



## Interim Financial Statements

For the six months ended  
30 June 2017

Company Registration Number: C 25829

# RS2 Software p.l.c.

## Condensed Interim Financial Statements

For the six months ended 30 June 2017

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# RS2 Software p.l.c.

## Director's Report

For the six months ended 30 June 2017

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*This report is published in terms of Chapter 5 of the Listing Rules as prescribed by the Listing Authority in accordance with the provisions of the Financial Markets Act, 1990.*

*The condensed financial statements have been extracted from the Group's unaudited consolidated accounts for the six months ended 30 June 2017 and its comparative period in 2016. The comparative balance sheet has been extracted from the audited financial statements as at 31 December 2016. The condensed interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34 Interim Financial Reporting). In terms of Listing Rule 5.75.5, the directors state that the half-yearly financial report has not been audited or reviewed by the Group's independent auditors.*

### Principal activities

The Group is principally engaged in the development, installation, implementation and marketing of specialised computer software for financial institutions, under the trade mark of BankWORKS®, and processing of payment transactions with the use of BankWORKS®.

### Review of performance and business developments

The Group generated total revenues of €10.6m for the first half of 2017 demonstrating a better performance in comparison with the €9.7m reported for the first half of 2016 as a result of the net increase revenue from services and managed services as partly offset a decline in licence fees.

During 2017, the Group has started to reap returns from its past drive to increase its staff compliment to meet client demands. The new subsidiary in Manila, Philippines commenced its development and support services operations to the Malta headquarters becoming a development support centre as originally planned. Notwithstanding this, increases in cost of sales remained at a relatively stable pace compared to 2016, only increasing by 4%.

Gross Profit amounts to €5m, an increase of 17% when compared with €4.3m for the first half of 2016. The increase in Gross Profit is largely attributable to the increases in revenue whilst maintaining cost of sales at 2016 levels, though marginally higher.

Administrative and marketing expenses increased by 34% and 21% respectively. Such increases are reflective of the ongoing efforts in marketing activities, resulting in a very healthy sales pipeline for the Group whilst administrative expenses have increased as the Group continues to strengthen its administrative functions in support of the planned international growth, especially through its operational offices in US and Philippines. Such an intensive drive towards international expansion, through the Group's subsidiaries and physical presence in the Philippines and the United States provide a strong foothold in the respective markets from where the Group is able to attract the right customers and as well as strategic partners.

# RS2 Software p.l.c.

## Director's Report

For the six months ended 30 June 2017

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Profit before tax for the Group amounts to €2.5m, an increase of 38% when compared to the same period last year. In addition to the net increases in revenue when matched to expenses, this positive result emanated from the fact that the Group was impacted by exchange losses which were lower by 52% compared to prior year and by managing to double the amount of development costs which was capitalised over the same period last year.

Performance for an accounting period may be influenced by revenue recognition criteria. In accordance with the Group's revenue recognition policy, services, maintenance, comprehensive packages and processing revenue, which are by their nature recurring, are recognised when these are performed. License sales are recognised as revenue when a license contract is concluded, or in stages over the term of the contract depending on the nature and period of the licence granted. Due to such criteria and value of the licence contracts, the performance from one accounting period to another may not be linear.

During the first half of 2017 the Group continued its implementation of its business strategy by intensively growing its managed services business line. As announced in January 2017, RS2 Smart Processing concluded three major agreements with one of the largest acquirer in Europe, a Latin American company and a Canadian company. In addition to these new agreements, the Group has already concluded letters of intent and is in an advanced stage of contract negotiation for delivery of managed services to clients in Argentina, Australia, UK and Portugal. Implementations of these new engagements is currently underway. Revenue from these contracts is expected to be generated over the coming months and years. When completed, the number of live clients for the Group's managed services business will multiply threefold and will consequently increase the recurring revenue from this business stream. Revenue from transaction services from these agreements is expected to start materialising in the later part of 2017.

The Group has continued to invest in the capabilities required for global expansion by attracting international talent to strengthen its senior management team. To this end, in May 2017, Mr. Patrick Clarke was appointed the new Chief Technology Officer (CTO). Mr. Clarke brings with him extensive knowledge and expertise of the payments industry having co-founded and lead OmniPay (a First Data company), a global acquirer processing company, as its CEO. Mr. Clarke is also a Certified Information Systems Security Professional (CISSP) and Payment Card Industry Qualified Security Assessor (PCI QSA).

In furthering its strategy of expansion across regional markets, on 10th July, 2017, RS2 Software p.l.c. entered into a Strategic Alliance with Quattro Processing Services, a global FinTech company that specializes in full service payment processing. The purpose of this alliance is for Quattro to offer an end-to-end hosted credit card processing and acquiring technology platform, for the Banks and Financial Institutions in India by making use of RS2 Software p.l.c.'s software BankWORKS®. RS2's strategic partnership with Quattro, the first-of-its-kind with any other payments processing company in the world, will enable the Group to gain entry into the strategically important Indian market whilst opening up multitude of opportunities. Quattro's end-to-end processing capabilities and other value service proposition such as Data Analytics, Fraud and Risk Management will be utilized by RS2 to services its worldwide customer base within its Global Issuing and Acquiring business with RS2 benefitting from a profit share relating to the whole operations.

# RS2 Software p.l.c.

## Director's Report

For the six months ended 30 June 2017

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Over the past year the Group has continued to build its strong network established with reputable market service providers and individuals in the United States. The important milestone achieved by the Group over the past two years in securing a sponsorship for its managed services business in the US makes it well poised in its development of its business in the USA. The United States market is ripe with opportunities for the Group as BankWORKS® offers a high level of flexibility and modularity, which is lacking in legacy systems currently in use today.

The Group is also currently actively pursuing new opportunities with partners in Indonesia and Australia to offer mainly managed services solutions. These markets show significant potential for growth in the payment industry and the Group is well positioned to take advantage of this opportunity.

Sales pipeline across the different regions and across the two business lines is very healthy and conducive to successfully implementing the Group's expansion strategy.

### Related party transactions

Similar to what was reported in the financial statements for the year ended 31 December 2016, the Group had related party transactions with its parent company and other entities in which the directors of the Company, or their immediate relatives, have an ownership interest.

Transactions with each category of related parties and the balances outstanding at the end of the reporting periods are set out in note 7 of the Notes to these Condensed Interim Financial Statements.

### Dividends

Due to further substantial investment in infrastructure and business development, the Board is not declaring an interim dividend.

Approved by the Board of Directors on 22 August 2017 and signed on its behalf by:



Mario Schembri  
Chairman



Radi El Haj  
Director

# RS2 Software p.l.c.

## Statements of Financial Position

As at 30 June 2017

	The Group		The Company	
	30.06.17 Unaudited	31.12.16 Audited	30.06.17 Unaudited	31.12.16 Audited
	€	€	€	€
<b>Assets</b>				
Property, plant and equipment	9,038,091	9,034,813	8,704,119	8,713,657
Intangible assets	6,839,736	6,815,115	5,465,436	5,327,256
Investment in subsidiaries	-	-	5,706,353	5,737,262
Other investment	131,785	131,785	131,785	131,785
Loans and receivables from related	-	-	505,685	23,751
Accrued Income	-	-	1,268,617	1,241,928
<b>Total non-current assets</b>	<b>16,009,612</b>	<b>15,981,713</b>	<b>21,781,995</b>	<b>21,175,639</b>
Trade and other receivables	4,271,823	1,999,493	4,174,775	1,804,112
Loans and receivables from related	2,067,238	918,566	2,664,296	1,554,951
Prepayments	372,227	624,578	285,786	425,540
Accrued income	5,720,929	6,011,551	5,170,382	6,314,841
Cash at bank and in hand	3,807,413	6,344,155	3,168,448	5,535,139
<b>Total current assets</b>	<b>16,239,630</b>	<b>15,898,343</b>	<b>15,463,687</b>	<b>15,634,583</b>
<b>Total assets</b>	<b>32,249,242</b>	<b>31,880,056</b>	<b>37,245,682</b>	<b>36,810,222</b>

# RS2 Software p.l.c.

## Statements of Financial Position

As at 30 June 2017

	The Group		The Company	
	30.06.17 Unaudited	31.12.16 Audited	30.06.17 Unaudited	31.12.16 Audited
	€	€	€	€
<b>Equity</b>				
Share capital	10,291,657	9,499,991	10,291,657	9,499,991
Reserves	220,531	1,000,911	97,764	891,139
Retained earnings	11,432,647	11,506,615	17,006,818	16,791,843
<b>Total equity attributable to equity holders of the Company</b>	<b>21,944,835</b>	<b>22,007,517</b>	<b>27,396,239</b>	<b>27,182,973</b>
Non-controlling interest	(198,742)	(142,177)	-	-
<b>Total equity</b>	<b>21,746,093</b>	<b>21,865,340</b>	<b>27,396,239</b>	<b>27,182,973</b>
<b>Liabilities</b>				
Bank borrowings	1,351,821	1,859,899	1,351,821	1,859,899
Deferred tax liability	690,107	758,265	1,441,683	1,518,485
Employee Benefits	1,940,111	1,922,045	1,368,931	1,356,070
Derivatives	63,707	84,254	63,707	84,254
<b>Total non-current liabilities</b>	<b>4,045,746</b>	<b>4,624,463</b>	<b>4,226,142</b>	<b>4,818,708</b>
Bank borrowings	1,007,001	993,938	1,007,000	993,937
Trade and other payables	998,415	849,711	884,058	729,545
Current tax payable	2,092,828	958,215	2,092,828	958,215
Accruals	974,676	828,974	316,911	372,181
Employee Benefits	111,422	111,422	111,422	111,422
Deferred income	1,273,061	1,647,993	1,211,082	1,643,241
<b>Total current liabilities</b>	<b>6,457,403</b>	<b>5,390,253</b>	<b>5,623,301</b>	<b>4,808,541</b>
<b>Total liabilities</b>	<b>10,503,149</b>	<b>10,014,716</b>	<b>9,849,443</b>	<b>9,627,249</b>
<b>Total equity and liabilities</b>	<b>32,249,242</b>	<b>31,880,056</b>	<b>37,245,682</b>	<b>36,810,222</b>

# RS2 Software p.l.c.

## Statements of Changes in Equity

For the six months ended 30 June 2017

### 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 2016	8,999,991	1,292,743	115,523	120,996	15,323,249	25,852,502	(8,674)	25,843,828
Impact of correction of errors	-	-	-	-	(1,914,139)	(1,914,139)	-	(1,914,139)
Restated balance at 1 January 2016	8,999,991	1,292,743	115,523	120,996	13,409,110	23,938,363	(8,674)	23,929,689
<b>Comprehensive income for the period (restated)</b>								
Profit for the period	-	-	-	-	1,381,996	1,381,996	(35,598)	1,346,398
<b>Other comprehensive income</b>								
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 (restated)	-	-	(17,256)	-	1,381,996	1,364,740	(31,093)	1,333,647
<b>Transactions with owners of the Company</b>								
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	-	-	-
<b>Balance at 30 June 2016</b>	<b>9,499,991</b>	<b>792,743</b>	<b>98,267</b>	<b>113,976</b>	<b>12,296,128</b>	<b>22,801,105</b>	<b>(39,767)</b>	<b>22,761,338</b>
Balance at 1 January 2017	9,499,991	792,743	109,771	98,396	11,506,618	22,007,519	(142,187)	21,865,332
<b>Comprehensive income for the period</b>								
Profit for the period	-	-	-	-	1,507,738	1,507,738	(78,987)	1,428,751
<b>Other comprehensive income</b>								
Foreign currency translation differences	-	-	12,996	-	(86)	12,910	22,432	35,342
Total other comprehensive income for the period	-	-	12,996	-	(86)	12,910	22,432	35,342
Total comprehensive income for the period	-	-	12,996	-	1,507,652	1,520,648	(56,555)	1,464,093
<b>Transactions with owners of the Company</b>								
Bonus Issue	791,666	(791,666)	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	(1,583,332)	(1,583,332)	-	(1,583,332)
Share Options exercised	-	-	-	(1,709)	1,709	-	-	-
<b>Balance at 30 June 2017</b>	<b>10,291,657</b>	<b>1,077</b>	<b>122,767</b>	<b>96,687</b>	<b>11,432,647</b>	<b>21,944,835</b>	<b>(198,742)</b>	<b>21,746,093</b>



# RS2 Software p.l.c.

## Statements of Changes in Equity

For the six months ended 30 June 2017

### THE COMPANY

	Share capital €	Share premium €	Share Option reserve €	Retained earnings €	Total €
Balance at 1 January 2016	8,999,991	1,292,743	120,996	19,426,460	29,840,190
Impact of correction of errors	-	-	-	(1,358,420)	(1,358,420)
Restated balance at 1 January 2016	8,999,991	1,292,743	120,996	18,068,040	28,481,770
<b>Comprehensive income for the year (restated)</b>					
Profit for the period	-	-	-	1,524,520	1,524,520
Total comprehensive income for the period	-	-	-	1,524,520	1,524,520
<b>Transactions recorded directly in equity</b>					
Discount unwind	-	-	-	(15,249)	(15,249)
<b>Transactions with owners of the Company</b>					
Bonus issue	500,000	(500,000)	-	-	-
Dividend to equity holders	-	-	-	(2,501,998)	(2,501,998)
Share options exercised	-	-	(7,020)	7,020	-
<b>Balance at 30 June 2016</b>	<b>9,499,991</b>	<b>792,743</b>	<b>113,976</b>	<b>17,082,333</b>	<b>27,489,043</b>
Balance at 1 January 2017	9,499,991	792,743	98,396	16,791,843	27,182,973
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	1,827,506	1,827,506
<b>Transactions recorded directly in equity</b>					
Discount unwind	-	-	-	(30,910)	(30,910)
<b>Transactions with owners of the Company</b>					
Bonus issue	791,666	(791,666)	-	-	-
Dividend to equity holders	-	-	-	(1,583,330)	(1,583,330)
Share options exercised	-	-	(1,709)	1,709	-
<b>Balance at 30 June 2017</b>	<b>10,291,657</b>	<b>1,077</b>	<b>96,687</b>	<b>17,006,818</b>	<b>27,396,239</b>

# RS2 Software p.l.c.

## Statements of Comprehensive Income

For the six months ended 30 June 2017

	The Group		The Company	
	30.06.17 Unaudited	30.06.16 Unaudited Restated*	30.06.17 Unaudited	30.06.16 Unaudited Restated*
	€	€	€	€
<b>Continuing Operations</b>				
Revenue	10,574,385	9,747,355	9,425,641	8,904,462
Cost of sales	(5,633,958)	(5,439,354)	(4,837,247)	(4,746,522)
<b>Gross profit</b>	<b>4,940,427</b>	<b>4,308,001</b>	<b>4,588,394</b>	<b>4,157,940</b>
Other income	42,571	18,889	45,801	10,308
Marketing and promotional expenses	(441,355)	(365,761)	(389,759)	(329,398)
Administrative expenses	(2,039,336)	(1,525,364)	(1,394,503)	(1,201,218)
Capitalised development costs	457,618	231,178	457,618	231,178
Other expenses	(326,036)	(673,847)	(324,165)	(672,363)
<b>Results from operating activities</b>	<b>2,633,889</b>	<b>1,993,096</b>	<b>2,983,386</b>	<b>2,196,447</b>
Finance income	44,566	17,060	75,420	33,840
Finance costs	(172,401)	(193,558)	(172,369)	(178,093)
<b>Net finance (cost)/income</b>	<b>(127,835)</b>	<b>(176,498)</b>	<b>(96,949)</b>	<b>(144,253)</b>
<b>Profit before income tax</b>	<b>2,506,054</b>	<b>1,816,598</b>	<b>2,886,437</b>	<b>2,052,194</b>
Income tax expense	(1,077,303)	(470,200)	(1,058,931)	(527,674)
<b>Profit for the period</b>	<b>1,428,751</b>	<b>1,346,398</b>	<b>1,827,506</b>	<b>1,524,520</b>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences on foreign operations	35,428	(12,751)	-	-
<b>Total comprehensive income</b>	<b>1,464,179</b>	<b>1,333,647</b>	<b>1,827,506</b>	<b>1,524,520</b>
<b>Profit attributable to:</b>				
Owners of the Company	1,507,738	1,381,996	1,827,506	1,524,520
Non-controlling interest	(78,987)	(35,598)	-	-
<b>Profit for the period</b>	<b>1,428,751</b>	<b>1,346,398</b>	<b>1,827,506</b>	<b>1,524,520</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,520,734	1,364,740	1,827,506	1,524,520
Non-controlling interest	(56,555)	(31,093)	-	-
<b>Total comprehensive income for the</b>	<b>1,464,179</b>	<b>1,333,647</b>	<b>1,827,506</b>	<b>1,524,520</b>
<b>Earnings per share</b>	<b>€ 0.009</b>	<b>€ 0.008</b>	<b>€ 0.011</b>	<b>€ 0.009</b>

\* Certain amounts shown here have been restated to reflect prior year adjustments made for the provision for key management personnel post-employment benefits and for reassessment of revenue recognition criteria effecting revenue for the first 6 months of the comparative year.

# RS2 Software p.l.c.

## Statements of Cash flows

For the six months ended 30 June 2017

	The Group		The Company	
	30.06.17 Unaudited	30.06.16 Unaudited Restated*	30.06.17 Unaudited	30.06.16 Unaudited Restated*
	€	€	€	€
<b>Cash flows from operating activities</b>				
Profit for the period	1,428,751	1,346,398	1,827,506	1,524,520
Adjustments for:				
Depreciation	288,142	312,355	240,127	233,704
Amortisation of intangible assets	319,435	311,963	319,438	312,008
Capitalised development costs	(457,618)	(231,178)	(457,618)	(231,178)
Provision for impairment loss on receivables	-	(2,177)	-	(2,177)
Bad debts written off	-	-	-	-
Interest payable	54,630	77,985	54,630	77,982
Interest receivable	(5,922)	(7,483)	(5,951)	(24,263)
Unwinding of post-employment benefits	18,066	99,347	12,860	94,244
Unwinding of discount on trade receivables and accrued income	(18,373)	23,351	(48,923)	8,103
Income tax	1,077,303	468,999	1,058,931	527,674
Provision for exchange fluctuations	354,532	395,981	354,375	395,981
Recharge of salaries from parent company	-	87,456	-	-
Gain on disposal of motor vehicles	6,900	-	6,900	-
Changes in fair value of cash flow hedges	(20,546)	(9,577)	(20,546)	(9,577)
	<b>3,045,300</b>	<b>2,873,420</b>	<b>3,341,729</b>	<b>2,907,021</b>
Change in trade and other receivables	(3,239,152)	(2,093,329)	(2,950,131)	(1,965,945)
Change in trade and other payables	1,744	(121,503)	(66,967)	(358,716)
Change in parent company's balance	-	-	182,130	-
Cash generated from operating activities	<b>(192,108)</b>	<b>658,588</b>	<b>506,761</b>	<b>582,360</b>
Interest paid	(55,935)	(73,554)	(55,935)	(73,554)
Interest received	676	893	676	893
Income taxes paid	(2,267)	(1,729)	(101)	(134)
<b>Net cash from operating activities</b>	<b>(249,634)</b>	<b>584,198</b>	<b>451,401</b>	<b>509,565</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(208,619)	(190,223)	(89,964)	(190,026)
Proceeds from sale of property, plant and equipment	6,900	-	6,900	-
Investment in subsidiaries	-	-	-	(112,105)
Advances to subsidiaries	-	-	(597,645)	(150,460)
Repayment of advances to subsidiaries	-	-	-	28,458
<b>Net cash used in investing activities</b>	<b>(201,719)</b>	<b>(190,223)</b>	<b>(680,709)</b>	<b>(424,133)</b>

\* Certain amounts shown here have been restated to reflect prior year adjustments made for the provision for key management personnel post-employment benefits and for reassessment of revenue recognition criteria effecting revenue for the first 6 months of the comparative year.

# RS2 Software p.l.c.

## Statements of Cash flows

For the six months ended 30 June 2017

	The Group		The Company	
	30.06.17 Unaudited	30.06.16 Unaudited Restated*	30.06.17 Unaudited	30.06.16 Unaudited Restated*
	€	€	€	€
<b>Cash flows from financing activities</b>				
Dividends paid	(1,578,120)	(2,495,575)	(1,578,120)	(2,495,575)
Proceeds from bank borrowings	-	377,791	-	377,791
Repayments of bank borrowings	(495,015)	(480,813)	(495,015)	(480,813)
<b>Net cash used in financing activities</b>	<b>(2,073,135)</b>	<b>(2,598,597)</b>	<b>(2,073,135)</b>	<b>(2,598,597)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,524,488)</b>	<b>(2,204,622)</b>	<b>(2,302,443)</b>	<b>(2,513,165)</b>
Cash and cash equivalents at 1 January	6,344,155	7,193,681	5,535,139	6,634,403
Effect of fair value movement	-	-	-	-
Effect of exchange rate fluctuations on cash held	(12,254)	(84,571)	(64,248)	(91,559)
<b>Cash and cash equivalents at 30 June</b>	<b>3,807,413</b>	<b>4,904,488</b>	<b>3,168,448</b>	<b>4,029,679</b>

\* Certain amounts shown here have been restated to reflect prior year adjustments made for the provision for key management personnel post-employment benefits and for reassessment of revenue recognition criteria effecting revenue for the first 6 months of the comparative year.

# RS2 Software p.l.c.

## Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2017

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### 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 2017 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 2016.

### 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 2016.

#### 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	
	30.06.17	30.06.16	30.06.17	30.06.16	30.06.17	30.06.16
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	€	€	€	€	€	€
External revenues	9,211,610	8,785,309	1,362,775	962,046	10,574,385	9,747,355
Inter-segment revenues	214,031	116,398	-	-	214,031	116,398
Segment Revenues	<b>9,425,641</b>	<b>8,901,707</b>	<b>1,362,775</b>	<b>962,046</b>	<b>10,788,416</b>	<b>9,863,753</b>
Reportable segment profit/ (loss) before income tax	<b>2,656,844</b>	<b>2,040,851</b>	<b>(224,124)</b>	<b>(297,521)</b>	<b>2,432,720</b>	<b>1,743,330</b>

# RS2 Software p.l.c.

## Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2017

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### 4 Segment reporting (continued)

	30.06.17 Unaudited €	30.06.16 Unaudited €
<b>External revenues</b>		
Total revenue for reportable segments	10,788,416	9,863,753
Elimination of intersegment transactions	(214,031)	(116,398)
Consolidated revenues	<u>10,574,385</u>	<u>9,747,355</u>
<b>Reportable segment profit before income tax</b>		
Total reportable segment profit for reportable segments	2,432,720	1,743,330
Elimination of intersegment transactions	73,334	73,268
Consolidated reportable segment profit	<u>2,506,054</u>	<u>1,816,598</u>

### 5 Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired assets with a cost of €306,754 (six months ended 30 June 2016: €280,138), and disposal of an asset of €21,514 (six months ended 30 June 2016: €0).

### 6 Intangible assets

During the six months ended 30 June 2017, the Group capitalised expenditure on the development of computer software amounting to €457,618 (six months ended 30 June 2016: €231,178).

### 7 Related parties

#### 7.1 Related party transactions

Similar to what was reported in the financial statements for the year ended 31 December 2016, 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 2017

### 7 Related parties (continued)

#### 7.1 Related party transactions (continued)

	The Group		The Company	
	30.06.17 Unaudited €	30.06.16 Unaudited €	30.06.17 Unaudited €	30.06.16 Unaudited €
<b>Parent company</b>				
Interest charged to	5,213	5,996	5,213	5,996
Dividend paid to	792,350	1,252,081	792,350	1,252,081
<b>Subsidiaries</b>				
Payments for services provided to			596,953	5,753
Services provided to			557,620	526,094
Services not yet invoiced provided to			138,918	86,468
Interest charged to			-	16,860
Payments on behalf of			597,646	98,973
Recharge of salaries			188,391	152,550
Recharge of overhead to			110,980	99,638
Recharge of salaries by			56,250	43,177
<b>Other related entities</b>				
Services provided by	836,171	583,263	836,171	559,716
Services provided to	3,131,097	2,189,766	3,131,097	2,189,766
Services not yet invoiced provided to	1,739,293	2,446,670	1,739,293	2,446,670
Services not yet invoiced provided by	(110,000)	330,000	(110,000)	330,000
Payments for services provided by	646,567	653,723	646,567	625,400
Payments for services provided to	1,916,776	1,707,575	1,916,776	1,707,575

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

#### 7.2 Related party balances

	The Group		The Company	
	30.06.17 Unaudited €	31.12.16 Audited €	30.06.17 Unaudited €	31.12.16 Audited €
<b>Amounts receivable</b>				
Amounts owed by parent company	760,047	754,834	760,047	754,834
Amounts owed by subsidiary companies	-	-	597,051	636,385
Amounts owed by other related entities	1,307,191	163,732	1,307,197	163,732
<b>Amounts payable</b>				
Trade payables due to other related entities	20,976	20,186	20,976	39,378

# RS2 Software p.l.c.

## Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

As at 30 June 2017

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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 2017, as well as the financial performance and cash flows for the period ended 30 June 2017; 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