

RS2 Software p.l.c.
COMPANY ANNOUNCEMENT

The following is a company announcement issued by RS2 Software p.l.c. pursuant to Malta Financial Services Authority Listing Rules - Chapter 8.

Quote

Reference is made to the Company Announcement made earlier on today and to the Interim Financial Statements attached therewith. The Balance Sheet contained a typographical error in the reserves amount of the equity section, and therefore the Interim Financial Statements are being reissued with the revised Balance Sheet.

Unquote



Dr. Ivan Gatt
Company Secretary

13th August, 2008



Condensed Interim Financial Statements

**For the Period 1 January 2008 to
30 June 2008**

RS2 Software p.l.c.

Condensed Interim Financial Statements

For the Period 1 January 2008 to 30 June 2008

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RS2 Software p.l.c.

Directors' Report pursuant to Listing Rule 9.44.2

For the Six Months Ended 30 June 2008

This report is published in terms of Chapters 8 and 9 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 Company's unaudited accounts for the six months ended 30 June 2008 and its comparative period in 2007. The comparative balance sheet has been extracted from the audited financial statements as at 31 December 2007. 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 9.44k.5, the directors state that the half-yearly financial report has not been audited or reviewed by the Company's independent auditors.

Principal activities

The Company is principally engaged in the development, installation, implementation and marketing of computer software for financial institutions.

Review of performance

The Company has generated total revenue of Euro 5,330,722 during the six months ended 30 June 2008, which represents a 92% increase when compared to the same period last year. The increase is characterised by the following factors:

- During the first six months of the year, the Company concluded three Comprehensive Package Agreements. These agreements provide clients with licences, maintenance and a given amount of services against a pre-determined price, and thus ensure a constant stream of revenue to the Company.
- The Company has also successfully concluded the sale of two new licences. This is in line with the Company's targets to expand its client base, and consistent with the Company's plans to further penetrate untapped markets.

The Company's sales efforts for licences have materialised earlier than envisaged in the first part of the year. It is not anticipated that the performance of the second half of the year can match that of the reporting period to the same extent.

During the period, the Company achieved a profit after taxation of Euro 2,352,613, representing a profit margin of 44% (six months ended 30 June 2007: 36%). The improvement in the profit margin is directly attributable to a favourable revenue mix in terms of licences, maintenance and services yielding a higher margin over the comparable period in 2007.

The Directors of the Company are confident that the profit for the full year ending 31 December 2008 will meet its projections.

RS2 Software p.l.c.

Directors' Report pursuant to Listing Rule 9.44.2

For the Six Months Ended 30 June 2008

Combined offering

On 9 June 2008, the Company opened applications for a Combined Offering of 12,500,000 ordinary shares, which shares were all taken up by 11 June 2008. Following the Combined Offering, the Company's total share capital of 37,500,000 ordinary shares were listed on the Malta Stock Exchange, were trading commenced on 27 June 2008.

The proceeds generated from the issue of shares will be employed to fund further the organic growth of the Company by enhancing its marketing capabilities and its research and development function, as well as to expand its operations by setting up representative offices closer to client sites in selected regions abroad, and the establishment of the RS2 Training Academy.

Related party transactions

Consistent with what was reported in the financial statements for the year ended 31 December 2007, the Company had related party transactions with its parent company, other subsidiaries of the 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 9 of the Notes to the Condensed Interim Financial Statements.

Dividends

On 28th April 2008, the Company declared an interim dividend of Euro 1,200,000. The Board of Directors does not propose to pay further interim dividends for the six months ended 30 June 2008.

Approved by the Board on 12 August 2008 and signed on its behalf by:



Reinhold Schäffter
Director



Mario Schembri
Director

RS2 Software p.l.c.

Condensed Balance Sheet

As at 30 June 2008

| | | 30.06.08 (Unaudited) | 31.12.07 (Audited) |
|---|-------------|---------------------------------------|-----------------------|
| | Note | € | € |
| ASSETS | | | |
| Plant and equipment | 4 | 83,761 | 48,968 |
| Intangible assets | 5 | 6,041,420 | 6,339,360 |
| Accrued income | | 948,020 | - |
| Total non-current assets | | 7,073,201 | 6,388,328 |
| | | | |
| Trade and other receivables | | 1,829,084 | 962,957 |
| Receivables from other related entities | 9 | 328,742 | 370,438 |
| Prepayments and accrued income | | 2,460,664 | 1,536,073 |
| Cash at bank and in hand | | 4,418,481 | 1,008,152 |
| Total current assets | | 9,036,971 | 3,877,620 |
| Total assets | | 16,110,172 | 10,265,948 |

RS2 Software p.l.c.


Condensed Balance Sheet

As at 30 June 2008

| | Note | 30.06.08 (Unaudited) € | 31.12.07 (Audited) € |
|--------------------------------------|------|------------------------------|----------------------------|
| EQUITY | | | |
| Share capital | 6 | 7,500,000 | 1,615,345 |
| Reserves | | 2,860,868 | 2,052,748 |
| Retained earnings | | 2,830,240 | 4,528,265 |
| Total equity | | 13,191,108 | 8,196,358 |
| LIABILITIES | | | |
| Deferred tax liabilities | | 285,809 | 24,140 |
| Total non-current liabilities | | 285,809 | 24,140 |
| Trade and other payables | | 873,427 | 1,189,906 |
| Accruals and deferred income | | 1,759,828 | 855,544 |
| Total current liabilities | | 2,633,255 | 2,045,450 |
| Total liabilities | | 2,919,064 | 2,069,590 |
| Total equity and liabilities | | 16,110,172 | 10,265,948 |

The euro conversion rate issued by the Central Bank of Malta between the Euro and the Maltese Lira has been irrevocably fixed at 0.4293.

The condensed interim financial statements on pages 3 to 12 were approved by the Board of Directors on 12 August 2008 and were signed on its behalf by:



Reinhold Schäffter
Director



Mario Schembri
Director

RS2 Software p.l.c.

Condensed Statement of Changes in Equity

For the Six Months Ended 30 June 2008

| | Share capital (Unaudited) | Share premium (Unaudited) | Revaluation reserve (Unaudited) | Other reserve (Unaudited) | Share option Reserve (Unaudited) | Retained earnings (Unaudited) | Total |
|----------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|-------------------------------------|----------------------------------|--------------------|
| | € | € | € | € | € | € | € |
| Balance at 1 January 2007 | 1,469,964 | - | 319,956 | 1,880,989 | 128,767 | 4,458,758 | 8,258,434 |
| Profit for the period | - | - | - | - | - | 1,006,846 | 1,006,846 |
| Transfer from retained earnings: | | | | | | | |
| Unrealised gains | - | - | - | (1,059) | - | 1,059 | - |
| Share-based payment | - | - | - | - | 71,537 | - | 71,537 |
| Deferred taxation | - | - | - | - | (10,731) | - | (10,731) |
| Balance at 30 June 2007 | 1,469,964 | - | 319,956 | 1,879,930 | 189,573 | 5,466,663 | 9,326,086 |
| Balance at 1 January 2008 | 1,615,345 | - | 319,956 | 1,732,792 | - | 4,528,265 | 8,196,358 |
| Profit for the period | - | - | - | - | - | 2,352,613 | 2,352,613 |
| Transfer from retained earnings: | | | | | | | |
| Unrealised gains | - | - | - | 18,731 | - | (18,731) | - |
| Interim dividend declared | - | - | - | - | - | (1,200,000) | (1,200,000) |
| Capitalisation of reserves | 4,884,655 | - | (319,956) | (1,732,792) | - | (2,831,907) | - |
| Issue of share capital | 1,000,000 | 3,000,000 | - | - | - | - | 4,000,000 |
| Transaction costs | - | (157,863) | - | - | - | - | (157,863) |
| Balance at 30 June 2008 | 7,500,000 | 2,842,137 | - | 18,731 | - | 2,830,240 | 13,191,108 |

RS2 Software p.l.c.

Condensed Income Statement

For the Six Months ended 30 June 2008

| | | 30.06.08 (Unaudited) | 30.06.07 (Unaudited) |
|--|-------------|---------------------------------------|-------------------------|
| | Note | € | € |
| CONTINUING OPERATIONS | | | |
| Revenue | | 5,330,722 | 2,772,413 |
| Cost of sales | | (2,048,145) | (1,490,370) |
| | | ----- | ----- |
| Gross profit | | 3,282,577 | 1,282,043 |
| Administrative expenses | | (387,040) | (340,572) |
| Capitalised development costs | | 45,651 | 70,301 |
| Other expenses | 7 | (250,699) | (9,550) |
| | | ----- | ----- |
| Results from operating activities | | 2,690,489 | 1,002,222 |
| Finance income | | 26,452 | 441 |
| Finance expenses | | (98,288) | (22,168) |
| | | ----- | ----- |
| Net finance expense | | (71,836) | (21,727) |
| | | ----- | ----- |
| Profit before income tax | | 2,618,653 | 980,495 |
| Income tax expense | | (266,040) | 26,351 |
| | | ----- | ----- |
| Profit for the period | | 2,352,613 | 1,006,846 |
| | | ===== | ===== |
| Earnings per share | 8 | € 0.14 | € 0.68 |
| | | ===== | ===== |

RS2 Software p.l.c.

Condensed Cash Flow Statement

For the Six Months Ended 30 June 2008

| | 30.06.08 | 30.06.07 |
|--|-------------|-------------|
| | (Unaudited) | (Unaudited) |
| | € | € |
| Cash flows from operating activities | | |
| Profit for the period | 2,352,613 | 1,006,846 |
| Adjustments for: | | |
| Depreciation | 24,083 | 24,190 |
| Amortisation of intangible assets | 343,588 | 338,840 |
| Capitalised development costs | (45,651) | (70,301) |
| Impairment losses on trade receivables | 196,224 | - |
| Interest payable | 313 | 175 |
| Bank interest receivable | (7,721) | (441) |
| Income tax | 266,040 | (26,351) |
| Provision for exchange fluctuations | 3,434 | 31,622 |
| Share-based payments | - | 71,537 |
| | ----- | ----- |
| | 3,132,923 | 1,376,117 |
| Change in trade and other receivables | (2,553,622) | (13,780) |
| Change in trade and other payables | 753,544 | (179,389) |
| Change in parent company's balance | (430,731) | (284,398) |
| Change in group entities' balances | 365,090 | - |
| | ----- | ----- |
| Cash generated from operating activities | 1,267,204 | 898,550 |
| Interest paid | (313) | (175) |
| Interest received | 4,812 | 441 |
| Income tax paid | (4,371) | (800) |
| | ----- | ----- |
| Net cash from operating activities | 1,267,332 | 898,016 |
| | ----- | ----- |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (34,355) | (47,216) |
| Deposit on account of acquisition of property, plant and equipment | (358,724) | - |
| Expenses paid on behalf of parent company | (54,512) | (36,186) |
| Loan repayments on behalf of parent company | (590,000) | (64,119) |
| Payments on behalf of group companies | (365,090) | (286,320) |
| Receipts by parent company on behalf of company | (6,757) | (212,069) |
| | ----- | ----- |
| Net cash used in investing activities | (1,409,438) | (645,910) |
| | ----- | ----- |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | 4,000,000 | - |
| Transaction costs of issue of shares | (101,633) | - |
| Dividends paid | (364,663) | - |
| | ----- | ----- |
| Net cash (used in) from financing activities | 3,533,704 | - |
| | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | 3,391,598 | 252,106 |
| Cash and cash equivalents at 1 January | 1,008,152 | 144,996 |
| Effect of exchange rate fluctuations on cash held | 18,731 | (21,992) |
| | ----- | ----- |
| Cash and cash equivalents at end of period | 4,418,481 | 375,110 |
| | ===== | ===== |

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended 30 June 2008

1 Reporting entity

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

On 24 April 2008, the Company changed its status from a private limited liability company to a public limited liability company, and consequently changed its name from RS2 Software Limited to RS2 Software p.l.c.

2 Statement of compliance

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*).

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 Company for the year ended 31 December 2007.

3 Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2007.

4 Plant and equipment

During the six months ended 30 June 2008, the Company acquired assets with a cost of Euro 58,873 (six months ended 30 June 2007: Euro 9,527).

5 Intangible assets

During the six months ended 30 June 2008, the Company capitalised expenditure on the development of computer software amounting to Euro 45,651 (six months ended 30 June 2007: Euro 70,301).

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended 30 June 2008

6 Share Capital

6.1 Share Capital

| | Ordinary shares | |
|--|-------------------------|-----------------------|
| | 30.06.08 (Unaudited) | 31.12.07 (Audited) |
| | No. | No. |
| On issue at 1 January – fully paid-up | 1,615,345 | 1,469,964 |
| Exercise of share option | - | 145,381 |
| Share split | 6,461,380 | - |
| Capitalisation of reserves | 24,423,275 | - |
| New issue of shares in Combined Offering | 5,000,000 | - |
| | ----- | ----- |
| On issue at 31 December - fully paid-up | 37,500,000 | 1,615,345 |
| | ===== | ===== |

At 31 December 2007, the authorised share capital comprised 2,000,000 ordinary shares (2006: 1,469,964). All shares have a par value of €1.

On 17 April 2008, the Company resolved to increase its authorised share capital to eight million Euros (€8,000,000) and to perform a share split. As a result the Company's share capital was re-denominated whereby each ordinary share of a nominal value of one Euro (€1) was converted into five (5) ordinary shares of a nominal value of twenty Euro cents (€0.20) each.

The Company resolved to increase its issued share capital on 25 April 2008 by way of capitalisation of the total balance of reserves of two million, fifty two thousand, seven hundred and forty eight Euros (€2,052,748) and an amount of two million, eight hundred and thirty one thousand, nine hundred and seven Euros (€2,831,907) from retained earnings into twenty four million, four hundred and twenty three thousand, two hundred and seventy five (24,423,275) ordinary shares of €0.20 each thereby increasing the issued and fully paid up share capital to thirty two million, five hundred thousand (32,500,000) ordinary shares of €0.20 each, resulting in a paid up capital of €6,500,000. Such shares were allotted to the members of the Company in proportion to their existing holding.

On 2 May 2008, the Company resolved to issue five million (5,000,000) Ordinary Shares of a nominal value of €0.20 each. The new issue was made at a Share Price of €0.80 in favour of the general public in Malta pursuant to the Combined Offering subject to the terms and conditions contained in the Prospectus dated 16 May 2008. Subsequently on 26 June 2008, five million (5,000,000) Ordinary Shares were allotted to the respective applicants, thereby increasing the issued and fully paid up share capital to thirty seven million, five hundred thousand (37,500,000) ordinary shares of €0.20 each, resulting in a paid up capital of €7,500,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended 30 June 2008

6 Share Capital (continued)

6.2 Dividends

An interim dividend was declared and paid by the Company:

| | 30.06.08 (Unaudited) | 31.12.07 (Audited) |
|-----------------------------|---------------------------------------|-----------------------|
| | € | € |
| Dividend, net of income tax | 1,200,000 ===== | 2,415,000 ===== |
| Dividend per ordinary share | 0.743 ===== | 1.495 ===== |

On 28 April 2008, the Company distributed by way of dividends the amount of €1,200,000 from the Company's retained earnings. These dividends were distributed prior to the Combined Offering and the number of shares entitled to receive dividend on that date amounted to 1,615,345 ordinary shares.

7 Other expenses

During the six months ended 30 June 2008, the Company recognised an impairment loss of Euro 86,224 (six months ended 30 June 2007: Euro Nil) with respect to trade receivables, and an impairment loss of Euro 110,000 (six months ended 30 June 2007: Euro Nil) with respect to accrued income.

8 Earnings per share

The calculation of basic earnings per share at the respective reporting dates is calculated on the profit attributable to ordinary shareholders of the company and the weighted average number of ordinary shares outstanding during the period.

8.1 Post-tax profit attributable to ordinary shareholders

| | 30.06.08 (Unaudited) | 30.06.07 (Unaudited) |
|--|---------------------------------------|-------------------------|
| | € | € |
| Profit attributable to ordinary shareholders | 2,352,613 ===== | 1,006,846 ===== |

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended 30 June 2008

8 Earnings per share (continued)

8.2 Weighted average number of ordinary shares

| | 30.06.08 | | 30.06.07 | |
|----------------------------|------------|------------------|-----------|------------------|
| | Issued | Weighted average | Issued | Weighted average |
| | No. | No. | No. | No. |
| At beginning of the year | 1,615,345 | 1,615,345 | 1,469,964 | 1,469,964 |
| Share split | 6,461,380 | 6,461,380 | - | - |
| Capitalisation of reserves | 24,423,275 | 8,808,394 | - | - |
| Issue of share capital | 5,000,000 | 136,612 | - | - |
| | ----- | ----- | ----- | ----- |
| At end of year | 37,500,000 | 17,021,731 | 1,469,964 | 1,469,964 |
| | ===== | ===== | ===== | ===== |

9 Related parties

9.1 Related party transactions

Consistent with what was reported in the financial statements for the year ended 31 December 2007, the Company had the following the transactions with related parties:

| | 30.06.08 (Unaudited) | 30.06.07 (Unaudited) |
|---|-------------------------|-------------------------|
| | € | € |
| Parent company | | |
| Payment of expenses on behalf of | 54,512 | 36,186 |
| Loan repayments on behalf of | 340,000 | 64,119 |
| Repayments of shareholder loan on behalf of | 250,000 | - |
| Set off balance receivable against shareholder loan due by | - | 284,398 |
| Assignment of receivables to | 300,000 | - |
| Receipt on receivables from | (300,000) | - |
| Receipts on behalf of the company by | 6,757 | - |
| Assignment of receivables from group undertakings to | 365,090 | - |
| Interim dividend payable to | 1,092,000 | - |
| Set off of dividend payable against balance receivable from | (1,026,359) | - |
| Interim dividend paid | 44,377 | - |
| | ===== | ===== |
| Group undertakings | | |
| Payment of expenses on behalf of | 365,090 | 286,320 |
| Receipts on behalf of the Company by | - | 212,069 |
| Assignment to parent company of receivables from | (365,090) | - |
| | ===== | ===== |

RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended 30 June 2008

9 Related parties (continued)

9.2 Related party transactions (continued)

| | 30.06.08 (Unaudited) | 30.06.07 (Unaudited) |
|--|-------------------------|-------------------------|
| | € | € |
| Other related entities | | |
| Services provided to | 248,823 | 318,240 |
| Services provided by | 572,809 | 354,408 |
| Receipts for services provided to | (171,046) | (234,787) |
| Payments for services provided by | (461,592) | (588,638) |
| Assignment to parent company of receivables from | - | (267,598) |
| Services not yet invoiced provided to | 67,680 | 56,841 |
| | ===== | ===== |

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

9.3 Related party balances

| | 30.06.08 (Unaudited) | 31.12.07 (Audited) |
|--|-------------------------|-----------------------|
| | € | € |
| Amounts receivable | | |
| Trade receivables owed by other related entities | 328,742 | 370,438 |
| Accrued income owed by other related entities | 67,680 | 193,763 |
| | ===== | ===== |
| Amounts payable | | |
| Trade payables due to other related entities | 106,982 | 17,744 |
| Deferred income due to other related entities | - | 15,626 |
| | ===== | ===== |


RS2 Software p.l.c.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended 30 June 2008

We confirm that to the best of our knowledge:

- the condensed interim financial statements which have been prepared in compliance with the accounting standards adopted for use and 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 Company as at 30 June 2008, as well as the financial performance and cash flows for the period ended 30 June 2008; and
- the interim Directors' report includes a fair review of the information required in terms of Listing Rule 9.44k.2.



Reinhold Schäffter
Director



Mario Schembri
Director