99m for the first half of 2014 compared to US$7.84m for 2013, the decrease of US$0.85m was mainly due to the reduction of services revenue. The gross margin increased to 63% for 2014 (2013: 61%) due to mix of revenue with a higher proportion of high margin license and maintenance revenue and less low margin services revenue.

Operating expenses/profit

Operating expenses were reduced to US$6.29m (2013: US$6.48m). Research & development (R&D) increased 1.4% from US$1.39m to US$1.41m in 2014. As a percentage of revenue, R&D spend increased from 11% in H1 2013 to 13% in H1 2014 representing the Group's investment in new products such as Enterprise mobile.

Administrative expenses were reduced by US$0.22m to US$2.49m (2013: US$2.71m) due to reduced general expenses mainly as a result of the reduced expenses related to lower services revenue. Administrative expenses remained in line with prior year as a percentage of revenue. Sales and marketing expenses of US$2.39m remained unchanged and as a percentage of revenue increased by 4% to 22% for 2014 as the Group remains focused on expanding its customer base for postal and seeking new opportunities for *RiposteTrEx* and Enterprise mobile.

US$'m	H1 2014	H1 2013	Movement	2014 % of Revenue	2013 % of Revenue
Research and development	1.41	1.39	1%	13%	11%
Sales and marketing	2.39	2.38	1%	22%	18%
Administrative expenses	2.49	2.71	-8%	22%	21%
Total	**6.29**	**6.48**	**-3%**	**57%**	**50%**

The Group capitalised US$1.12m (2013: US$1.3m) of R&D costs. Net of amortisation of US$0.52m in 2014 (2013: US$0.52m) the impact on the income statement was US$0.58m (2013: US$0.78m). There is a new internally generated intangible asset called Enterprise mobile to reflect to Group's investment in that area.

US$'m	H1'14	H1'13	Movement
Additions			
RiposteTrEx	0.54	0.55	(0.01)
Riposte	-	0.75	(0.75)
Enterprise mobile	0.58	-	0.58
Total capitalisation	**1.12**	**1.30**	**(0.18)**
Amortisation			
RiposteTrEx	(0.42)	(0.38)	(0.04)

Riposte	(0.10)	(0.14)	0.04
Total amortisation	**(0.52)**	**(0.52)**	**-**
Net impact on the income statement	**0.60**	**0.78**	**(0.18)**

Reconciliation of operating profit to Adjusted EBITDA
Adjusted EBITDA represents operating profit before depreciation, amortisation and share based charges. Adjusted EBITDA was US$1.61m (2013: US$2.39m). The decrease was mainly due to the reduction in services revenue.

US$'m	H1'14	H1'13	Movement	Movement
Operating profit	0.70	1.36	(0.66)	-49%
Depreciation	0.25	0.24	0.01	4%
Amortisation	0.52	0.52	0.00	0%
EBITDA	1.47	2.12	(0.65)	-31%
Share based payment	0.14	0.27	(0.13)	-48%
Adjusted EBITDA	**1.61**	**2.39**	**(0.78)**	**-33%**

Net finance costs
Net finance costs remain unchanged at US$0.28m. The amortisation of the finance costs related to the Bank of Ireland (BOI) loan facility was US$0.07m (2013: US$0.09m), the decrease of US$0.02m was due to the amortisation period being extended in line with the facility extension by three years to October 2018.

Profit before income tax
Adjusted profit before tax, excluding share based payments was US$0.56m (2013: US$1.35m). Profit before tax was US$0.42m (2013: US$1.08m).

Income tax expense
The effective tax rate was 30%, a reduction from the full year 2013 effective tax rate of 38%.

Earnings per share
Basic EPS was US$1.6 cents per share (2013: US$4.1 cents per share). Diluted EPS was US$1.5 cents per share (2013: US$3.9 cents per share).

Dividend
The Board is not paying a half year dividend.

Cash flow and net debt
Net debt at the end of June was US$3.54m (June 2013: US$4.64m). Cash at the end June was US$4.96m (June 2013: US$5.22m) and borrowings were US$8.50m (June 2013: US$9.86m).

Net cash used in operating activities improved by US$0.47m to US$0.28m (2013: US$0.75m) mainly due to the improvement in tax paid from 2013 to 2014 of US$0.68m. The reduction in the profit before tax was offset by the decrease in trade payables. Most of this was due to invoices being issued for work not yet complete in line with the terms of a large customer's contract.

In H1 2014 the Group received a grant for the development of *RiposteTrEx* of US$0.25m. The loan repayment of US$0.50m was made in accordance with the BOI facilities agreement.

The decrease in borrowings was due to the revised US$9.0m term loan with BOI in October 2013, the term of the loan was extended by three years and annual repayments were reduced to US$1.00m from US$3.34m. The revolver of US$3.0m was undrawn at 30 June 2014.

Consolidated Income Statement
For the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 US$'000 (Unaudited)	Six months ended 30 June 2013 US$'000 (Unaudited)	Year ended 31 December 2013 US$'000 (Audited)
Revenue	5	11,075	12,868	24,699
Cost of sales		(4,087)	(5,031)	(9,530)
Gross profit		**6,988**	**7,837**	**15,169**
Operating expenses		(6,296)	(6,476)	(13,119)
Operating profit		**692**	**1,361**	**2,050**
Finance income		7	6	40
Finance costs		(281)	(288)	(610)
Net finance costs		**(274)**	**(282)**	**(570)**
Profit before income tax		**418**	**1,079**	**1,480**
Income tax expense		(124)	(324)	(561)
Profit for the period		**294**	**755**	**919**
Earnings per share (US$ cent per share)				
Basic	6	1.6	4.1	4.9
Diluted	6	1.5	3.9	4.8

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Six months ended 30 June 2014 US$'000 (Unaudited)	Six months ended 30 June 2013 US$'000 (Unaudited)	Year ended 31 December 2013 US$'000 (Audited)
Profit for the period	294	755	919
Other comprehensive income:			
Items that may subsequently be reclassified to the Income Statement:			
Currency translation differences	(21)	(162)	450
	(21)	(162)	450
Total other comprehensive income	**(21)**	**(162)**	**450**
Total comprehensive income for the period	**273**	**593**	**1,369**

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

Consolidated Statement of Financial Position
As at 30 June 2014

	Notes	30 June 2014 US$'000 (Unaudited)	30 June 2013 US$'000 (Unaudited)	31 December 2013 US$'000 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	7	869	1,140	1,013
Intangible assets	8	37,470	36,393	36,992
Trade and other receivables		-	916	-
Deferred income tax assets		721	317	721
Total non-current assets		**39,060**	**38,766**	**38,726**
Current assets				
Cash and cash equivalents	9	4,961	5,217	6,712
Trade and other receivables		9,506	7,367	9,715
Total current assets		**14,467**	**12,584**	**16,427**
Total assets		**53,527**	**51,350**	**55,153**
Equity and liabilities				
Issued capital		128	128	128
Other reserves		2,043	955	1,922
Retained earnings		8,415	7,957	8,121
Share premium		26,899	26,899	26,899
Total equity		**37,485**	**35,939**	**37,070**
Non-current Liabilities				
Borrowings	9	7,200	4,529	7,630
Deferred income tax liabilities		635	317	634
Provisions for other liabilities and charges		24	-	24
Total non-current liabilities		**7,859**	**4,846**	**8,288**
Current liabilities				
Borrowings	9	865	4,969	865
Trade and other payables		7,239	5,380	8,897
Current income tax payable		79	192	33
Provisions for other liabilities and charges		-	24	-
Total current liabilities		**8,183**	**10,565**	**9,795**
Total liabilities		**16,042**	**15,411**	**18,083**
Total equity and liabilities		**53,527**	**51,350**	**55,153**

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

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2014

	Equity share capital	Share premium	Cumulative foreign translation reserve	Other reserves	Retained earnings	Total equity
	US$'00	US$'000	US$'000	US$'000	US$'000	US$'000
(Unaudited)						
Balance at 1 January 2014	**128**	**26,899**	**(49)**	**1,971**	**8,121**	**37,070**
Profit for the financial period	-	-	-	-	294	294
Other comprehensive income	-	-	(21)	-	-	(21)
Share based payments	-	-	-	142	-	142
Balance at 30 June 2014	**128**	**26,899**	**(70)**	**2,113**	**8,415**	**37,485**
(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)
Cost of issuing new shares	-	-	-	237	-	237
Balance at 30 June 2013	**128**	**26,899**	**(661)**	**1,616**	**7,957**	**35,939**
Profit for the financial period	-	-	-	-	164	164
Other comprehensive income			612			612
Total comprehensive income for the year			612		164	776
Share based payments				355		355
Balance at 31 December	**128**	**26,899**	**(49)**	**1,971**	**8,121**	**37,070**

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

Consolidated Statement of Cash Flows
For the six months ended 30 June 2014

		Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
		US$'000	US$'000	US$'000
		(Unaudited)	(Unaudited	(Audited)
Cash flows from operating activities				
Cash generated from operations	**11**	**(47)**	**162**	**4,049**
Interest received		2	6	9
Interest paid		(218)	(214)	(410)
Income taxes paid		(17)	(702)	(538)

Net cash (used in)/generated from operating activities	**(280)**	**(748)**	**3,110**
Cash flows from investing activities			
Additions to intangible assets	(1,121)	(1,300)	(2,665)
Government Grant	250	-	236
Additions to property, plant and equipment	(108)	(423)	(541)
Net cash used in investing activities	**(979)**	**(1,723)**	**(2,970)**
Cash flows from financing activities			
Proceeds from borrowings	-	1,800	2,317
Borrowing costs	-	-	(225)
Repayment of borrowings	(500)	(1,965)	(3,342)
Net cash(used in)/generated from financing activities	**(500)**	**(165)**	**(1,250)**
Net (decrease)/increase in cash and cash equivalents	**(1,759)**	**(2,636)**	**(1,110)**
Cash and cash equivalents at beginning of year	6,712	7,828	7,828
Foreign exchange adjustments	8	25	(6)
Net decrease/(increase) in cash and cash equivalents	(1,759)	(2,636)	(1,110)
Cash and cash equivalents at end of period	**4,961**	**5,217**	**6,712**

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 2014

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 in 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 2013. 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 2013 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 2014 and the comparative figures for the six months ended 30 June 2013 are unaudited. The financial information presented for the year ended 31 December 2013 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 2014 is included on pages 3 to 6 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 2013. The principal risks and uncertainties faced by the Group were outlined in our 2013 annual report. The annual report is available on our 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 tax. Adjusted EBITDA is operating profit before non-cash share based charges, depreciation on property plant and equipment and amortisation on intangible assets. These revenues derive from the following main sources:

Analysis of revenue by category

	Six months ended 30 June 2014 US$'000	Six months ended 30 June 2013 US$'000	Year ended 31 December 2013 US$'000
	(Unaudited)	(Unaudited)	(Audited)

Licenses	2,990	2,589	5,129
Maintenance	2,917	2,684	5,408
Support	1,147	1,462	2,546
Software development and consulting	4,021	6,133	11,616
Revenue	**11,075**	**12,868**	**24,699**

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 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Audited)
UK and Ireland	249	292	558
Other Europe	2,380	2,340	4,736
North & Latin America	3,869	7,005	10,998
Asia-Pacific region	2,060	1,306	3,314
Africa & Middle East	2,517	1,925	5,093
Revenue	**11,075**	**12,868**	**24,699**

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 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	% (Unaudited)	% (Unaudited)	% (Audited)
Customer A (North & Latin America)	29%	51%	40%
Customer B (Asia-Pacific Region)	15%	6%	10%
Customer C (Africa & Middle East)	10%	9%	9%
% of total reported revenues	**54%**	**66%**	**59%**

The total of non-current assets other than deferred income tax assets located in the Republic of Ireland at 30 June 2014 is US$7.1m (Dec 2013: US$6.7m), and the total of non-current assets located in other countries is US$31.3m (Dec 2013: US$31.4m).

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 2014	Six Months ended 30 June 2013	Year ended 31 December 2013
	US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Audited)
Profit attributed to equity holder of the parent	294	755	919
Basic weighted number of shares	18,675,531	18,633,096	18,647,324
Dilutive potential ordinary shares:			
Convertible ordinary shares	488,198	577,813	543,274
Diluted weighted number of ordinary shares	19,163,729	19,210,909	19,190,598
Basic earnings per share (in US$ cents per share)	1.6	4.1	4.9
Diluted earnings per share (in US$ cents per share	1.5	3.9	4.8

7. Property, plant and equipment

	30 June 2014	31 December 2013
	US$'000	US$'000
	(Unaudited)	(Audited)
Net book value at beginning of the period	**1,013**	**970**
Additions	108	535
Disposals	-	-
Depreciation charge	(251)	(488)
Exchange differences	(1)	(4)
Net book value at end of period	**869**	**1,013**

8. Intangible assets

At 30 June 2014	Goodwill	Other Intangible assets	Total Intangible assets
	US$'000 (Unaudited)	US$'000 (Unaudited)	US$'000 (Unaudited)
Net book value at beginning of period	31,114	5,878	36,992
Additions	-	1,121	1,121
Government grants	-	(72)	(72)
Amortisation charge	-	(519)	(519)
Exchange differences	(52)	-	(52)

Net book value at end of period	**31,062**	**6,408**	**37,470**

At 31 December 2013	Goodwill	Other Intangible assets	Total Intangible assets
	US$'000 (Audited)	US$'000 (Audited)	US$'000 (Audited)
Net book value at beginning of period	30,870	4,835	35,705
Additions	-	2,665	2,665
Government grants	-	(512)	(512)
Amortisation charge	-	(1,110)	(1,110)
Exchange differences	244	-	244
Net book value at end of period	**31,114**	**5,878**	**36,992**

9. Analysis of net debt

	31 December 2013	Movement	30 June 2014
	US$'000 (Audited)	US$'000 (Unaudited)	US$'000 (Unaudited)
Cash and cash equivalents	**6,712**	(1,751)	**4,961**
Net Non-current borrowings	(7,630)	430	(7,200)
Less deferred finance costs	(370)	70	(300)
Non-current borrowings	**(8,000)**	500	**(7,500)**
Net Current borrowings	(865)	-	(865)
Less deferred finance costs	(135)	-	(135)
Current borrowings	**(1,000)**	-	**(1,000)**
Net debt	**(2,288)**	**(1,251)**	**(3,539)**

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 2013 annual report.

	June 2014	
	Carrying value	**Fair value**
	US$	**US$**
Trade and other receivables [1]	9,506	9,506
Cash and cash equivalents [2]	4,961	4,961
	14,467	14,467
Trade and other payables [1]	7,239	7,239
Bank borrowings	8,065	8,043
	15,304	15,282
Total net position	**(837)**	**(815)**

(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 2014 US$'000 (Unaudited)	Six Months ended 30 June 2013 US$'000 (Unaudited)	Year ended 31 December 2013 US$'000 (Audited)
Profit before tax	**418**	**1,079**	**1,480**
Adjustments for:			
Depreciation	251	238	488
Amortisation	519	521	1,110
Amortisation of deferred finance costs	66	88	167
Finance income	(7)	(6)	(40)
Finance expense	215	200	443
Foreign exchange translation	(22)	(223)	(169)
Employee share based payments	142	268	562
Decrease/(increase) in trade and other receivables	31	110	(1,184)
(Decrease)/increase in trade and other payables	(1,660)	(2,113)	1,192
Cash generated from operations	**(47)**	**162**	**4,049**

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 2013.

14. Related party transactions

Details of related party transactions in respect of the year ended 31 December 2013 are contained in Note 24 to the consolidated financial statements of the Group's 2013 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 2014 or changes to transactions with related parties disclosed in the 2013 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 5 September 2014.