HALF YEAR RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

Statement from the Board of Directors

The results for the six months ended 31 December 2007 demonstrate further progress in the Company's activities. These improvements were achieved primarily from the Company's existing client base and do not reflect the sales effort which was accelerating during the period. The pivotal point for sales was the success of the attendance at SIBOS on the IBM stand, which resulted in a realisation of Earthport's potential for being the global payments utility for major financial institutions.

As stated in the trading statement for the period, issued on 17 January 2008 ' several major projects are being actively pursued each with the distinct possibility of leading to transformational change'.

Results

Turnover in the first half year increased 57% to £1.1m, against the second half of the preceding financial year (£0.7m). This progress reflects increasing transaction volumes and foreign exchange transactions from existing customers. Whilst continuing to invest in the Group's technology platform, operating loss fell 40 % to £1.1m, against the second half of last year (£2.2m) partially as a result of lower costs following the successful RIF (Reduction in Force) from last year feeds through. Interest costs fell 32% to £0.17m, against the second half of last year (£0.2m).

Cash flow

Net cash used in operating activities fell 9% to £2.4 m, against the second half of last year (£2.8m). During the period, the Company raised £4.0m through the issue of equity.

Sales and marketing

Following a successful SIBOS 2007 exhibition in Boston in early October 2007, the new relationship with IBM is generating market leads. Earthport was one of two innovative payments companies invited on the IBM stand at SIBOS and now also features as a Business Partner in the IBM Product Guide.

Earthport will also be attending SIBOS 2008 in Vienna on 15-19 September 2008 and has already received expressions of interest suggesting an even more successful exhibition than SIBOS 2007.

Earthport is in an advanced stage of discussions with major potential clients, whose business would result in another step-function revenue increase; these include sizable banks, some in conjunction with IBM and others without IBM. Furthermore there are a number of new corporate clients and government based organisations (US, UK and EU), which represent a clear vote of confidence in Earthport's model and the benefits that these companies and organisations will derive from Earthport's offering.

Earthport is also a service provider to money transfer clients, concentrating on segments in which there is a proven demand for services in multiple currencies internationally, particularly the migrant remittance market.

Earthport focuses on intermediaries that require money transfer infrastructure, either for their clients or themselves. With such clients, Earthport is a back-end payments utility and infrastructure provider, through which payment services are outsourced.

Earthport is now targeting strategic, business-transformational clients, often in conjunction with partners including major corporates and intermediaries, also within the established banking system.

Operations

- Banking coverage

In this period, we have initially sought to consolidate key strategic banking relationships within the existing network, with a view to better leveraging the partnership opportunities they present. In particular, the expansion of coverage and service via the SEB Group has enabled Earthport to grow considerably in key European markets, with other long-standing banking partners set to adopt a similar model.

The focus now shifts again to growing the portfolio. Initially, growth is targeted in the lucrative AsiaPac sector, where our partnership with IBM is adding real leverage and value. Furthermore, a recent partnership restructure with ANZ Bank is now affording exciting opportunities to develop key large Asian markets including Indonesia, the Philippines, and Thailand.

- Payment processing

Significant growth in client volume is driving need for constant review of the processes Earthport employs to handle the bulk payment and collection demand. In working closely with the IT Development team, the Business Operations team consistently demonstrate greater levels of STP service, and provide real focus and performance in minimising exception ratios.

- Summary

The performance enhancements of late are flowing through into significant evolution within the Banking and Operations remit - this ability to build and develop blue-chip relationships with both the client base and banking partners now places tangible, sustainable growth at our fingertips.

Earthport has also developed and introduced Dynamic Low Cost Routing, which selects the lowest cost route for any UPN transaction, reducing costs.

Board changes

James Bergman was appointed to the Board as Executive Director on 19 December 2007. Following Neil Clayton's stepping down from the Board, Colin Medway was requested to give guidance to the finance team. Based on advice received and to avoid any risk of conflict by combining his guidance for the financial team with a Non-Executive Director role, he is stepping down from the Board for the short term with effect from 27 March 2008. It is expected that he will resume his Non-Executive role on 1 July 2008.

Summary

The Board expects the improvements in the Group's results to continue and accelerate during the next period. Acceptance of the Earthport UPN as the preferred global payments utility will increase as major institutions begin to make use of the secure fast and cost effective solution it provides.

The Company expects to announce several contract wins shortly.

As well as international payments Earthport is expanding its product offering with global partners to develop and market innovative solutions for the Financial Services Community.

Mike Harrison

Executive Chairman

CONSOLIDATED INCOME STATEMENT

for the period ended 31 December 2007

	Notes	Unaudited 6 months ended 31 Dec 2007 £'000	Unaudited 6 months ended 31 Dec 2006 £'000	Audited 12 months ended 30 June 2007 £'000
REVENUE		1,067	403	1,077
Operating expenses		(2,131)	(2,647)	(5,105)
OPERATING LOSS		(1,064)	(2,244)	(4,028)
Finance costs	3	(117)	(202)	(375)
LOSS BEFORE TAXATION		(1,181)	(2,446)	(4,403)
Taxation		-	-	-
NET LOSS FOR THE PERIOD		(1,181)	(2,446)	(4,403)
Loss per share - basic	4	(2.3p)	(7.5p)	(10.98p)
- diluted	4	(2.3p)	(7.5p)	(10.98p)

CONSOLIDATED BALANCE SHEET

at 31 December 2007

	Notes	Unaudited 31 Dec 2007 £'000	Unaudited 31 Dec 2006 £'000	Audited 30 June 2007 £'000

NON-CURRENT ASSETS				
Property, plant and equipment		165	132	99
Investments	5	160	160	160
		325	292	259
CURRENT ASSETS				
Trade and other receivables	6	1,232	2,523	1,084
Cash and cash equivalents		1,780	8	455
		3,012	2,531	1,539
TOTAL ASSETS		3,337	2,823	1,798
CURRENT LIABILITIES				
Trade and other payables	7	(2,868)	(5,017)	(4,119)
Loans	8	(1,086)	(1,377)	(1,053)
		(3,954)	(6,394)	(5,172)
NET CURRENT LIABILITIES		(942)	(3,863)	(3,633)
NON-CURRENT LIABILITIES				
Loans	8	(914)	(1,201)	(1,067)
NET LIABILITIES		(1,531)	(4,772)	(4,441)
EQUITY				
Called up share capital	9	29,908	27,322	28,253
Share premium account	10	41,477	36,518	37,790
Merger reserve	11	9,200	9,200	9,200
Equity reserve	12	-	1,266	1,136
Share-based payment reserve	13	1,083	678	1,083
Retained earnings	14	(83,199)	(79,756)	(81,903)
TOTAL EQUITY		(1,531)	(4,772)	(4,441)

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 31 December 2007

	Notes	Unaudited 6 months ended 31 Dec 2007 £'000	Unaudited 6 months ended 31 Dec 2006 £'000	Audited 12 months ended 30 June 2007 £'000
NET CASH USED IN OPERATING ACTIVITIES	15	(2,429)	(1,120)	(3,889)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(115)	(8)	(38)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(115)	(8)	(38)
FINANCING ACTIVITIES				
Issue of ordinary share capital (net of costs paid)		3,990	699	4,364
Drawdown of term loans		-	410	410
Repayment of term loans		(121)	(38)	(207)
Repayment of convertible loan notes and unsecured loan		-	-	(250)
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,869	1,071	4,317
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,325	(57)	390
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		455	65	65
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,780	8	455

NOTES TO THE HALF YEAR RESULTS
for the period ended 31 December 2007

1. FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements have been prepared on the assumption that the Group is a going concern.

When assessing the foreseeable future, the directors have forecast a period of twelve months from the date of approval of this report. The forecast cash-flow requirement is contingent upon the ability of the Group to generate future sales. The uncertainty as to the timing of the future growth in sales and the potential impact on future funding arrangements require the directors to consider the Group's ability to continue as a going concern. Despite this uncertainty, the directors believe that the Group has demonstrated progress in positioning the Group as an infrastructure supplier to the global payments industry. The directors therefore consider that it is appropriate to prepare the Group's financial statements on a going concern basis, which assumes that the Company is to continue in operational existence for the foreseeable future.

The financial statements do not include any adjustment that would result should the Group not generate sufficient revenues, free cash flow or raise additional finance through further injections of debt or equity. It is not practical to quantify the adjustments that might be required, but should any adjustments be required they may be significant.

2. ACCOUNTING POLICIES

Basis of preparation

The half year financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost convention and the principal accounting policies as set out below.

Basis of consolidation

The Group half year financial statements consolidate the financial statement of Earthport plc and all of its subsidiaries for the period ended 31 December 2007. The results of subsidiaries acquired or sold are included in the Group financial statements from the date control passes, until control ceases. Profits and balances arising on trading between Group companies are excluded from the financial statements. All companies in the Group make up their statement to the same date.

Revenue recognition

Revenue on the sale of software licences and from the service agreements is recognised upon delivery to the customer providing that there is evidence of a contract, the fee is fixed or determinable, no significant customer obligations remain and collection of the resulting receivable is probable. In circumstances where a significant vendor obligation exists (such as the installation and acceptance of the software), revenue recognition is delayed until the obligation has been satisfied. Revenue from client transaction volume is billed monthly in arrears. Revenue from software implementation, consultancy and training is recognised as the services are performed.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and the difference is taken to income statement.

2. ACCOUNTING POLICIES (Continued)

Share-based payments

The Group offers executive and employee share schemes. For all grants of share options, the fair value as at the date of the grant is calculated using an option pricing model and the corresponding expense is recognised over the vesting period. The expense is recognised as a staff cost and the associated credit is made against equity and included in the share-based payment reserve. Share-based payments made in return for goods or services are expensed at the date of grant.

Taxation

The charge for current taxation is based on the results for the year as adjusted for items that are disallowed or non assessable. It is calculated using rates that have been enacted, or substantially enacted, by the balance sheet date.

Deferred taxation is provided in full on temporary differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred tax is recognised in the income statement except where it relates to items credited or charged direct to equity, in which case the related deferred tax is also dealt with in equity.

Intangible assets

Research and development expenditure is only recognised as an intangible asset if each of the following conditions has been met:

- It is reasonably expected that the asset is likely to generate net future economic benefits.
- Development costs in relation to the asset can be reliably measured.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful life of the asset.

Where no intangible asset can be recognised, development expenditure is treated as expenditure in the period in which it is incurred.

Property, plant, and equipment and depreciation

Property, plant, and equipment are stated at cost less depreciation and provision for impairment. Depreciation is provided at rates calculated to write down assets to their estimated residual values over their expected useful lives, as follows:

Leasehold improvements: long lease	-	straight line per annum over lease term
Fixtures, fittings, and equipment	-	20% - 33% straight line per annum
Computer equipment	-	33% straight line per annum
Computer software	-	25% straight line per annum

The carrying values of property, plant, and equipment are reviewed for impairment annually and when events or changes in circumstances indicate that carrying value may be impaired. Any impairment is taken direct to the income statement.

Available for sale investments

Available for sale investments are non derivative financial assets designated available for sale. These are held at fair value, with gains and losses taken to equity. These gains and losses are recycled through the income statement on realisation. If there is objective evidence that the asset is impaired, the cumulative recognised loss is removed from equity and recognised in the income statement.

Leasing

Assets held under finance leases and hire purchase contracts are capitalised and are depreciated over their expected useful lives. The interest elements of the rental obligations are charged to the income statement over the period of the lease and represent a proportion of the balance of capital repayment outstanding. Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Pensions

The Group offers a stakeholder pension scheme to all employees, but the Group does not make any contributions to the scheme. In addition, certain employees and directors are entitled to receive, under their contracts of employment, contributions from the Group into their individual money purchase retirement plans.

Financial risk management and financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

The Group's principal financial instruments comprise secured and unsecured short-term creditors, finance leases, cash, short-term deposits and convertible loan notes. The main purpose of these financial instruments is to finance the Group's operations, including any acquisitions. The Group has various other financial instruments, such as trade receivables and trade payables arising from its operations.

It is the Groups' policy that no trading in financial instruments shall be undertaken. The Group borrows at both fixed and floating rates of interest. The Group's policy in relation to the finance is to ensure that sufficient liquid funds are maintained for operations.

Trade receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method, if material. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is evidence that the asset is impaired.

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily converted into a known amount of cash and are subject to insignificant changes in value.

Trade payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method, if material.

Compound financial instruments: Convertible loan notes are treated as debt where the conversion terms of the notes state that the conversion is at the choice of the noteholder. Certain notes convert at the maturity date into ordinary shares of 10p each at the option of the Company and are treated as compound financial instruments. In such cases the discounted value of the interest is treated as debt, with the balance of the principal taken to equity and accounted for in other reserves. Upon conversion, the appropriate transfer is made from reserves to ordinary share capital.

Equity instruments issued by the Group are recognised at proceeds received net of direct issue costs.

3. FINANCE COSTS

	6 months ended 31 Dec 2007	6 months ended 31 Dec 2006	12 months ended 30 June 2007
	£'000	£'000	£'000
Interest payable on secured, unsecured and convertible loans	102	200	366
Loan arrangement fees and other finance costs	15	2	9
	117	202	375

4. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data

	31 Dec 2007	31 Dec 2006	30 June 2007
Weighted average number of shares			
Weighted average number of shares in issue for basic and diluted loss per share	52,292,831	32,776,353	40,087,785
Loss attributable to shareholders (£'000)	1,181	2,446	4,403
Basic and fully diluted loss per share (pence)	2.3p	7.5p	10.98p

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purposes of calculating the diluted loss per share are identical to those used for basic loss per ordinary share. This is because the exercise of share options and other share benefits would have the effect of reducing loss per share and is therefore not dilutive under the terms of IAS33.

5. INVESTMENTS

	31 Dec 2007 £'000	31 Dec 2006 £'000	30 June 2007 £'000
Available for sale investment	160	160	160

The company holds 0.5% of Altair Financial Services International plc, an unquoted company specialising in the area of prepaid debit cards. The investment is held at cost, which, in the opinion of the directors, approximates fair value.

6. TRADE AND OTHER RECEIVABLES

	31 Dec 2007 £'000	31 Dec 2006 £'000	30 June 2007 £'000
Trade receivables	367	227	191
Other receivables	703	2,192	752
Prepayments and accrued income	162	104	141
	1,232	2,523	1,084

Included in other receivables at 31 December 2007, 31 December 2006 and 30 June 2007 is an amount in respect of unpaid share capital amounting to £625,000.

7. TRADE AND OTHER PAYABLES

	31 Dec 2007	31 Dec 2006	30 June 2007

	£'000	£'000	£'000
Trade creditors	499	807	653
Other creditors	702	1,247	1,097
Other taxation and social security	1,333	2,187	1,742
Accruals and deferred income	334	776	627
	2,868	5,017	4,119

8. LOANS

	31 Dec 2007	31 Dec 2006	30 June 2007
	£'000	£'000	£'000
Amounts falling due within one year			
Secured loans	318	340	286
Unsecured loans	-	270	-
Convertible loan notes	768	767	767
	1,086	1,377	1,053

The convertible loan notes in issue are subject to the following terms:

Series	Principal £'000	Conversion terms No. Of 10p shares per £1 loan note	Maturity Date	Value 31 Dec 2007 £'000	Value 31 Dec 2006 & 30 Jun 2007 £'000
No. 1 2004	600	2.857	30 June 2008	600	600
No. 1 2006	168	2.857	30 June 2008	168	167
	768			768	767

The 2004 and 2006 series notes have a coupon of 10% payable in arrears in cash or shares at the option of the Company. The 2004 and 2006 series notes are convertible into shares at the option of the note holder and have been treated as debt under IAS 32 Financial instruments: disclosure and presentation.

	31 Dec 2007 £'000	31 Dec 2006 £'000	30 June 2007 £'000
Amounts falling due after more than one year			
Secured loans	914	1,201	1,067

General Capital Venture Finance Limited and Michael Gerson Finance plc have provided the loan facilities. The facility is repayable over 5 years at an IRR of 15% and is secured by means of an all monies mortgage debenture.

9. SHARE CAPITAL

Authorised	31 Dec 2007	31 Dec 2006	30 June 2007
Number of ordinary shares	69,412,642	69,412,642	69,412,642
Nominal value of each ordinary share	10p	10p	10p
Number of 7.5p deferred shares in issue	307,449,810	307,449,810	307,449,810

	£'000	£'000	£'000
Issued			
Ordinary share capital	6,849	4,263	5,194
Deferred share capital	23,059	23,059	23,059
	29,908	27,322	28,253

During the period ended 31 December 2007 a total of 16,546,079 ordinary shares of 10p each were allotted, of which 13,213,111 were allotted for cash consideration of £3,989,561, a further 3,332,968 were allotted in upon conversion of £1,352,116 of convertible loan stock and loan stock interest.

As at 31 December 2007, the maximum number of shares, which could be issued upon the conversion of convertible loan notes, investor warrants and employee share options is as follows:

	Last date when exercisable	Exercise price	Number of share options outstanding at 31 December 2007
Convertible Loan Notes	30 June 2008	35p	2,194,176
Investor Warrants	31 March 2008	35p	446,429
Investor Warrants	30 June 2008	31.5p	1,729,036
Investor Warrants	31 October 2008	35p	3,089,026
Investor Warrants	31 December 2008	35p	2,020,201
Investor Warrants	31 December 2009	23p	2,075,000
Employee Options	31 October 2014	29p - 42p	7,632,000
			19,185,868

10. SHARE PREMIUM ACCOUNT

	31 Dec 2007 £'000	31 Dec 2006 £'000	30 June 2007 £'000
At 1 July	37,790	35,161	35,161
Premium on shares issued	3,802	1,357	2,893
Expenses of issue	(115)	-	(264)
At 31 December	41,477	36,518	37,790

11. MERGER RESERVE

	31 Dec 2007 £'000	31 Dec 2006 £'000	30 June 2007 £'000
At 1 July, 31 December 2007 and 31 December 2006	9,200	9,200	9,200

This reserve represents the premium attributable to shares issued in consideration of the costs of acquisition of subsidiaries in prior years as required by s131 of the Companies Act 1985.

12. EQUITY RESERVE

	31 Dec 2007 £'000	31 Dec 2006 £'000	30 June 2007 £'000
At 1 July	1,136	1,364	1,364
Convertible loan notes	(1,136)	(228)	(228)
At 31 December	-	1,136	1,136

13. SHARE-BASED PAYMENT RESERVE

	6 months ended 31 Dec 2007 £'000	6 months ended 31 Dec 2006 £'000	12 months ended 30 June 2007 £'000
At 1 July	1,083	678	678

Equity settled share-based payments - employees	-	320	380
Equity settled share-based payments - other	-	-	25
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At 31 December	1,083	998	1,083
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14. RETAINED EARNINGS

	6 months ended 31 Dec 2007 £'000	6 months ended 31 Dec 2006 £'000	12 months ended 30 June 2007 £'000
At 1 July	(81,903)	(77,478)	(77,478)
Loss for the period attributable to equity holders of the Company	(1,181)	(2,446)	(4,403)
Conversion of loan notes	(115)	(22)	(22)
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At 31 December	(83,199)	(79,946)	(81,903)
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15. RECONCILIATION OF LOSS TO NET CASH OUTFLOW FROM OPERATING activities

	6 months ended 31 Dec 2007 £'000	6 months ended 31 Dec 2006 £'000	12 months ended 30 June 2007 £'000
Operating loss	(1,064)	(2,244)	(4,403)
Depreciation of property, plant and equipment	49	60	124
Share-based payment expense	-	320	380
Finance costs	-	-	375
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Operating cash flows before movements in working capital	(1,015)	(1,864)	(3,524)
(Increase) / decrease in receivables	(149)	217	44
(Decrease) / increase in payables	(1,146)	613	(83)
Cash used by operations	(2,310)	(1,034)	(3,563)
Interest paid	(119)	(86)	(326)
Net cash used in operating activities	(2,429)	(1,120)	(3,889)

16. PUBLICATION OF NON-STATUTORY FINANCIAL STATEMENTS

The results for the six months ended 31 December 2007 and 2006 are unaudited and un-reviewed by the auditors. The results for the year ended 30 June 2007 do not constitute statutory financial statements as defined in section 240 of the Companies Act 1985, but have been derived from the full audited financial statements for the year ended 30 June 2007. The report of the auditors on the financial statements for the year ended 30 June 2007 was qualified.