



Interim Financial Statements

**For the six months ended
30 June 2016**

Company Registration Number: C 25829

RS2 Software p.l.c.

Statements of Financial Position

As at 30 June 2016

	The Group		The Company	
	30.06.16 Unaudited	31.12.15 Audited	30.06.16 Unaudited	31.12.15 Audited
	€	€	€	€
Assets				
Property, plant and equipment	9,027,027	9,059,244	8,880,709	8,834,473
Intangible assets	6,793,182	6,901,911	5,380,506	5,461,335
Investment in subsidiaries	-	-	2,826,962	2,730,104
Other investment	131,785	131,785	131,785	131,785
Loans and receivables from related parties	-	-	2,913,972	2,185,830
Accrued Income	354,000	354,000	2,073,361	2,061,205
Total non-current assets	16,305,994	16,446,940	22,207,295	21,404,732
Trade and other receivables	5,683,398	3,008,042	5,046,301	2,807,063
Loans and receivables from related parties	739,181	810,422	835,503	810,422
Prepayments	510,570	511,788	367,013	436,805
Accrued income	7,777,766	7,219,601	7,993,545	7,634,132
Cash at bank and in hand	4,904,488	7,193,681	4,029,679	6,634,403
Total current assets	19,615,403	18,743,534	18,272,041	18,322,825
Total assets	35,921,397	35,190,474	40,479,336	39,727,557

RS2 Software p.l.c.

Statements of Financial Position

As at 30 June 2016

	The Group		The Company	
	30.06.16 Unaudited	31.12.15 Audited	30.06.16 Unaudited	31.12.15 Audited
	€	€	€	€
Equity				
Share capital	9,499,991	8,999,991	9,499,991	8,999,991
Reserves	1,004,987	1,529,262	906,719	1,413,739
Retained earnings	15,284,614	15,323,249	19,509,997	19,426,460
Total equity attributable to equity holders of the Company	25,789,592	25,852,502	29,916,707	29,840,190
Non-controlling interest	(39,767)	(8,674)	-	-
Total equity	25,749,825	25,843,828	29,916,707	29,840,190
Liabilities				
Bank borrowings	2,361,412	2,465,781	2,361,412	2,465,781
Deferred tax liability	1,044,534	1,302,005	1,759,897	1,956,799
Derivatives	109,610	119,187	109,610	119,187
Total non-current liabilities	3,515,556	3,886,973	4,230,919	4,541,767
Bank borrowings	980,197	978,850	980,196	978,850
Trade and other payables	869,624	1,122,918	827,987	1,081,768
Current tax payable	2,685,710	1,436,346	2,685,710	1,436,346
Accruals	810,424	587,456	585,040	546,052
Deferred income	1,310,061	1,334,103	1,252,777	1,302,584
Total current liabilities	6,656,016	5,459,673	6,331,710	5,345,600
Total liabilities	10,171,572	9,346,646	10,562,629	9,887,367
Total equity and liabilities	35,921,397	35,190,474	40,479,336	39,727,557

RS2 Software p.l.c.

Statements of Changes in Equity

For the six months ended 30 June 2016

THE GROUP

Attributable to equity holders of the Company

	Share capital €	Share premium €	Translation reserve €	Share Option reserve	Retained earnings €	Total €	Non-controlling interest €	Total equity €
Balance at 1 January 2015	8,999,991	1,292,743	59,244	220,043	12,357,823	22,929,844	10,940	22,940,784
Comprehensive income for the period								
Profit for the period	-	-	-	-	4,744,123	4,744,123	(3,540)	4,740,583
Other comprehensive income								
Foreign currency translation differences	-	-	39,532	-	-	39,532	(7,505)	32,027
Total other comprehensive income for the period	-	-	39,532	-	-	39,532	(7,505)	32,027
Total comprehensive income for the period	-	-	39,532	-	4,744,123	4,783,655	(11,045)	4,772,610
Transactions with owners of the Company								
Dividend to equity holders	-	-	-	-	(1,999,978)	(1,999,978)	-	(1,999,978)
Share options exercised	-	-	-	(74,471)	74,471	-	-	-
Balance at 30 June 2015	8,999,991	1,292,743	98,776	145,572	15,176,439	25,713,521	(105)	25,713,416
Balance at 1 January 2016	8,999,991	1,292,743	115,524	120,996	15,323,249	25,852,503	(8,674)	25,843,829
Comprehensive income for the period								
Profit for the period	-	-	-	-	2,456,343	2,456,343	(35,598)	2,420,745
Other comprehensive income								
Foreign currency translation differences	-	-	(17,256)	-	-	(17,256)	4,505	(12,751)
Total other comprehensive income for the period	-	-	(17,256)	-	-	(17,256)	4,505	(12,751)
Total comprehensive income for the period	-	-	(17,256)	-	2,456,343	2,439,087	(31,093)	2,407,994
Transactions with owners of the Company								
Bonus Issue	500,000	(500,000)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	(2,501,998)	(2,501,998)	-	(2,501,998)
Share Options exercised	-	-	-	(7,020)	7,020	-	-	-
Balance at 30 June 2016	9,499,991	792,743	98,268	113,976	15,284,614	25,789,592	(39,767)	25,749,825

RS2 Software p.l.c.

Statements of Changes in Equity

For the six months ended 30 June 2016

THE COMPANY

	Share capital €	Share premium €	Share Option reserve €	Retained earnings €	Total €
Balance at 1 January 2015	8,999,991	1,292,743	220,043	16,287,701	26,800,478
Comprehensive income for the period					
Profit for the period	-	-	-	4,828,275	4,828,275
Total comprehensive income for the period	-	-	-	4,828,275	4,828,275
Transactions with owners of the Company					
Dividend to equity holders	-	-	-	(1,999,978)	(1,999,978)
Share options exercised	-	-	(74,471)	74,471	-
Balance at 30 June 2015	8,999,991	1,292,743	145,572	19,190,469	29,628,775
Balance at 1 January 2016	8,999,991	1,292,743	120,996	19,426,460	29,840,190
Comprehensive income for the period					
Profit for the period	-	-	-	2,593,764	2,593,764
Transactions recorded directly in equity					
Discount unwind	-	-	-	(15,249)	(15,249)
Transactions with owners of the Company					
Bonus issue	500,000	(500,000)	-	-	-
Dividend to equity holders	-	-	-	(2,501,998)	(2,501,998)
Share options exercised	-	-	(7,020)	7,020	-
Balance at 30 June 2016	9,499,991	792,743	113,976	19,509,997	29,916,707

RS2 Software p.l.c.

Statements of Comprehensive Income

For the six months ended 30 June 2016

	The Group		The Company	
	30.06.16 Unaudited	30.06.15 Unaudited	30.06.16 Unaudited	30.06.15 Unaudited
	€	€	€	€
Continuing Operations				
Revenue	11,247,355	11,548,027	10,404,462	10,912,353
Cost of sales	(5,421,690)	(4,736,278)	(4,733,961)	(4,143,522)
Gross profit	5,825,665	6,811,749	5,670,501	6,768,831
Other income	18,889	699,274	10,308	699,336
Marketing and promotional expenses	(364,908)	(250,853)	(328,545)	(248,305)
Administrative expenses	(1,444,534)	(1,164,351)	(1,120,388)	(1,005,090)
Capitalised development costs	231,178	415,527	231,178	415,527
Other expenses	(673,847)	(49,522)	(672,363)	(49,516)
Results from operating activities	3,592,443	6,461,824	3,790,691	6,580,783
Finance income	17,060	162,450	33,840	196,388
Finance costs	(193,558)	(68,957)	(178,093)	(53,255)
Net finance (cost)/income	(176,498)	93,493	(144,253)	143,133
Profit before income tax	3,415,945	6,555,317	3,646,438	6,723,916
Income tax expense	(995,200)	(1,814,734)	(1,052,674)	(1,895,641)
Profit for the period	2,420,745	4,740,583	2,593,764	4,828,275
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences on foreign operations	(12,751)	32,027	-	-
Total comprehensive income	2,407,994	4,772,610	2,593,764	4,828,275
Profit attributable to:				
Owners of the Company	2,456,343	4,744,123	2,593,764	4,828,275
Non-controlling interest	(35,598)	(3,540)	-	-
Profit for the period	2,420,745	4,740,583	2,593,764	4,828,275
Total comprehensive income attributable to:				
Owners of the Company	2,439,087	4,783,655	2,593,764	4,828,275
Non-controlling interest	(31,093)	(11,045)	-	-
Total comprehensive income for the period	2,407,994	4,772,610	2,593,764	4,828,275
Earnings per share	€ 0.016	€ 0.030	€ 0.016	€ 0.030

RS2 Software p.l.c.

Statements of Cash flows

For the six months ended 30 June 2016

	The Group		The Company	
	30.06.16 Unaudited	30.06.15 Unaudited	30.06.16 Unaudited	30.06.15 Unaudited
	€	€	€	€
Cash flows from operating activities				
Profit for the period	2,420,745	4,740,583	2,593,764	4,828,275
Adjustments for:				
Depreciation	312,355	254,846	233,704	180,972
Amortisation of intangible assets	311,963	526,534	312,008	525,739
Capitalised development costs	(231,178)	(415,527)	(231,178)	(415,527)
Provision for impairment loss on receivables	(2,177)	49,522	(2,177)	49,522
Interest payable	77,985	79,772	77,982	(38,765)
Interest receivable	(7,483)	(4,828)	(24,263)	79,940
Unwinding of amortisation on accrued income	23,351	15,701	8,103	-
Income tax	993,999	1,814,734	1,052,674	1,895,641
Provision for exchange fluctuations	395,981	(503,155)	395,981	(503,155)
Recharge of salaries from parent company	87,456	-	-	-
Changes in fair value of cash flow hedges	(9,577)	(27,938)	(9,577)	(27,938)
	4,373,420	6,530,244	4,407,021	6,574,704
Change in trade and other receivables	(3,591,245)	(2,855,546)	(3,463,861)	(2,442,065)
Change in trade and other payables	(121,503)	(233,970)	(358,716)	(489,346)
Cash generated from operating activities	660,672	3,440,728	584,444	3,643,293
Interest paid	(73,554)	(75,337)	(73,554)	(75,337)
Interest received	893	436	893	434
Income taxes paid	(1,729)	(2,950)	(134)	(2,950)
Net cash from operating activities	586,282	3,362,877	511,649	3,565,440
Cash flows from investing activities				
Acquisition of property, plant and equipment	(190,223)	(606,644)	(190,026)	(548,645)
Investment in subsidiaries	-	-	(112,105)	-
Advances to subsidiaries	-	-	(150,460)	(327,458)
Repayment of advances to subsidiaries	-	-	28,458	-
Net cash used in investing activities	(190,223)	(606,644)	(424,133)	(876,103)

RS2 Software p.l.c.

Statements of Cash flows

For the six months ended 30 June 2016

	The Group		The Company	
	30.06.16 Unaudited	30.06.15 Unaudited	30.06.16 Unaudited	30.06.15 Unaudited
	€	€	€	€
Cash flows from financing activities				
Dividends paid	(2,495,575)	(1,996,322)	(2,495,575)	(1,996,322)
Proceeds from bank borrowings	377,791	259,298	377,791	259,298
Repayments of bank borrowings	(480,813)	(385,746)	(480,813)	(385,746)
Net cash used in financing activities	(2,598,597)	(2,122,770)	(2,598,597)	(2,122,770)
Net decrease in cash and cash equivalents	(2,202,538)	633,463	(2,511,081)	566,567
Cash and cash equivalents at 1 January	7,193,681	4,520,446	6,634,403	3,731,903
Effect of fair value movement	-	(627)	-	-
Effect of exchange rate fluctuations on cash held	(84,571)	78,170	(91,559)	78,155
Cash and cash equivalents at 30 June	4,906,572	5,231,452	4,031,763	4,376,625

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2016

1 Reporting entity

RS2 Software p.l.c. (the "Company") is a public limited liability company domiciled and incorporated in Malta.

The condensed interim financial statements of the Company as at the end and for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU for interim financial statements (EU adopted IAS 34 *Interim Financial Reporting*).

The interim financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2015.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2015.

3.1 Determination of Fair Value

The Group has an established control framework with respect to the measurement of fair values. The reported carrying amounts of the Group's and Company's current financial instruments are the same as those applied in the last annual financial statements and are a reasonable approximation of the financial instruments' fair values in view of their short-term maturities and in the case of the derivative, this was measured at fair value.

The Group's and Company's fair values of other financial assets and liabilities, together with the carrying amounts in the statement of financial position are also a reasonable approximation of their respective fair values.

4 Segment reporting

4.1 Information about the Group's reportable segments

	Licensing		Processing		Total	
	30.06.16	30.06.15	30.06.16	30.06.15	30.06.16	30.06.15
	€	€	€	€	€	€
External revenues	10,285,309	10,737,323	962,046	810,704	11,247,355	11,548,027
Inter-segment revenues	116,398	175,030	-	-	116,398	175,030
Segment Revenues	10,401,707	10,912,353	962,046	810,704	11,363,753	11,723,057
Reportable segment profit/ (loss) before income tax	3,633,012	6,723,916	(292,419)	(241,762)	3,340,593	6,482,154

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2016

4 Segment reporting (continued)

	30.06.16	30.06.15
	€	€
External revenues		
Total revenue for reportable segments	11,363,753	11,723,057
Elimination of intersegment transactions	(116,398)	(175,030)
Consolidated revenues	11,247,355	11,548,027
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Reportable segment profit before income tax		
Total reportable segment profit for reportable segments	3,340,593	6,482,154
Elimination of intersegment transactions	73,268	73,163
Consolidated reportable segment profit	Error	6,555,317

5 Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired assets with a cost of €279,940 (six months ended 30 June 2015: €648,191), and there were no disposal of assets (six months ended 30 June 2015: €0).

6 Intangible assets

During the six months ended 30 June 2016, the Group capitalised expenditure on the development of computer software amounting to €231,178 (six months ended 30 June 2015: €415,527).

7 Investments in subsidiaries

On 4 April 2016, the Company subscribed to and was allotted 55,745 shares in RS2 Software APAC, a company registered in Philippines, representing 99.9% of the share capital of this subsidiary.

8 Related parties

8.1 Related party transactions

Similar to what was reported in the financial statements for the year ended 31 December 2015, the Group had the following the transactions with related parties:

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2016

8 Related parties (continued)

8.1 Related party transactions (continued)

	The Group		The Company	
	30.06.16 Unaudited €	30.06.15 Unaudited €	30.06.16 Unaudited €	30.06.15 Unaudited €
Parent company				
Interest charged to	5,996	1,283	5,996	1,283
Dividend paid to	1,252,081	1,000,854	1,252,081	1,000,854
Subsidiaries				
Payments for services provided to			5,753	19,825
Services provided to			526,094	512,291
Services not yet invoiced provided to			86,468	-
Interest charged to			16,860	34,925
Payments on behalf of			98,973	327,454
Recharge of salaries			87,456	-
Other related entities				
Services provided by	583,263	582,435	559,716	582,435
Services provided to	2,189,766	3,609,965	2,189,766	3,609,965
Services not yet invoiced provided to	147,437	125,874	147,437	125,874
Payments for services provided by	653,723	522,480	625,400	522,480
Payments for services provided to	1,707,575	4,891,586	1,707,575	4,891,586
Interest charged to	-	824	-	824

All transactions entered into with related parties have been accounted for at fair and reasonable prices.

8.2 Related party balances

	The Group		The Company	
	30.06.16 Unaudited €	30.06.15 Audited €	30.06.16 Unaudited €	30.06.15 Audited €
Amounts receivable				
Amounts owed by parent company	750,376	738,370	750,376	738,070
Amounts owed by subsidiary companies	-	-	2,890,947	4,104,477
Amounts owed by other related entities	470,996	1,280,360	567,317	1,280,360
Amounts payable				
Trade payables due to other related entities	14,160	7,080	14,160	7,080

RS2 Software p.l.c.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

As at 30 June 2016

We confirm that to the best of our knowledge:

- the condensed interim financial statements which have been prepared in compliance with International Financial Reporting Standards as adopted by the EU for interim financial statements (EU adopted IAS 34, Interim Financial Statements), give a true and fair view of the financial position of the Group as at 30 June 2016, as well as the financial performance and cash flows for the period ended 30 June 2016; and
- the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Mario Schembri
Chairman



Radi El Haj
Director