

Dated 16 May 2008

in respect of

AN OFFER BY

ITM (Information Technology Management) Holding Limited

OF 7,500,000 ORDINARY SHARES

AND AN ISSUE BY

The Company

OF 5,000,000 ORDINARY SHARES

IN

RS2 SOFTWARE P.L.C.

AT A SHARE PRICE OF €0.80 PER SHARE

ISIN: MT0000400102

Legal Counsel

Gatt Frendo Tufigno Advocates

Auditors, Financial Advisors & Reporting Accountants

KPMG

Sponsoring Stockbroker



Manager, Registrar & Underwriter



Approved by the Directors.

Mario Schembri
on behalf of Reinhold Schäffter

Mario Schembri

Robert Tufigno

Maurice Xuereb

TABLE OF CONTENTS

Summary Note	3
Registration Document	22
Securities Note	62

SUMMARY NOTE

This document is a Summary Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This Summary Note is issued pursuant to the requirements of Listing Rule 6.4.1 of the Listing Rules and contains information about RS2 Software p.l.c. (the "Company") for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Summary Note should be read in conjunction with the most updated Registration Document and Securities Note issued by the Company from time to time that will provide the details of the Company and Shares to which these documents relate.

This document is dated 16 May 2008.

in respect of

AN OFFER BY

ITM (Information Technology Management) Holding Limited

OF 7,500,000 ORDINARY SHARES

AND AN ISSUE BY

The Company

OF 5,000,000 ORDINARY SHARES

IN

RS2 SOFTWARE P.L.C.

AT A SHARE PRICE OF €0.80 PER SHARE

ISIN: MT0000400102

Legal Counsel

Gatt Frendo Tufigno Advocates

Auditors, Financial Advisors & Reporting Accountants

KPMG

Sponsoring Stockbroker



Manager, Registrar & Underwriter



Table of Contents

Important Information	5
Definitions	6
Warnings to Potential Investors	7
1. Risk Factors	7
2. Identity of Directors, Senior Management, Advisors & Auditors	10
3. Expected Timetable	10
4. Key Information	11
5. Information about the Company	12
6. Trend Information	16
7. Major Shareholders and Related Party Transactions	17
8. Management and Employees	17
9. Financial Information	18
10. Details of the Combined Offering	18
11. Additional Information	19
12. Documents Available for Inspection	21

Important Information

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON RS2 SOFTWARE P.L.C. AND ITS BUSINESS. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY RS2 SOFTWARE P.L.C. (THE "COMPANY") OF 5,000,000 ORDINARY SHARES AND AN OFFER BY ITM (INFORMATION TECHNOLOGY MANAGEMENT) HOLDING LIMITED (THE "OFFEROR") OF 7,500,000 ORDINARY SHARES IN THE COMPANY. THE SHARES HAVE A NOMINAL VALUE OF €0.20 PER SHARE AND ARE BEING ISSUED/OFFERED AT A SHARE PRICE OF €0.80 PER SHARE.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING "IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS" (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS SUMMARY NOTE. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS OR THE OFFEROR, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SHARES (AS DEFINED HEREIN) OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE COMBINED OFFERING HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE OFFEROR OR THE COMPANY, ITS DIRECTORS OR ADVISORS.

THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS COMBINED OFFERING ARE ACTING EXCLUSIVELY FOR THE COMPANY AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS DESCRIBED IN THE PROSPECTUS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

04
05

A COPY OF THE PROSPECTUS HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SHARES TO BE CONSIDERED AS ADMISSABLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE SHARES TO BE ADMITTED TO THE OFFICIAL LIST UPON ALLOCATION TO INVESTORS. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON 1 JULY 2008.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THE PROSPECTUS AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE COMPANY OR THE OFFEROR TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SHARES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

SUMMARY NOTE

Definitions

In this document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	The Companies Act, CAP. 386 of the Laws of Malta;
Applicant	A person whose name, or persons whose names in the case of joint applications, appear in the registration details of an Application Form;
Application	The application/s to subscribe for Shares made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Financial Intermediaries;
Application Form	The form of application of subscription for the Shares, a specimen of which is set out in Annex 3 of the Securities Note;
bankWORKS®	Software solution developed by the Company, details of which are included in Section 4.2.5 of the Registration Document;
Business Day	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Combined Offering	The Share Issue and the Share Offer pursuant to the Prospectus in aggregate constituting approximately 33.3% of the issued share capital of the Company;
Company or RS2	RS2 Software p.l.c. a company incorporated in Malta and registered under company number C25829 and having its registered office at 120/6, The Strand, Gzira, GZR1027, Malta;
Directors or Board	The directors of the Company whose names are set out under the heading "Identity of Directors, Senior Management, Advisors & Auditors";
Euro or EUR or €	The lawful currency of the European Union (EU);
Financial Intermediaries	The financial intermediaries listed in Annex 2 of the Securities Note;
ITM Holding	ITM (Information Technology Management) Holding Limited, a company incorporated in Malta under company number C23322 and having its registered office at 120/6, The Strand, Gzira, GZR1027, Malta and of which Reinhold Schäffter is the majority shareholder holding 75% of its share capital;
Listing Rules	The listing rules as issued by the Listing Authority from time to time;
Major Shareholders	ITM Holding and Mario Schembri;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act, CAP. 345 of the Laws of Malta with registered office at Garrison Chapel, Castille Place, Valletta, VLT1063, Malta and bearing company registration number C42525;
Manager & Registrar	Bank of Valletta p.l.c.;
Offeror	ITM Holding;
Offer Period	The period commencing on 9 June 2008 and ending on 13 June 2008, both days included;
Prospectus	This document together with a Registration Document and a Securities Note both dated 16 May 2008 in connection with the Combined Offering;
Registration Document	The Registration Document dated 16 May 2008, forming part of the Prospectus;
Securities Note	The Securities Note dated 16 May 2008, forming part of the Prospectus;
Share Issue	The issue by the Company of 5,000,000 ordinary shares of a nominal value of €0.20 each share in the Company (constituting approx. 13.3% of the issued share capital of the Company) to the general public in Malta made by the Company at the Share Price pursuant to the Prospectus;
Share Offer	The offer for sale by the Offeror of 7,500,000 ordinary shares of a nominal value of €0.20 each share in the Company (constituting approx. 20% of the issued share capital of the Company) to the general public in Malta at the Share Price pursuant to the Prospectus;
Share Option Scheme	The share option scheme of the Company further details of which are set out in Section 13 of the Registration Document;
Share Price	The price of €0.80 per Share;
Shares	The 12,500,000 ordinary shares in the Company at a nominal value of €0.20 each (approx. 33.3% of the issued share capital of the Company) being issued/offered, in their respective proportions, by the Company/Offeror at the Share Price constituting the Combined Offering;
Sponsoring Stockbroker	Charts Investment Management Service Limited;
Summary Note	This document in its entirety;
Underwriter	Bank of Valletta p.l.c.

WARNING TO POTENTIAL INVESTORS

This Summary Note forms part of the Prospectus containing information concerning the Company and the Shares.

This Summary Note is intended to briefly convey the essential characteristics of, and risks associated with, the Company and the Shares.

You should carefully take into consideration the following criteria for evaluation of this Summary Note:

- a) The Summary Note should be read as merely an introduction to the Prospectus;
- b) Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole;
- c) Civil liability attaches to the Company which has tabled this Summary Note as part of the Prospectus and applied for its notification only if the Summary Note is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1. RISK FACTORS

All equity investments involve elements of risk. Prospective investors should consider carefully each of the following risks and other information contained in the Prospectus and make an independent evaluation before making an investment decision. The information below does not purport to be an exhaustive list. If any of the following risks or uncertainties were to materialise, the Company's business, financial position, results and/or future operations may be materially adversely affected. In such cases, the market price of the Shares may decline and an investor may lose all or part of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Company.

An investment in the Company may not be suitable for all recipients of the Prospectus and investors are urged to consult their advisors as to the suitability of the investments described herein before investing.

Forward-looking statements

The Prospectus contains forward-looking statements which include statements concerning the Company's objectives and plans and strategies relating to the attainment of those objectives, its capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions and important factors that could cause actual results to differ materially from the expectations of the Company's Directors. No assurance is given that the future results or expectations will be achieved.

06
07

I. INDUSTRY RELATED RISK FACTORS

The Company provides card management and payment systems software solutions for companies involved in the financial sector. The circumstances indicated hereunder are considered to be risk factors inherent in the industry and common to all companies and organisations operating in the same industry in which the Company operates and do not relate to any circumstance or characteristic specific to the Company.

I.A Software

It is an inherent risk of this industry that all software applications could contain undetected errors which could lead to the software not operating as intended. Despite extensive testing conducted regularly by the Company and by its clients, the Company could discover errors and bugs in its software applications.

Failure by the Company to provide updates, upgrades, and fixes to the software in a timely manner may have a material adverse effect on the Company's revenues, results of operations and financial conditions.

II. OPERATIONAL RISK FACTORS

The risk factors outlined hereunder are considered to reflect circumstances and characteristics directly related to the Company's operations.

II.A Adaptability to technological changes

The Company's future success depends in part on its ability to develop enhancements to the existing products and to introduce new products that keep pace with rapid technological developments, changes in customers' needs and any changes in the regulatory environment. Failure to successfully introduce new or enhanced products to the market may adversely affect the Company's business, financial condition and results of operations.

No assurance can be given that the Company's products and services will be developed in time to capture market opportunities, will achieve a sufficient level of acceptance in new and existing markets or that RS2 will successfully anticipate rapid technological changes, new industry standards or changes in the regulatory environment.

II.B Market forces and competition

The market in which the Company operates is characterised by rapidly evolving technology and industry standards. Many of the companies that compete or could compete in the future could have substantially greater financial, technical and marketing resources, long operating histories, greater name recognition, larger customer bases and more established relationships. As the market grows, new competitors may emerge, which could reduce the Company's sales, margins and market share. Competitors could develop superior or more cost-effective solutions which could render the Company's products uncompetitive or develop products that achieve greater market acceptance than the Company's products. In the future, the Company may experience pricing pressures from competitors and customers which may adversely affect sales and/or grossa margins.

II.C Dependence on key personnel

In common with many businesses, the Company will be relying heavily on the contacts and expertise of the Executive Directors and other key personnel within the Company. Although no single person is solely instrumental in fulfilling the Company's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel. The loss of the services of any of the Executive Directors or other key personnel could have, in the short term, a material adverse effect on the business of the Company. While all the Executive Directors have undertaken, in their role as shareholders of the Company, not to transfer or otherwise dispose of any shares, or any rights therein, of the Company for a period of twenty four (24) months following admission to listing of the Shares on the Official List of the Malta Stock Exchange, there can be no assurance that any or all of the Executive Directors in their role as shareholders of the Company, will not, at any time following the lapse of the said two (2) year period, dispose of any interest, direct or indirect, in the shares of the Company. More information is included in Section 12 of the Registration Document under the heading "Major Shareholders and Lock-In".

II.D Dependence on retaining and recruiting knowledgeable employees

The rapid growth of the Company has placed substantial demands on the Company's management and operations. The Company's success depends to a large extent upon its ability to recruit, motivate and retain highly skilled employees with the functional and technical skills and experience necessary to develop and deliver the Company's services. The limited supply of such qualified employees means that the competition for such employees is intense and there can be no assurance that the Company will be able to recruit, motivate and retain sufficient numbers of qualified employees in the future. Failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations. There also exists a risk that the labour market does not produce enough supply of qualified workers to meet the growing demands of the industry in general. This would result in escalating costs for the Company to retain its existing human resources and to attract additional personnel to resource its future growth.

The Company has established Share Option Schemes in order to incentivise and reward executives and employees.

II.E Risk to intellectual property and proprietary rights

The Company regards its intellectual property as critical to its success. It relies and will rely on a combination of trade secret, copyright, trademark and non-disclosure laws, domain name registrations and other contractual agreements and technical measures to protect its intellectual proprietary rights ("IPR"). RS2 generally seeks to enter into confidentiality or license agreements with its employees, consultants and clients. The Directors consider that currently, RS2 has appropriate systems and procedures to control access to and distribution of its intellectual property documentation and other proprietary information and are on the lookout for new tools to protect its IPR in the future.

Despite the Company's efforts to protect such proprietary rights, unauthorised parties may attempt to obtain and use information that the Company regards as proprietary. There can be no assurance that the steps which have been, are being or will be taken by the Company to protect its proprietary information will prevent misappropriation of such technology and proprietary information and that such measures will not preclude competitors from developing products with functionality or features similar to the Company's. In addition, effective copyright and other legal protection may be unavailable or limited in certain countries, and failure by the Company to register its intellectual property rights in certain countries may make enforcement of its rights more difficult.

Legal proceedings to enforce, protect or defend the Company's intellectual property rights assigned and/or developed could be burdensome and expensive and could involve a high degree of uncertainty. If the Company cannot successfully enforce or defend such rights, this could have a material adverse effect on its business and financial condition.

Furthermore, although procedures are in place to ensure that third parties' rights are not infringed in the software development process, such procedures may not be sufficient to guarantee total compliance.

II.F Dependence on key customers

The Company has significant contracts with a limited number of customers some of which may be terminated without cause or on written notice at the expiry of their term. Although the Company knows of no reason why such contracts should be terminated or will not be renewed on the same or more favourable terms, the Directors cannot guarantee that the relevant parties will not alter this position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the trading position and any future profitability of the Company.

II.G Foreign exchange risk

The Company is exposed to foreign currency risk on revenues and costs that are denominated in a currency other than in Euros. The Company does not currently feel the need to hedge against any exchange losses which may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

III. FINANCIAL AND CAPITAL MARKET RISK

The risk factors indicated hereunder outline the risks relative to the Combined Offering.

III.A Future operating results

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely solely on the Company's results to date as an indication of future performance. Factors that may affect the Company's operating results include increased competition and slower than expected take-up by customers of its products and services. In addition, the Company's future business prospects are dependent on its timeliness and ability to meet changing clients' preferences, to anticipate and respond to technological changes and to develop effective and competitive supply relationships with its clients. It is possible that, in the future, the Company's operating results will fall below the expectations of investors. If this occurs, the market trading price of the Company's Shares may decline significantly.

III.B Requirement for further funding

The Directors are of the view that, after having made due and careful enquiry and taking into account the net proceeds of the Combined Offering and available facilities, the working capital available to the Company will be sufficient for its present requirements, that is, for at least twelve months from the date of the Prospectus.

The Company may need to raise further funds in the future either to complete a proposed acquisition or investment or to raise further working capital. In such an event, there is no guarantee that the prevailing market conditions will be conducive to such financing.

III.C Minority shareholding

Following Listing on the Malta Stock Exchange, the founding members of the Company will hold directly or indirectly around sixty six point seven per cent (66.7%) of the total issued share capital of the Company and will be in a position (jointly or individually) to decisively influence matters that require approval of shareholders, including resolutions regarding dividends and other important measures.

III.D Liquidity of the ordinary shares and volatility of their price

Prior to the Combined Offering, there has been no public market for the Company's Shares in or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the Share Price will correspond to the price at which the Shares will trade in the market subsequent to the Offering. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a range of events and factors. These fluctuations may adversely affect the trading price of the Shares, regardless of the Company's performance. Prospective investors should be aware that the value of the Shares could go down as well as up, and investors may therefore not recover their original investment, especially as the market in the Shares may have limited liquidity.

An application has been made for the Shares to be listed on the Malta Stock Exchange, which is smaller and less liquid than other stock markets. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the Malta Stock Exchange may not allow matching of deals in shares of a listed company when the price falls or rises outside a seven per cent (+/- 7%) range from the previous day's trade weighted average price.

III.E Right to dividend

The Directors of the Company are not obliged to recommend the payment of a dividend on a yearly basis. As a result, holding Shares in the Company does not guarantee payment of a dividend.

The payment of dividends will depend on the Company's ability to generate earnings and cash flows. Payment of future dividends, if any, shall be at the discretion of the Company's Board of Directors after taking into account various factors, including financial condition, operating results, available cash and current and anticipated cash needs.

2. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS**Directors and Company Secretary***Executive Directors:*

Reinhold Schäffter - Chairman

Mario Schembri

Non-Executive Directors:

Robert Tufigno

Maurice Xuereb

Company Secretary:

Ivan Gatt

Senior Management of the Company

Mario Schembri Chief Executive Officer

Godwin Schembri Chief Technical Officer

David Amato Chief Project Officer

Fiona Ciappara Cascun Chief Financial Officer

Advisors*Legal Counsel to the Company*

Gatt Frendo Tufigno Advocates

66, Old Bakery Street, Valletta, VLT1454, Malta

Financial Advisors & Reporting Accountants

KPMG

Portico Building, Marina Street, Pieta', PTA9044, Malta

Sponsoring Stockbroker

Charts Investment Management Service Limited

Valletta Waterfront - Vault 17, Pinto Wharf, Floriana, FRN1913, Malta

Manager, Registrar & Underwriter

Bank of Valletta p.l.c.

BOV Centre, Cannon Road, St Venera, SVR9030, Malta

Auditors

The financial statements of RS2 Software Limited for the financial years ended 31 December 2005, 2006 and 2007 have been audited by KPMG of Portico Building, Marina Street, Pieta, PTA9044, Malta.

KPMG is a firm of Certified Public Accountants holding a Practising Certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (CAP. 281, Laws of Malta).

3. EXPECTED TIMETABLE

MATTER	DATE
Availability of Application Forms	27 May 2008
Opening of Offer Period	9 June 2008
Closing of Offer Period	13 June 2008
Expected announcement of basis of acceptance	20 June 2008
Expected dispatch of allocation advices and refunds of unallocated monies	27 June 2008
Admission of Shares on the Malta Stock Exchange	30 June 2008
Commencement of trading on the Malta Stock Exchange	1 July 2008

The Company reserves the right to close the Combined Offering before 13 June 2008 in the event of over-subscription, in which case, the dates of the last four events listed above shall be anticipated in the same chronological order so as to retain the same number of Business Days between the respective dates.

SUMMARY NOTE

4. KEY INFORMATION

4.1 Selected Financial Information

Extracts from the audited historical financial information of the Company for the three years ended 31 December 2005 to 2007 are set out below:

For the Years Ended 31 December

	2007 €'000	2006 €'000	2005 €'000
Revenue	6,260	3,765	3,297
Gross profit	3,030	1,245	1,522
Results from operating activities	2,388	699	1,360
Profit before tax	2,373	675	1,340
Profit for the year	2,239	666	1,564
Total assets less current liabilities	8,220	8,258	7,463
Interest-bearing loans and borrowings	-	1	1
Total equity	8,196	8,258	7,463
Earnings per share ¹	6c9	2c0	4c8

1. Calculated on the basis of 32,500,000 ordinary shares of a nominal value of €0.20 each in issue as at the date of Prospectus.

4.2 Capitalisation and indebtedness

Information with respect to the Company's capitalisation as at 31 December 2007 is set out in the audited historical financial information of RS2 Software Limited for the financial year ended 31 December 2007. This is summarised below:

For the Year Ended 31 December 2007

	€'000
Shareholders' Equity	
Share capital	1,615
Reserves	2,053
Retained earnings	4,528
	<u>8,196</u>

10
11

The Company's issued share capital as at 31 December 2007 comprised 1,615,345 ordinary shares of €1 each, fully paid up. Reserves as at 31 December 2007 comprised a Revaluation Reserve amounting to €319,956 and other reserve amounting to €1,732,792. These reserves are non-distributable. The Revaluation Reserve represents the surplus arising on the revaluation of the Company's capitalised software costs. The Other Reserve reflects transfers of amounts equivalent to unrealised gains in accordance with the requirements of the Act and comprised the tax value of investment tax credits.

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.

On 25 April 2008 the Company capitalised the reserves amounting to €2,052,748 and €2,831,907 of its retained earnings, thereby increasing the issued and fully paid up share capital to 32,500,000 shares of €0.20 each, resulting in a paid up capital of €6,500,000.

On 28 April 2008, the Company distributed by way of dividends the amount of €1,200,000 from the Company's retained earnings. €860,360 of these dividends has been paid up to the date of this document, with the balance expected to be paid during 2008.

As at 31 December 2007 and as at the date of this document, the Company had no outstanding bank facilities.

4.3 Reasons for the combined offering and use of proceeds

The listing of the Company's Shares on the Malta Stock Exchange is an important element of the Company's strategy and the current shareholders of the Company believe that through such a development the Company would enjoy a faster and more efficient access to funds to finance its future operations and/or acquisitions, if and when this is required.

SUMMARY NOTE

Furthermore, the public status would raise the profile of the Company not only with possible future providers of funds but also with its clients both present and future, thereby assisting the development of the Company's business.

The proceeds of the Share Offer amounting to €5.7 million (after the Offeror's share of expenses amounting to €300,000 have been deducted) shall be applied to the benefit of the Offeror. The proceeds of the Share Issue amounting to €3.8 million (after the Company's share of expenses amounting to €200,000 have been deducted) shall be applied by the Company to finance its expansion plans which include the following:

	€'000
a) A structured office expansion in the Middle East, Scandinavia and the United States of America.	2,200
b) Increasing market penetration through increased activity in forums worldwide and an increase in marketing personnel.	470
c) The further intensification of the Company's research and development in order to ensure that it maintains its prominent market position and competitive edge.	630
d) The establishment of the RS2 Training Academy in Malta to provide on-going training to its clients worldwide.	500
	<u>3,800</u>

5. INFORMATION ABOUT THE COMPANY

5.1 Introduction

The Company was originally incorporated as an offshore company on 5 April 1993 under the Malta International Business Activities Act 1988 and continued under the Companies Act (CAP. 386) on 7 February 2000. The Company was converted into a public limited company in accordance with the provisions of Article 213 of the Act, on 24 April 2008.

5.2 Principal Activities

The Company has developed a proprietary software solution, trademarked **bankWORKS**, which offers a one-stop shop for financial institutions involved in the process described in more detail in Section 4.2.4 of the Registration Document.

The Company grants non-exclusive licenses to use **bankWORKS** to financial institutions and service providers and also provides maintenance, support and enhanced services to its clients.

bankWORKS is an end-to-end solution supporting all aspects of card issuing and acquiring services needed by financial organisations to operate as professional players in the market. **bankWORKS** handles information on all financial institutions' products, customers, merchants, online networks and comprehensive management information to improve business decisions, and helps increase productivity and enhance customer service. Its card payment solution is designed to support a wide range of business areas and products for handling domestic and international card issuing and merchant acquiring services.

It is modular in concept and covers a full range of solutions for electronic payment services as well as related functions. Through the Company's ability to cater for all types of banking operations both in size and functionality, these software modules are available to clients under licensing agreements that are active in the following market segments:

- a) Small, medium and large banks;
- b) Banks with extensive international networks;
- c) Merchant organisations;
- d) Service providers servicing financial institutions worldwide.

A considerable number of financial institutions and service providers based in various jurisdictions use **bankWORKS** in their operations.

Service providers provide their clients, normally financial institutions, the technical infrastructure together with a number of essential card issuing and/or acquiring services. These services could include card issuing and personalisation, on-line switching to domestic networks and international card schemes like MasterCard and VISA, clearing and settlement, PIN management, ATM and Point of Sale switching and monitoring, chargeback handling, 24/7 service support together with merchant services. Other services such as issuing customer statements for cardholders and merchants, report generation and other related services may also be provided.

To be able to provide these services the service provider utilises, as part of its infrastructure, a card management software system for card issuing and/or merchant acquiring as is typically provided by the Company's **bankWORKS** system.

The principal activities of the Company, along with an in-depth description of **bankWORKS** and its modules are detailed in Section 4.2.5 of the Registration Document.

SUMMARY NOTE

The Company's market reputation, built up steadily over the past 20 years of operation, has attained an enviable level as a trusted supplier of up-to-date solutions for card management and payment systems.

The Company believes that **bankWORKS**[®] is distinguished from the competition on several properties. The most important distinguishing factors of RS2 and **bankWORKS**[®] are summarised below.

a) Design Features

The major strength of the **bankWORKS**[®] suite of software modules is incorporated in its design features. Its wide application of customer definable parameters permits the incorporation of new customised products related to credit cards, purchasing cards, debit cards, loyalty cards and co-branded cards. New or amended client terms and conditions are readily implemented without involvement of time consuming processes.

b) Turnkey Solutions

RS2 is one of very few vendors who offer turnkey solutions encompassing end-to-end software solutions covering card issuing and merchant acquiring functionality as well as a complete range of on-line switch and back office solutions. **bankWORKS**[®] modules are continuously reviewed and updated to reflect and benefit from market changes. This strategy is vital to assure that RS2 customers have access to the most competitive software in their efforts to maintain their competitive advantage while at the same time ensuring that RS2 maintains its position at the forefront of card management technologies. In using a common core engine as the central processing module for **bankWORKS**[®] card management system, the system's design allows discrete and individually parameterised control of each module. In other terms, clients using **bankWORKS**[®] software may readily alter terms and conditions for products or customer segments without involving external IT specialists. Similarly, new products can be readily brought to market to assure competitiveness in the market place.

c) Research and Development

RS2 management is focused on assuring that the Company retains and strengthens its position as a leading edge company offering up-to-date technology to card market participants so that financial institutions and participants are able to meet the market's competitive challenges. Furthermore **bankWORKS**[®] card management systems installations have been certified by the major international card organisations. Due to its inherent design, it can be readily adapted to domestic infrastructures for authorisation as well as bilateral clearing.

The strategic objectives of RS2's management are supported by an experienced team of development staff members and project managers.

Resulting from the reliability of RS2 Software's products, major card organisations have readily certified all **bankWORKS**[®] installations.

To remain competitive and react to new business opportunities, organisations must be able to adjust their operations to meet market demands. **bankWORKS**[®] modular based software has been designed to cater for this requirement. Accordingly, as transaction volumes increase, additional processing capability needs to be introduced. The Company's High Volume Engine has been introduced and is operative in a number of its larger clients to be able to meet high volume requirements.

d) Multi-Currency

bankWORKS[®] is one of very few solutions in the market offering full multi-currency support for foreign exchange transactions. RS2's business strategy requires it to operate globally. To be effective in such an environment, **bankWORKS**[®] also includes a multi-language capability based on an integrated dictionary function.

e) Cards Supported

bankWORKS[®] card management software is designed to support a wide range of international and local card products among which are revolving credit cards, charge cards, debit cards, installment cards, corporate cards, purchasing/procurement cards, private label cards, proprietary domestic cards, co-branded cards, smart cards, retailer and member cards, loyalty cards and affinity cards.

The Company's success has been based on the development and marketing of **bankWORKS**[®] from the Company's premises in Malta and strategic marketing alliances with companies based in other jurisdictions such as RS Consult GmbH ("RS Consult") in Germany and NEPS I/S ("NEPS") in Scandinavia.

The Company has a strategic relationship with RS Consult, a company incorporated in Germany and having company number D-63263. By means of this agreement, RS Consult today assists the Company in its marketing to further penetrate the European market through its proximity to current and potential RS2 clients and the familiarity with the spoken language. Its employees are knowledgeable in the card management and payment industry and well versed in the operation and methodologies of **bankWORKS**[®]. In addition to marketing efforts, the employees of RS Consult also provide consultancy, project management, documentation, testing, system configuration, client support, system analysis testing and project co-ordination to clients of the Company at its request. RS Consult enjoys a defined subcontractor relationship with the Company.

NEPS I/S, a company incorporated in Denmark and having CVR number 28120435 is a joint venture company entered into by Reinhold Schäffter in his personal capacity and a client of the Company, to accelerate and facilitate marketing efforts in the Scandinavian region.

These strategic alliances have enabled the Company to penetrate markets in which it had limited presence by making the most of the marketing activity and market knowledge acquired by these strategic partners throughout the years. NEPS and RS Consult's proximity to current and potential RS2 clients and the familiarity with the spoken language have contributed towards the successful growth of the Company.

SUMMARY NOTE

5.3 Property, plant and equipment

The Company's tangible fixed assets as at the end of the financial years ended 31 December 2005, 2006 and 2007 are summarised below:

	Total	Furniture fittings and equipment	Motor Vehicles
	€'000	€'000	€'000
Cost as at:			
31 December 2007	649	614	35
31 December 2006	586	567	19
31 December 2005	564	545	19
Carrying amounts as at:			
31 December 2007	49	38	11
31 December 2006	53	53	-
31 December 2005	81	81	-

The Company forecasts that capital expenditure for the financial year ending 31 December 2008 will not exceed €50,000.

The Company leases its premises at 120, The Strand, Gzira under two separate lease agreements for two floors. Both leases, previously non-cancellable, expired on 25 June 2007. After this date the lease agreements were renewed for a further five years with the option of termination under sufficient notice period. Lease payments are increased every year to reflect market rentals. Operating leases for the year ended 31 December 2007 amounted to €106,764 (2006: €101,056).

5.4 Operating and financial review

The information set out below, covering the Company's operations for the three financial years ended 31 December 2005 to 2007, has been extracted from the audited historical financial information of RS2 Software Limited.

Income Statement Extracts - For the Years Ended 31 December

	2007	2006	2005 (Restated)
	€'000	€'000	€'000
Revenue	6,260	3,765	3,297
Cost of sales	(3,230)	(2,520)	(1,775)
Gross profit	3,030	1,245	1,522
Administrative expenses	(713)	(654)	(487)
Capitalised development costs	144	236	379
Other expenses	(73)	(128)	(54)
Results from operating activities	2,388	699	1,360
Net finance costs	(15)	(24)	(20)
Profit before tax	2,373	675	1,340
Income tax (expense)/income	(134)	(9)	224
Profit for the year	2,239	666	1,564

The Company has achieved an overall increase in revenue of 89.9% over the three year period from 2005 to 2007, represented by a 14.2% increase during 2006 when compared to 2005, and a 66.3% increase during 2007 when compared to 2006.

The Company has also experienced corresponding increases during the period under review in cost of sales of 82.0%, and in administrative expenses of 46.4%. The higher part of the increases were experienced during 2006, particularly in cost of sales when the Company entered into a sub-contracting agreement with RS Consult GmbH for the provision of various services ranging from consultancy, client support, system analysis and project management in anticipation of further increases in clients' demand for its enhanced services. During 2006, the increase in cost of sales of 42.0% coupled with a decrease in licence fees is reflected in a decrease in the gross profit during 2006 of 18.2% when compared to 2005. On the other hand, gross profit increased by 143.4% during 2007 as a direct result of the substantial increase in revenue of 66.3% and less than proportionate increase in cost of sales of 28.2%.

SUMMARY NOTE

Capitalised development costs represent the costs of wages and salaries and an appropriate proportion of overheads incurred during the year in the continuous development of **bankworks**, which are treated as additions to the intangible asset. The financial years 2006 and 2007 showed a decreasing amount of capitalised development costs, 37.7% and 39% respectively. In addition to the general updates and enhancements to the software, up to 2005, a dedicated team of software developers was engaged on the development of the High Volume Engine, which as the name implies, is capable of handling larger volumes of transactions per unit of time in accordance with increasing customer requirements. The High Volume Engine was deployed at a number of customer sites during 2006 and 2007, an operation which necessitated a shift towards support activities, thus reducing the total capitalisation during these years. Looking forward, the Company is committed to continue enhancing the **bankworks** suite of modules through the introduction of new products and modules which are expected to maintain a stable level of capitalised development costs throughout the years.

Profit for the year decreased by 57.4% during 2006, but increased by 236.2% during 2007, resulting in an overall increase of 43.2% for the period under review. The main determinants of the decrease in profit for 2006 were the decrease in license fees for the year, the increase in cost of sales resulting from the increase in subcontracting costs of RS Consult GmbH, an increase in administrative expenses mainly due to the cost of the share option scheme, and a decrease in the capitalised development costs, coupled with an increase in other expenses, particularly exchange losses. During 2007, increases in cost of sales and administrative expenses, decreases in capitalised development costs and the increase in income tax expenses were more than offset by the increase in revenue, resulting in a net profit margin of 35.8% compared to 17.7% in 2006 and 47.4% in 2005.

Balance Sheet Extracts - As at 31 December

	2007	2006	2005 (Restated)
	€'000	€'000	€'000
Assets			
Plant and equipment	49	53	81
Intangible assets	6,339	6,880	7,318
Deferred tax assets	-	103	111
Total non-current assets	6,388	7,036	7,510
Total current assets	3,878	3,340	2,151
Total assets	<u>10,266</u>	<u>10,376</u>	<u>9,661</u>
Liabilities			
Deferred tax liabilities	24	-	-
Total non-current liabilities	24	-	-
Total current liabilities	2,046	2,118	2,198
Total liabilities	2,070	2,118	2,198
Total equity	8,196	8,258	7,463
Total equity and liabilities	<u>10,266</u>	<u>10,376</u>	<u>9,661</u>

14
15

In the three years 2005 to 2007 the Company invested a total of €203,235 in plant and equipment mainly comprising the acquisition of computer equipment, furniture and fittings and motor vehicles. The net book value of plant and equipment increased from €8,171 as at 1 January 2005 to €48,968 as at 31 December 2007.

Intangible asset represents the Company's internally generated computer software, the continuous development and innovation of the Card Management System under the trade name of **bankworks** by the Company's highly qualified experienced team of software developers. Expenditure on the development of computer software is capitalised, including the cost of direct labour and an appropriate proportion of overheads. In the three years 2005 to 2007 the Company capitalised a total of €758,990 in software development costs and amortisation during the said period amounted to €1,909,720. The net book amount of internally generated computer software decreased from €7,490,090 as at 1 January 2005 to €6,339,360 as at 31 December 2007.

The deferred tax assets/liabilities represent the investment tax credit provided under the Business Promotion Act, net of movements in other temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

SUMMARY NOTE

5.5 Capital Resources

The Company is financed through internally generated profits that have been retained over the years.

During the three years ended 31 December 2005 to 2007, the Company generated net cash inflows from operating activities amounting to €4,322,897.

During the three years ended 31 December 2005 to 2007 €4,585,863 were utilised for investing activities. €217,796 related to the acquisition of fixed assets and €4,368,067 represented net payments to related parties which were subsequently set off against dividends declared by the Company.

Net cash flows from financing activities during the period under consideration reflect net advances by related parties amounting to €1,140,530.

During the three years ended 31 December 2005 to 2007 the Company declared €6,218,934 in dividends to its shareholders. The amount of €6,005,425 has been treated as a movement on the net amount receivable from the majority shareholder and the remaining amount of €213,509, which was still outstanding as at 31 December 2007, is expected to be paid during 2008.

The information set out below, extracted from the Company's audited historical financial information for the three financial years ended 31 December 2005 to 2007, highlights the main sources and application of funds of the Company.

Cash Flow Extracts - For the Years Ended 31 December

	2007 €'000	2006 €'000	2005 €'000
Net cash from operating activities	2,391	745	1,188
Net cash used in investing activities	(1,494)	(993)	(2,099)
Net cash (used in)/from financing activities	(16)	100	1,056
Effects of exchange rate fluctuations on cash held	(18)	(5)	9
Net increase/(decrease) in cash and cash equivalents	863	(153)	154
Cash and cash equivalents at 31 December	1,008	145	298

6. TREND INFORMATION

6.1 Company strategy

The Company has a clearly defined strategy to deliver growth, sustainable profits and positive cash flows through predominantly organic growth across its complementary business streams. This strategy aims at delivering high customer satisfaction levels to promote customer loyalty, as well as ensuring a strong internal culture, encouraging and rewarding performance through incentives for achievement. More specifically, the Company is focused on a number of value drivers and has identified various opportunities that should enable the Company to deliver above-average revenue growth and hence translate to earnings growth.

6.2 Regulatory requirements offering new opportunities

The payments industry is being subjected to constant scrutiny through legislative measures. Introduction of new systems and mandatory regulatory requirements will invariably create opportunities that the Company can exploit.

6.3 Increase in use of non-conventional payment methods

The payments industry is experiencing a shift from conventional method payments to modern method payments. This change is expected to continue in the future. As a result, more financial institutions would require software solutions such as **bankWORKS** in order to sustain the demand for the transactions they handle.

6.4 Comprehensive packages

The Company's strategy to date was focused primarily on concluding separate licensing and yearly maintenance agreements with its clients. The Company is shifting towards three to five year Comprehensive Package Agreements, offering clients licenses, maintenance and a given number/amount of services against a pre-determined price per annum.

Such Comprehensive Package Agreements ensure that the Company receives a fixed and constant stream of revenue for the whole term of the contract.

Following the introduction of such Comprehensive Agreements in 2007, the Company has already concluded two such agreements, and is in the final stages of concluding another Comprehensive Agreement.

The Directors believe that this trend should continue and would enable the Company to sustain its growth.

6.5 Technological expertise

The Company already has substantial experience in systems requirements of electronic payment services and in advanced software technologies in this field. The Directors intend to continue to invest in the development of leading technologies in order to enhance the Company's competitive position.

6.6 Enhanced product offering

The Company will seek to enhance its product offering by continuing to upgrade **bankWORKS**. The Company is committed to ensuring that **bankWORKS** becomes the leading choice for electronic payment and card management solutions.

6.7 Enhanced market penetration

Currently, a significant proportion of revenue is derived from clients originated through networking and marketing efforts of the Malta-based office. The Directors believe therefore that only a small proportion of the potential market, which is growing at a significant rate, has been accessed to date. Accordingly, the Company intends to promote its products more proactively through the setting up of a number of regional offices in Europe, the Middle East and the United States of America. It is expected that having a physical presence in the respective countries where the Company is actively promoting its software products should further entice financial organisations to engage RS2 in providing them with solutions for electronic payment services. The Directors are of the opinion that this expansion through regional offices (i) will benefit the clients due to shortened response times for the Company to maintain and service the software and (ii) will result in cost savings for RS2 due to a reduction in travelling expenses.

6.8 Acquisitions

Although the Company is not actively considering any acquisitions, the Directors may seek to acquire private businesses having particular technical areas of expertise that will strengthen the Company and accelerate growth.

7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.1 Major Shareholders

Following the Combined Offering, ITM Holding and Mario Schembri will hold 22,074,981 and 2,924,999 respectively of the issued share capital of the Company, equivalent to 58.9% and 7.8% respectively, and will accordingly retain a controlling interest in the Company capable of determining its financial and management decisions.

7.2 Related Party Transactions

The following transactions may be classified as Related Party Transactions in terms of the Listing Rules:

- a) Services provided to NEPS I/S, a joint venture company incorporated in Denmark and having CVR number 28120435.
- b) The Company has entered into a non-exclusive supply agreement with RS Consult GmbH, a company incorporated in Germany under Company Number D-63263, on 1 July 2006.
- c) Agreement with Nari Limited (company owned by Gernot Schäffter) related to a banking customer entered into on 20 November 2005.

Further details of these transactions are available in Section 14 of the Registration Document.

8. MANAGEMENT AND EMPLOYEES

8.1 General

The Company's governance principally lies in its Board of Directors, responsible for the general governance of the Company and to set its strategic aims, for its proper administration and management and for the general supervision of its affairs.

The Company's governance structure is composed of three principal organs. The Board of Directors acts as the organ responsible for the determination of policy and strategic guidelines and management. The executive members, headed by the Chief Executive Officer is responsible for the implementation of policy and strategy and the management of the Company, whilst the management team is on the other hand responsible for the overall day-to-day running of operations within the Company.

Details of the Directors and senior management of the Company are included in Section 2 under the heading "Identity of Directors, Senior Management, Advisors & Auditors".

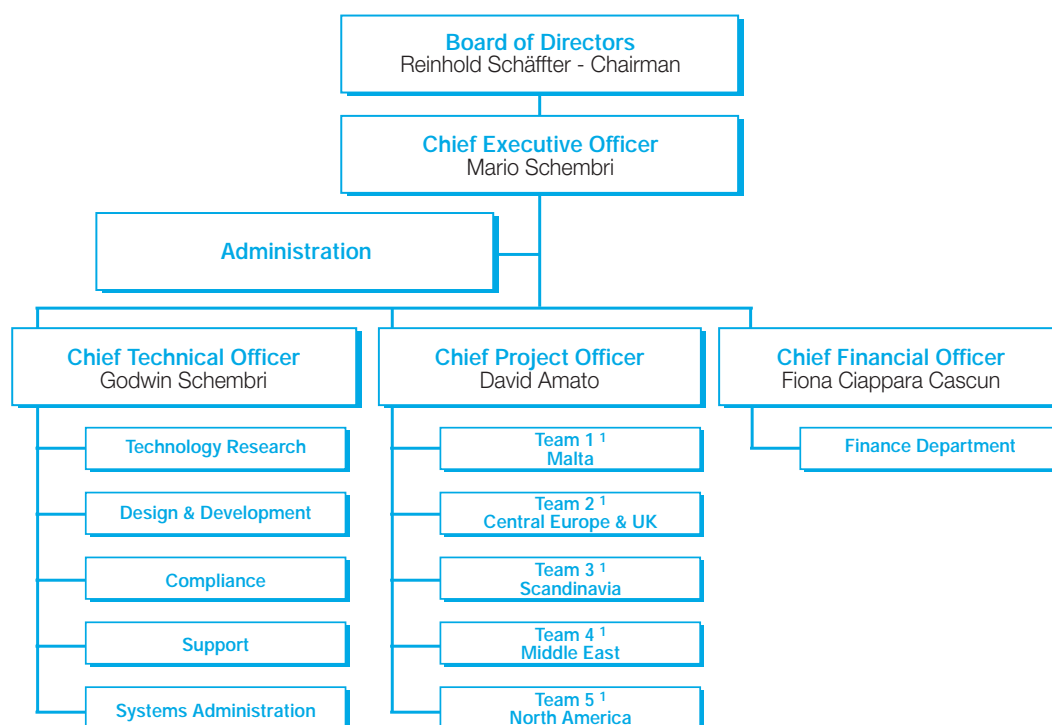
8.2 Board of Directors

The Board of Directors is responsible for the setting of strategy, overall direction, management and supervision of the Company, as well as for the establishment of policy guidelines for the management of the Company, including responsibility for the appointment of all executive officers and other key members of management. The Memorandum of Association of the Company provides that the Board of Directors shall be composed of not more than five (5) and not less than three (3) directors of which at least two (2) shall be non-executive directors.

SUMMARY NOTE

8.3 Management Structure

The Company's management body is consolidated as follows:



¹ Project Management teams are responsible for analysis, setup, documentation, quality assurance, implementation, support and user training.

8.4 Aggregate Emoluments of Directors and Senior Management

The total amount of remuneration paid and benefits in kind granted, including a share option scheme of the Company to the Board of Directors and senior management personnel in the last financial year amounted to *circa* €340,000. The aggregate amount of remuneration to be paid in 2008 to all Executive and Non-Executive Directors and to the senior management of the Company, as authorised by the Shareholders of the Company is not to exceed €500,000.

8.5 Employees

The average number of employees of the Company for the year ended 31 December 2007 was forty five (45).

9. FINANCIAL INFORMATION

The Prospectus makes reference to audited financial statements of the Company for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007. These financial statements have been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 3 of these financial statements, which are consistent with the accounting policies adopted by the Company in its financial statements included in its 2007 annual report. These financial statements have been audited by KPMG and are available from the Company's website and from the Company's registered office.

There is no significant change in the financial or trading position of the Company which occurred since the end of the financial period to which the audited financial statements for the year ended 31 December 2007 relate.

10. DETAILS OF THE COMBINED OFFERING

10.1 The Combined Offering

The Company is hereby issuing 5,000,000 ordinary shares of a nominal value of €0.20 per share in the Company at the Share Price and the Offeror is hereby offering 7,500,000 ordinary shares of a nominal value of €0.20 per share in the Company at the Share Price.

10.2 Plan for Distribution

The Company and the Offeror are making a Combined Offering of Shares for subscription by the general public in Malta. The Shares will be available for subscription during the Offer Period commencing on 9 June 2008 up to and including 13 June 2008, subject to the right of the Company and the Offeror to close subscription lists before such date in the case of over-subscription. The Company and the Offeror reserve the right to revoke or suspend the Offering until such time as the Shares have been allocated in accordance with the Prospectus and dealing of the said Shares takes place on the Official List of the MSE.

Applications may be obtained from and are to be lodged with Financial Intermediaries listed in Annex 2 of the Securities Note, during the Offer Period.

The Company and the Offeror will be entering into a number of conditional subscription agreements with Financial Intermediaries on 5 June 2008. In terms of those agreements the said Financial Intermediaries would bind themselves to subscribe and purchase, and the Company and Offeror would be bound to allot to such intermediaries such number of the Shares, as in aggregate, does not exceed fifty per cent (50%) of the Shares.

Provided that the said Financial Intermediaries would have paid to the Company and Offeror all subscription proceeds in cleared funds by not later than 12:00 hours on 5 June 2008 by depositing subscription monies in the bank account as instructed in the subscription agreements. If a Financial Intermediary would have failed to effect payment in full of all subscription monies by the above-mentioned date, then the Company and Offeror would only allocate Shares up to the value of proceeds actually received.

In the event that the Intermediary is allocated a smaller number of Shares than the number indicated in the respective subscription agreement, the said Intermediary will receive a refund of the balance of the price of the Shares applied for but not allocated, without interest, by direct credit into the Intermediary's bank account as indicated by the Intermediary in the subscription agreement.

10.3 Admission to Trading

The Shares have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 16 May 2008. Application has been made to the Malta Stock Exchange for the shares to be admitted to the OfficialList of the MSE as and when the Shares following the Combined Offering have been allocated.

10.4 Expenses of the Combined Offering

The Combined Offering expenses including advisors' fees, Intermediaries' commissions and other costs and expenses are estimated to be in the region of €500,000. This amount shall be deducted proportionately from the proceeds of the Combined Offering, that is, €300,000 shall be deducted from the proceeds of the Share Offer and €200,000 shall be deducted for the proceeds of the Share Issue. Accordingly, the net proceeds from the Share Offer and Share Issue will amount to €5,700,000 and €3,800,000 respectively.

The overall amount of the underwriting commission payable to the Underwriter and of the placing commission payable to institutional investors and Financial Intermediaries entering into conditional subscription agreements, in terms of the Prospectus, will not exceed €200,000.

Selling commission is payable to Financial Intermediaries. Each Intermediary shall be entitled to a selling commission calculated at the rate of 1.5% on the consideration paid by the Applicant applying through the Authorised Intermediary in respect of shares allocated to the Applicants.

10.5 Source of Funds

The Majority Shareholders and Directors confirm that there are no current negotiations, discussions or other transactions relating to any of the Shares in the Company other than as described in the Prospectus and attachments hereto.

11. ADDITIONAL INFORMATION

11.1 Share Capital

The Company was incorporated on 5 April 1993 and had on 7 February 2000 an authorised share capital of five thousand (5,000) Deutsche Marks and an issued share capital of one thousand (1,000) Deutsche Marks divided into one thousand (1,000) ordinary shares of five (5) Deutsche Marks each, twenty per cent (20%) paid up. These shares were allotted to ITM Holding as to 99.9% and Abacus Holdings Limited as to the remaining one (1) share. The Company originally had four (4) different classes of shares, being ordinary 'A', ordinary 'B', ordinary 'C' and ordinary 'D' shares. Only holders of ordinary 'A' and ordinary 'B' shares were entitled to vote.

On 4 April 2001, Reinhold Schäffter acquired the single ordinary share held by Abacus Holdings Limited.

The Company changed the denomination of its share capital from Deutsche Marks to Euros on 1 January 2002. The authorised share capital of the Company following the above-mentioned conversion was of, two thousand, five hundred and fifty six (2,556) Euros, divided into two thousand, five hundred and fifty six (2,556) shares of one (1) Euro each, twenty per cent (20%) paid up.

On 2 July 2002, the Company increased its authorised share capital to one million, four hundred and sixty nine thousand, nine hundred and sixty four (1,469,964) Euros, divided into one million, four hundred and sixty nine thousand, nine hundred and sixty four shares (1,469,964) of one (1) Euro each, each being fully (100%) paid up.

The additional one million, four hundred and sixty seven thousand, four hundred and eight ordinary shares (1,467,408) were all allotted to ITM Holding, by way of a capitalisation of the equivalent amount of the Company's reserves. Furthermore, all the shares in the Company became fully paid up on the same date.

The Company increased its authorised share capital to two million Euros (€2,000,000) divided into two million (2,000,000) ordinary shares of one (1) Euro each on 19 November 2007.

SUMMARY NOTE

On 26 November 2007, the Company increased its issued share capital to one million, six hundred and fifteen thousand, three hundred and forty five (1,615,345) Euros. Mario Schembri became a member of the Company on the same date after being allotted one hundred forty five thousand, three hundred and eighty one (145,381) ordinary shares in the Company of one (1) Euro each, each being fully (100%) paid up.

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 a 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 32,500,000 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.

There are currently no different classes of shares in the Company and accordingly each share shall be entitled to one vote at meetings of shareholders. All shares have the same rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise).

11.2 Memorandum and Articles of Association

The Memorandum and Articles of Association of the Company, described in Section 16.2 of the Registration Document, is registered with the Registry of Companies and is available for inspection at the registered office of the Company for the lifetime of the Prospectus and at the Registry of Companies during the lifetime of the Company.

11.3 Dividend Policy

The Directors of the Company expect that, subject to available cash flows, the requirements of the Act, unforeseen circumstances and economic conditions that might have an impact on the Company's financial performance, the Company will distribute dividends to its shareholders.

20
21

The Company will also balance the distribution of dividends against the use of these funds towards growing the enterprise value of the business by investments including in new markets and new services. In this way the Company will seek to maximise shareholders' return.

11.4 Material Contracts

NEPS I/S ("NEPS"), a joint venture company incorporated in Denmark and having CVR number 28120435 has been granted the source code of bankWORKS® through an agreement executed on 5 October 2004. This joint venture company is composed of two members holding equal share capital, being Reinhold Schäffter in his personal capacity and XPonCard A/S ("XPonCard"), a company incorporated in Denmark under CVR number 6706916.

NEPS and XponCard are only entitled to use bankWORKS® in Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, the Faroe Islands, Iceland and Greenland and have exclusive rights to promote, market and sell bankWORKS® in the above-mentioned territory. The Company provides support, training and system customisations to NEPS/XponCard and their customers, at a fee. No license fee is due to the Company through NEPS/XponCard's operation and the Company is required to provide free updates of bankWORKS®. Moreover, the Company is precluded from competing with NEPS/XponCard by directly selling licenses in the countries indicated here above without NEPS/XponCard consent.

Notwithstanding the above, the Company has to-date retained and secured four (4) clients in this territory after obtaining NEPS' consent since such clients indicated their disposition to work solely with the Company. Furthermore, the Company is authorised to provide services ancillary to bankWORKS® such as customisations and updates to clients in the territory without any restrictions whatsoever.

The Directors feel that through the agreement mentioned here above, the Company was able to derive substantial profits and penetrate a market through the marketing activities of NEPS. In actual fact the revenue from these services has proved to be rather substantial, representing 9% of the total turnover in 2006 and 12% of the total turnover in 2007. Furthermore Mario Schembri, a Director of the Company is also a director on the board of directors of NEPS.

The above-mentioned transaction was preceded by a transaction in which the Company, whilst retaining full ownership rights over bankWORKS® provided Reinhold Schäffter, the majority shareholder of ITM Holding with the source code of bankWORKS® for him to use or license to third parties.

The only rights ever granted by Reinhold Schäffter by means of transfer, assignment, license or otherwise over bankWORKS® were limited to one sole transaction concluded with NEPS, as indicated hereabove. As at the date of the Prospectus, Reinhold Schäffter retains no direct right or interest over bankWORKS®.

The Company has not entered into any other contracts of a material nature which were not in the ordinary course of business.

11.5 Taxation

Taxation Status of the Company

In terms of legislation regulating aids to industries in Malta, RS2 Software p.l.c. is entitled to a reduced rate of income tax of 15% up to the financial year ending 31 December 2008. As from 1 January 2009 the Company will be subject to tax at the standard corporate tax rate which currently stands at 35%. This notwithstanding, any part of the Company's profits, whether distributed or not, attributable directly (or indirectly through another Maltese company) to shareholders resident in a country with which Malta has concluded a double tax treaty in terms of which dividends are subject to a reduced rate of tax, may be taxed at such reduced treaty rate.

The Company is also entitled to investment tax credits which are set off against the tax charge on the Company's income from its trade or business situated in Malta. Investment tax credits are calculated as a percentage (currently 55%) of the amount invested in qualifying expenditure. Any investment tax credits which are not utilised to relieve the tax of any particular year are increased by a percentage (which in terms of EU Commission Notice 2007/C 319/03 currently stands at 5.19%) and carried forward to be deducted from the tax payable in the following years.

Profits earned by the Company from permanent establishments situated outside Malta are subject to tax in Malta at the standard corporate tax rate of 35% or at a reduced treaty rate as aforesaid. The Company may also be taxable in the country where the permanent establishment is situated. However, the Company could then claim double taxation relief in respect thereof.

Taxation on Dividends paid to the Company's Shareholders

In terms of Legal Notice 79 of 2008, any chargeable income of the Company which is subject to a final tax or the tax chargeable on which would have been relieved from payment by investment tax credits will be allocated to the Final Tax Account. No further tax is payable in Malta on any dividends payable out of profits allocated to the Final Tax Account. Any tax suffered on profits allocated to this tax account is not available as an imputation credit to the Company's shareholders.

Dividends distributed to shareholders resident in Malta, other than companies, from untaxed profits are subject to 15% withholding tax which may be treated as a final tax at the option of the recipient shareholders. The Company will deduct this 15% withholding tax from the amount of the dividend and will remit such withholding tax to the Commissioner of Inland Revenue.

All other dividends distributed to any shareholders are not subject to any further tax.

Under Malta's full imputation system of taxation, a person is subject to tax, where applicable, on the net dividend grossed up by the tax paid by the distributing company on the profits out of which the dividend is distributed. Other than for dividends issued out of the Final Tax Account, a shareholder is normally entitled to claim a refund of the difference between the tax payable on the grossed up dividend and the tax paid by the company distributing the dividend.

On a distribution of dividends by the Company out of profits allocated to the Foreign Income Account, which may include *inter alia* profits derived from permanent establishments situated outside Malta, non-resident shareholders will be entitled to a two-thirds refund of the Malta tax paid on the profits out of which the dividends are paid.

Tax on Capital Gains

In accordance with current legislation, if and for as long as the Shares are listed on the Malta Stock Exchange, no tax on capital gains is payable in Malta on any transfer of these Shares.

Duty on Documents and Transfers

In accordance with current legislation, if and for as long as the Shares are listed on the Malta Stock Exchange, no duty on documents and transfers (stamp duty) is payable in Malta on any transfer of these Shares.

THE INFORMATION ABOVE IS BASED ON TAX LAW AND PRACTICE APPLICABLE AT THE DATE OF THIS PROSPECTUS. SHAREHOLDERS ARE REMINDED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE COMPANY AND ITS SHAREHOLDERS MAY CHANGE FROM TIME TO TIME. SHAREHOLDERS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE SHARES, AS WELL AS DIVIDEND PAYMENTS MADE BY THE COMPANY. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO SHAREHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

12. DOCUMENTS AVAILABLE FOR INSPECTION

During the lifetime of this Summary Note the following documents shall be available for inspection at the registered address of the Company at 120/6, The Strand, Gzira, GZR1027, Malta:

- (a) Memorandum and Articles of Association;
- (b) Historical Financial Statements for each of the years ended 31 December 2005, 2006 and 2007;
- (c) The profit forecast for the financial year ending 31 December 2008; and
- (d) The Registration Document and Securities Note forming part of the Prospectus.

These documents are also available for inspection in electronic form on the Company's website at www.rs2.com

REGISTRATION DOCUMENT

This document is a Registration Document issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This Registration Document is issued pursuant to the requirements of Listing Rule 6.4.2 of the Listing Rules and contains information about RS2 Software p.l.c. (the "Company") for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Registration Document should be read in conjunction with the most updated Securities Note issued by the Company from time to time that will provide the details of the Shares.

This document is dated 16 May 2008.

in respect of

AN OFFER BY

ITM (Information Technology Management) Holding Limited

OF 7,500,000 ORDINARY SHARES

AND AN ISSUE BY

The Company

OF 5,000,000 ORDINARY SHARES

IN

RS2 SOFTWARE P.L.C.

AT A SHARE PRICE OF €0.80 PER SHARE

ISIN: MT0000400102

Legal Counsel

Gatt Frendo Tufigno Advocates

Auditors, Financial Advisors & Reporting Accountants

KPMG

Sponsoring Stockbroker

 **CHARTS**
WEALTH MANAGEMENT • CORPORATE BROKING

Manager, Registrar & Underwriter


Bank of Valletta

Table of Contents

Important Information	24
Definitions	25
1. Risk Factors	26
2. Identity of Directors, Senior Management, Advisors & Auditors	28
3. Selected Financial Information	29
4. Information about the Company	29
5. Operating and Financial Review	41
6. Capital Resources	44
7. Working Capital Statement	45
8. Profit Forecasts or Estimates	45
9. Trend Information	45
10. Directors and Senior Management	46
11. Employees	50
12. Major Shareholders and Lock-in	50
13. Employee Share Option	50
14. Related Party Transactions	51
15. Historical Financial Information	52
16. Additional Information	52
17. Material Contracts	55
18. Third Party Information and Statements by Experts	55
19. Documents Available for Inspection	55
Annex 1 – Profit Forecast	56
Annex 2 – Authorised Financial Intermediaries	61

Important Information

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON RS2 SOFTWARE P.L.C. AND ITS BUSINESS. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY RS2 SOFTWARE P.L.C. (THE "COMPANY") OF 5,000,000 ORDINARY SHARES AND AN OFFER BY ITM (INFORMATION TECHNOLOGY MANAGEMENT) HOLDING LIMITED (THE "OFFEROR") OF 7,500,000 ORDINARY SHARES IN THE COMPANY. THE SHARES HAVE A NOMINAL VALUE OF €0.20 PER SHARE AND ARE BEING ISSUED/OFFERED AT A SHARE PRICE OF €0.80 PER SHARE.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING "IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS" (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS OR THE OFFEROR, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SHARES (AS DEFINED HEREIN) OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE COMBINED OFFERING HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE OFFEROR OR THE COMPANY, ITS DIRECTORS OR ADVISORS.

THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS COMBINED OFFERING ARE ACTING EXCLUSIVELY FOR THE COMPANY AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS DESCRIBED IN THE PROSPECTUS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

A COPY OF THE PROSPECTUS HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SHARES TO BE CONSIDERED AS ADMISSABLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE SHARES TO BE ADMITTED TO THE OFFICIAL LIST UPON ALLOCATION TO INVESTORS. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON 1 JULY 2008.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THE PROSPECTUS AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE COMPANY OR THE OFFEROR TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SHARES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

REGISTRATION DOCUMENT

Definitions

In this document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	The Companies Act, CAP. 386 of the Laws of Malta;
bankWORKS®	Software solution developed by the Company, details of which are included in Section 4.2.5;
Combined Offering	The Share Issue and the Share Offer pursuant to the Prospectus in aggregate constituting approximately 33.3% of the issued share capital of the Company;
Company or RS2	RS2 Software p.l.c. a company incorporated in Malta and registered under company number C25829 and having its registered office at 120/6, The Strand, Gzira, GZR1027, Malta;
Directors or Board	The directors of the Company whose names are set out under the heading "Identity of Directors, Senior Management, Advisors & Auditors";
Euro or EUR or €	The lawful currency of the European Union (EU);
Financial Intermediaries	The financial intermediaries listed in Annex 2;
ITM Holding	ITM (Information Technology Management) Holding Limited, a company incorporated in Malta under company number C23322 and having its registered office at 120/6, The Strand, Gzira, GZR1027, Malta and of which Reinhold Schäffter is the majority shareholder holding 75% of its share capital;
Listing Rules	The listing rules as issued by the Listing Authority from time to time;
Major Shareholders	ITM Holding and Mario Schembri;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act, CAP. 345 of the Laws of Malta with registered office at Garrison Chapel, Castille Place, Valletta, VLT1063, Malta and bearing company registration number C42525;
Manager & Registrar	Bank of Valletta p.l.c.;
Offeror	ITM Holding;
Prospectus	This document together with a Securities Note and a Summary Note both dated 16 May 2008 in connection with the Combined Offering;
Registration Document	This document in its entirety;
Securities Note	The Securities Note dated 16 May 2008, forming part of the Prospectus;
Share Issue	The issue by the Company of 5,000,000 ordinary shares of a nominal value of €0.20 each share in the Company (constituting approx. 13.3% of the issued share capital of the Company) to the general public in Malta made by the Company at the Share Price pursuant to the Prospectus;
Share Offer	The offer for sale by the Offeror of 7,500,000 ordinary shares of a nominal value of €0.20 each share in the Company (constituting approx. 20% of the issued share capital of the Company) to the general public in Malta at the Share Price pursuant to the Prospectus;
Share Price	The price of €0.80 per Share;
Share Option Scheme	The share option scheme of the Company further details of which are set out in Section 13;
Shares	The 12,500,000 ordinary shares in the Company at a nominal value of €0.20 each (approx. 33.3% of the issued share capital of the Company) being issued/offered, in their respective proportions, by the Company/Offeror at the Share Price constituting the Combined Offering;
Sponsoring Stockbroker	Charts Investment Management Service Limited;
Summary Note	The Summary Note dated 16 May 2008, forming part of the Prospectus;
Underwriter	Bank of Valletta p.l.c.

1. RISK FACTORS

All equity investments involve elements of risk. Prospective investors should consider carefully each of the following risks and other information contained in the Prospectus and make an independent evaluation before making an investment decision. The information below does not purport to be an exhaustive list. If any of the following risks or uncertainties were to materialise, the Company's business, financial position, results and/or future operations may be materially adversely affected. In such cases, the market price of the Shares may decline and an investor may lose all or part of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Company.

An investment in the Company may not be suitable for all recipients of the Prospectus and investors are urged to consult their advisors as to the suitability of the investments described herein before investing.

Forward-looking statements

The Prospectus contains forward-looking statements which include statements concerning the Company's objectives and plans and strategies relating to the attainment of those objectives, its capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions and important factors that could cause actual results to differ materially from the expectations of the Company's Directors. No assurance is given that the future results or expectations will be achieved.

I. INDUSTRY RELATED RISK FACTORS

The Company provides card management and payment systems software solutions for companies involved in the financial sector. The circumstances indicated hereunder are considered to be risk factors inherent in the industry and common to all companies and organisations operating in the same industry in which the Company operates and do not relate to any circumstance or characteristic specific to the Company.

I.A Software

It is an inherent risk of this industry that all software applications could contain undetected errors which could lead to the software not operating as intended. Despite extensive testing conducted regularly by the Company and by its clients, the Company could discover errors and bugs in its software applications.

Failure by the Company to provide updates, upgrades, and fixes to the software in a timely manner may have a material adverse effect on the Company's revenues, results of operations and financial conditions.

II. OPERATIONAL RISK FACTORS

The risk factors outlined hereunder are considered to reflect circumstances and characteristics directly related to the Company's operations.

II.A Adaptability to technological changes

The Company's future success depends in part on its ability to develop enhancements to the existing products and to introduce new products that keep pace with rapid technological developments, changes in customers' needs and any changes in the regulatory environment. Failure to successfully introduce new or enhanced products to the market may adversely affect the Company's business, financial condition and results of operations.

No assurance can be given that the Company's products and services will be developed in time to capture market opportunities, will achieve a sufficient level of acceptance in new and existing markets or that RS2 will successfully anticipate rapid technological changes, new industry standards or changes in the regulatory environment.

II.B Market forces and competition

The market in which the Company operates is characterised by rapidly evolving technology and industry standards. Many of the companies that compete or could compete in the future could have substantially greater financial, technical and marketing resources, long operating histories, greater name recognition, larger customer bases and more established relationships. As the market grows, new competitors may emerge, which could reduce the Company's sales, margins and market share. Competitors could develop superior or more cost-effective solutions which could render the Company's products uncompetitive or develop products that achieve greater market acceptance than the Company's products. In the future, the Company may experience pricing pressures from competitors and customers which may adversely affect sales and/or gross margins.

II.C Dependence on key personnel

In common with many businesses, the Company will be relying heavily on the contacts and expertise of the Executive Directors and other key personnel within the Company. Although no single person is solely instrumental in fulfilling the Company's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel. The loss of the services of any of the Executive Directors or other key personnel could have, in the short term, a material adverse effect on the business of the Company. While all the Executive Directors have undertaken, in their role as shareholders of the Company, not to transfer or otherwise dispose of any shares, or any rights therein, of the Company for a period of twenty four (24) months following admission to listing of the Shares on the Official List of the Malta Stock Exchange, there can be no assurance that any or all of the Executive Directors in their role as shareholders of the Company, will not, at any time following the lapse of the said two (2) year period, dispose of any interest, direct or indirect, in the shares of the Company. More information is included in Section 12 under the heading "Major Shareholders and Lock-In".

II.D Dependence on retaining and recruiting knowledgeable employees

The rapid growth of the Company has placed substantial demands on the Company's management and operations. The Company's success depends to a large extent upon its ability to recruit, motivate and retain highly skilled employees with the functional and technical skills and experience necessary to develop and deliver the Company's services. The limited supply of such qualified employees means that the competition for such employees is intense and there can be no assurance that the Company will be able to recruit, motivate and retain sufficient numbers of qualified employees in the future. Failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations. There also exists a risk that the labour market does not produce enough supply of qualified workers to meet the growing demands of the industry in general. This would result in escalating costs for the Company to retain its existing human resources and to attract additional personnel to resource its future growth.

The Company has established Share Option Schemes in order to incentivise and reward executives and employees.

II.E Risk to intellectual property and proprietary rights

The Company regards its intellectual property as critical to its success. It relies and will rely on a combination of trade secret, copyright, trademark and non-disclosure laws, domain name registrations and other contractual agreements and technical measures to protect its intellectual proprietary rights ("IPR"). RS2 generally seeks to enter into confidentiality or license agreements with its employees, consultants and clients. The Directors consider that currently, RS2 has appropriate systems and procedures to control access to and distribution of its intellectual property documentation and other proprietary information and are on the lookout for new tools to protect its IPR in the future.

Despite the Company's efforts to protect such proprietary rights, unauthorised parties may attempt to obtain and use information that the Company regards as proprietary. There can be no assurance that the steps which have been, are being or will be taken by the Company to protect its proprietary information will prevent misappropriation of such technology and proprietary information and that such measures will not preclude competitors from developing products with functionality or features similar to the Company's. In addition, effective copyright and other legal protection may be unavailable or limited in certain countries, and failure by the Company to register its intellectual property rights in certain countries may make enforcement of its rights more difficult.

Legal proceedings to enforce, protect or defend the Company's intellectual property rights assigned and/or developed could be burdensome and expensive and could involve a high degree of uncertainty. If the Company cannot successfully enforce or defend such rights, this could have a material adverse effect on its business and financial condition.

Furthermore, although procedures are in place to ensure that third parties' rights are not infringed in the software development process, such procedures may not be sufficient to guarantee total compliance.

II.F Dependence on key customers

The Company has significant contracts with a limited number of customers some of which may be terminated without cause or on written notice at the expiry of their term. Although the Company knows of no reason why such contracts should be terminated or will not be renewed on the same or more favourable terms, the Directors cannot guarantee that the relevant parties will not alter this position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the trading position and any future profitability of the Company.

II.G Foreign exchange risk

The Company is exposed to foreign currency risk on revenues and costs that are denominated in a currency other than in Euros. The Company does not currently feel the need to hedge against any exchange losses which may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

2. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS

Directors and Company Secretary

The Directors of the Company, whose names are set out hereunder are the persons responsible for the information contained in this Registration Document. They have been advised and assisted in the drafting and compilation of the document by the persons included under the heading "Advisors".

Executive Directors:

Reinhold Schäffter - Chairman
Mario Schembri

Non-Executive Directors:

Robert Tufigno
Maurice Xuereb

Company Secretary:

Ivan Gatt

Senior Management of the Company

Mario Schembri	Chief Executive Officer
Godwin Schembri	Chief Technical Officer
David Amato	Chief Project Officer
Fiona Ciappara Cascun	Chief Financial Officer

Advisors

Legal Counsel to the Company

Gatt Frendo Tufigno Advocates
66, Old Bakery Street, Valletta, VLT1454, Malta

Financial Advisors & Reporting Accountants

KPMG
Portico Building, Marina Street, Pieta', PTA9044, Malta

Sponsoring Stockbroker

Charts Investment Management Service Limited
Valletta Waterfront - Vault 17, Pinto Wharf, Floriana, FRN1913, Malta

Manager, Registrar & Underwriter

Bank of Valletta p.l.c.
BOV Centre, Cannon Road, St Venera, SVR 9030, Malta

Auditors

The financial statements of RS2 Software Limited for the financial years ended 31 December 2005, 2006 and 2007 have been audited by KPMG of Portico Building, Marina Street, Pieta, PTA9044, Malta.

KPMG is a firm of Certified Public Accountants holding a Practicing Certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (CAP. 281, Laws of Malta).

3. SELECTED FINANCIAL INFORMATION

Extracts from the audited historical financial information of the Company for the three years ended 31 December 2005 to 2007 are set out below:

For the Years Ended 31 December

	2007 €'000	2006 €'000	2005 €'000
Revenue	6,260	3,765	3,297
Gross profit	3,030	1,245	1,522
Results from operating activities	2,388	699	1,360
Profit before tax	2,373	675	1,340
Profit for the year	2,239	666	1,564
Total assets less current liabilities	8,220	8,258	7,463
Interest-bearing loans and borrowings	-	1	1
Total equity	8,196	8,258	7,463
Earnings per share (cents) ¹	6c9	2c0	4c8

¹ Calculated on the basis of 32,500,000 ordinary shares of a nominal value of €0.20 each in issue as at the date of the Prospectus.

4. INFORMATION ABOUT THE COMPANY

4.1 Historical Development

4.1.1 Introduction

Legal Name of Company	RS2 Software p.l.c.
Registered Address	120/6, The Strand, Gzira, GZR1027, Malta
Place of Registration and Domicile	Malta
Registration Number	C25829
Date of Registration	The Company was originally incorporated as an offshore company on 5 April 1993 under the Malta International Business Activities Act, 1988 and continued under the Companies Act (CAP. 386) on 7 February 2000. The Company was converted into a public limited company in accordance with the provisions of Article 213 of the Act on 24 April 2008.
Legal Form	The Company is lawfully existing and registered as a public limited company in terms of the Act.
Telephone No:	+356 2134 5857
Fax No:	+356 2134 3001
Email Address:	info@rs2.com
Website:	www.rs2.com

4.1.2 Important Events in the Development of the Company

RS/2 International (Malta) Limited was originally incorporated as an offshore company on 5 April 1993 under the Malta International Business Activities Act, 1988 and continued under the Companies Act (CAP. 386) on 7 February 2000.

Reinhold Schäffter and Gernot Schäffter both of German nationality, were the two directors of the Company on 7 February 2000.

The share capital of RS/2 International (Malta) Limited was on 7 February 2000 denominated in Deutsche Marks, having an authorised share capital of five thousand (5,000) Deutsche Marks and an issued share capital of one thousand (1,000) Deutsche Marks.

ITM Holding, a company incorporated in Malta and having company number C23322, held 99.9% of the issued share capital of the Company.

The denomination of the Company's share capital was changed from Deutsche Marks to Euros on 1 January 2002. The Company changed its name to RS2 International (Malta) Limited on 5 June 2002.

The objects of the Company were also enhanced to cover software solutions for banks, service providers and other financial and non-financial organisations, along with the original object of targeting financial institutions.

Following the change of the denomination of the share capital, the authorised share capital of the Company was converted to two thousand, five hundred and fifty six Euros (€2,556) divided into two thousand, five hundred and fifty six (2,556) shares of one (1) Euro each, with two thousand, five hundred and fifty five (2,555) shares of one (1) Euro each being held by ITM Holding, twenty per cent (20%) paid up.

On 2 July 2002, the Company allotted one million, four hundred and sixty seven thousand, four hundred and eight (1,467,408) ordinary shares, being fully paid up to ITM Holding by way of capitalising the equivalent amount of the Company's reserves, bringing the share capital of the Company to one million, four hundred and sixty nine thousand, nine hundred and sixty four ordinary shares (1,469,964), all fully paid up.

The Company changed its name to 'RS2 Software Limited' on 6 June 2006.

The Company increased its authorised share capital to two million Euros (€2,000,000) divided into two million (2,000,000) ordinary shares of one (1) Euro each on 19 November 2007.

The issued share capital of the Company was increased from one million, four hundred and sixty nine thousand, nine hundred and sixty four ordinary shares (1,469,964) to one million, six hundred and fifteen thousand, three hundred and forty five ordinary shares (1,615,345) on 26 November 2007, with the new one hundred and forty five thousand, three hundred and eighty one (145,381) shares of one (1) Euro each, fully paid up being allotted to Mario Schembri.

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.

Maurice Xuereb and Robert Tufigno were appointed as Non-Executive Directors of the Company on 22 April 2008 and 9 May 2008 respectively.

In preparation for the Combined Offering, the Company changed its status to a public limited company in accordance with Article 213 of the Act and has retained such status to date.

The Company resolved to increase its issued share capital on 25 April 2008 by way of a 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 twenty cents of a Euro (€0.20) each, thereby increasing the issued and fully paid up share capital to thirty two million, five hundred thousand (32,500,000) shares of €0.20 each, resulting in a paid up capital of six million, five hundred thousand Euros (€6,500,000). Such shares were allotted to the members of the Company in proportion to their existing holding.

There are currently no different classes of shares in the Company and accordingly all shares have the same rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise).

4.2 Business Overview

4.2.1 Introduction

The origins of the Company stem back to 1988 when Reinhold Schäffter, a former international bank operations executive together with a partner who was also a banking executive decided to develop a software solution for financial institutions. Reinhold Schäffter's vision was to use PC based Client/Server and low-level platform networks to manage banking and funds transfers related to card settlement transactions. This proved to be successful as the Company's footprint grew in the international market.

Having designed and introduced a new programming concept in the early 1990's, RS2 penetrated the central and eastern European and Mediterranean markets with their electronic payment and card management solutions. This strategy was supported by major card organisations such as MasterCard and VISA International.

Since then the Company has established a presence and product acceptance in other geographical areas such as Sweden, Finland, Denmark, Norway, Ireland, Luxembourg, Latvia, Croatia and Serbia. The Company also penetrated the Middle East in countries such as Dubai, Lebanon, Iraq, Jordan and Palestine and in the United States of America.

The Company has made substantial R&D investments to develop software products for managing financial transactions in the international markets.

The Company has developed a proprietary software solution, trademarked **bankWORKS**, which offers a one-stop shop for the financial institutions involved in the process indicated in Section 4.2.4. It is modular in concept and covers a full range of solutions for electronic payment services as well as related functions. Through the Company's ability to cater for all types of clients' requirements both as to size and functionality, these software modules are available to clients under licensing agreements that are active in the following market segments:

- Small, medium and large banks;
- Banks with extensive international networks;
- Merchant organisations;
- Service providers servicing financial institutions worldwide.

A considerable number of financial institutions and service providers based in various jurisdictions use **bankworks** in their operations.

Service providers provide their clients, normally financial institutions, the technical infrastructure together with a number of essential card issuing and/or acquiring services. These services could include card issuing and personalisation, on-line switching to domestic networks and international card schemes like MasterCard and VISA, clearing and settlement, PIN management, ATM and Point of Sale switching and monitoring, chargeback handling, 24/7 service support together with merchant services. Other services such as issuing customer statements for cardholders and merchants, report generation and other related services may also be provided.

To be able to provide these services the service provider utilises, as part of its infrastructure, a card management software system for card issuing and/or merchant acquiring as is typically provided by the Company's **bankworks** system.

The Company's success has been based on the development and marketing of **bankworks** from the Company's premises in Malta and strategic marketing alliances with companies based in other jurisdictions such as RS Consult GmbH ("RS Consult") in Germany and NEPS I/S ("NEPS") in Scandinavia.

The Company has a strategic relationship with RS Consult, a company incorporated in Germany and having company number D-63263. By means of this agreement, RS Consult today assists the Company in its marketing to further penetrate the European market through its proximity to current and potential RS2 clients and the familiarity with the spoken language. Its employees are knowledgeable in the card management and payment industry and well versed in the operation and methodologies of **bankworks**. In addition to marketing efforts, the employees of RS Consult also provide consultancy, project management, documentation, testing, system configuration, client support, system analysis testing and project co-ordination to clients of the Company at its request. RS Consult enjoys a defined subcontractor relationship with the Company.

NEPS I/S, a company incorporated in Denmark and having CVR number 28120435 is a joint venture company entered into by Reinhold Schäffter in his personal capacity and a client of the Company, to accelerate and facilitate marketing efforts in the Scandinavian region.

These strategic alliances have enabled the Company to penetrate markets in which it had limited presence by making the most of the marketing activity and market knowledge acquired by these strategic partners throughout the years. NEPS and RS Consult's proximity to current and potential RS2 clients and the familiarity with the spoken language have contributed towards the successful growth of the Company.

30
31

4.2.2 The Payments Industry

The Company services clients that operate in the card payments industry. The convenience, security and other benefits associated with card payments has brought about a major shift from conventional and traditional paper-based payments, such as cash, to modern form of payments such as card-based payments and other electronic payments.

Card payments include credit cards, charge cards, debit cards, deferred debit cards, ATM cards, prepaid cards, private label cards and other types of general-purpose and limited-use cards and other electronic payments such as wire transfers, electronic benefits transfers, automated clearing house payments and other forms of electronic payments not typically tied to a payment card or similar access device.

The Company believes that the shift to electronic payment forms is a worldwide phenomenon. According to The Nilson Report, a leading journal focusing on the payment service industry, global card purchase transactions grew at a Compound Annual Growth Rate ("CAGR") of 14% from 2000 to 2006. The Nilson Report forecasts global card purchase transactions to increase at a CAGR of 11% from 2006 to 2012, with particularly strong growth in Asia/Pacific, Latin America and the Middle East/Africa. (Source: *The Nilson Report, issue 866 [October 2006], issue 885 [August 2007]*)

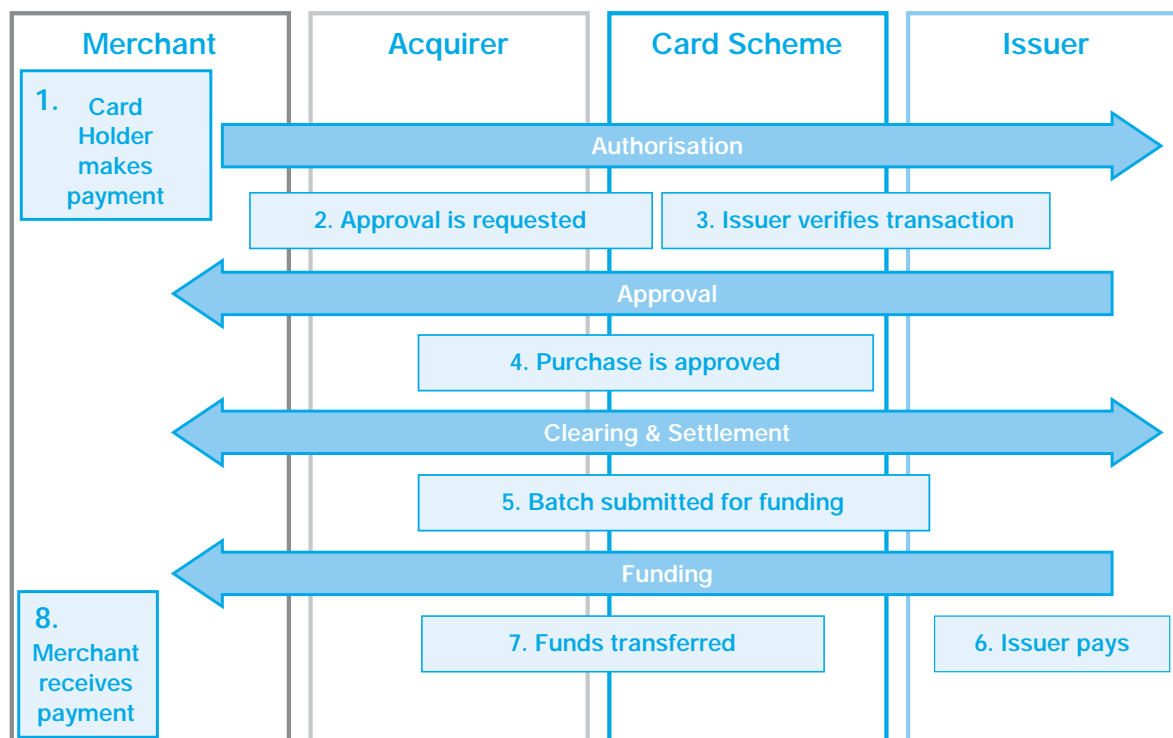
4.2.3 The Parties Involved

The process behind card transactions is generally known as the Inter Change Process.

Several parties are involved in the handling of transactions. These are namely:

Cardholder	the owner of the card used to make a purchase.
Merchant	the business accepting card payments for products or services sold to the cardholder.
Acquirer	the financial institution or other organisation that provides card processing services to the merchant.
Card Scheme/ Card Association	a network such as VISA or MasterCard (and others) that acts as a gateway between the acquirer and issuer for authorising and funding transactions.
Issuer	the financial institution or other organisation that issues the card to the cardholder.

4.2.4 The Transaction Process



A typical Inter Change Process consists of the following steps:

a. Authorisation

The cardholder uses his/her debit or credit card to purchase an item, either through a Point of Sale terminal ("POS") or through the Internet.

The merchant submits the transaction to the acquirer who in turn verifies with the issuer that the card number and transaction amount are valid. This process is performed almost instantly and following approval the transaction is processed for the cardholder.

b. Batching

Following approval, the transactions are stored in a batch. The merchant subsequently sends the batch to the acquirer in order to receive payment.

c. Clearing and settlement

The acquirer sends the transactions in the batch through the Card Scheme/Card Association, which debits the issuer for payment and credits the acquirer. In effect, the issuer pays the acquirer for the transactions.

d. Funding

The merchant receives payment as soon as the acquirer is placed with funds. The amount corresponds to the value of the transaction less the discount rate, which is the fee the merchant pays the acquirer for processing the transaction.

This process is performed automatically through software solutions specifically developed for such purpose.

4.2.5 Principal Activities

The Company has developed a proprietary software solution, trademarked **bankworks**[®], which offers a one-stop shop for financial institutions involved in the process indicated here above.

The Company grants non-exclusive licenses to use **bankworks**[®] to financial institutions and service providers and also provides maintenance, support and enhanced services to its clients.

Product Profile



bankWORKS is an end-to-end solution supporting all aspects of card issuing and acquiring services needed by financial organisations to operate as professional players in the market. **bankWORKS** handles information on all financial institutions' products, customers, merchants, online networks and comprehensive management information to improve business decisions, and helps increase productivity and enhance customer service. Its card payments solution is designed to support a wide range of business areas and products for handling domestic and international card issuing and merchant acquiring services.

bankWORKS is designed using best practice for all card management processes, giving the customer access to major business benefits, supporting and improving customer satisfaction and increasing the customer base through all-round support for card issuing, merchant acquiring and clearing operations, outstanding customer service through call centre and internet facilities, modern software design and architecture for multi-processing of payment systems and bank accounting operations, module based system built to operate independently or as a totally integrated solution, rapid launching of new products and services through flexible parameters, cross-border issuer and acquirer business through multi-currency, multi-institution, and multi-language facilities and certified by the major international card organisations.

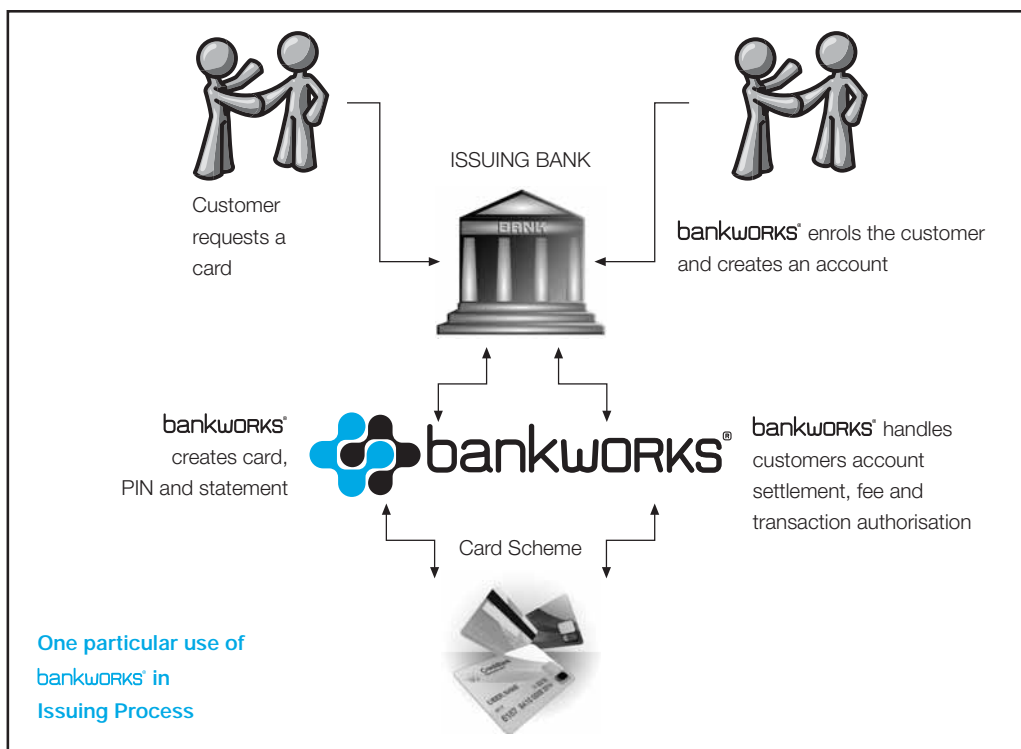
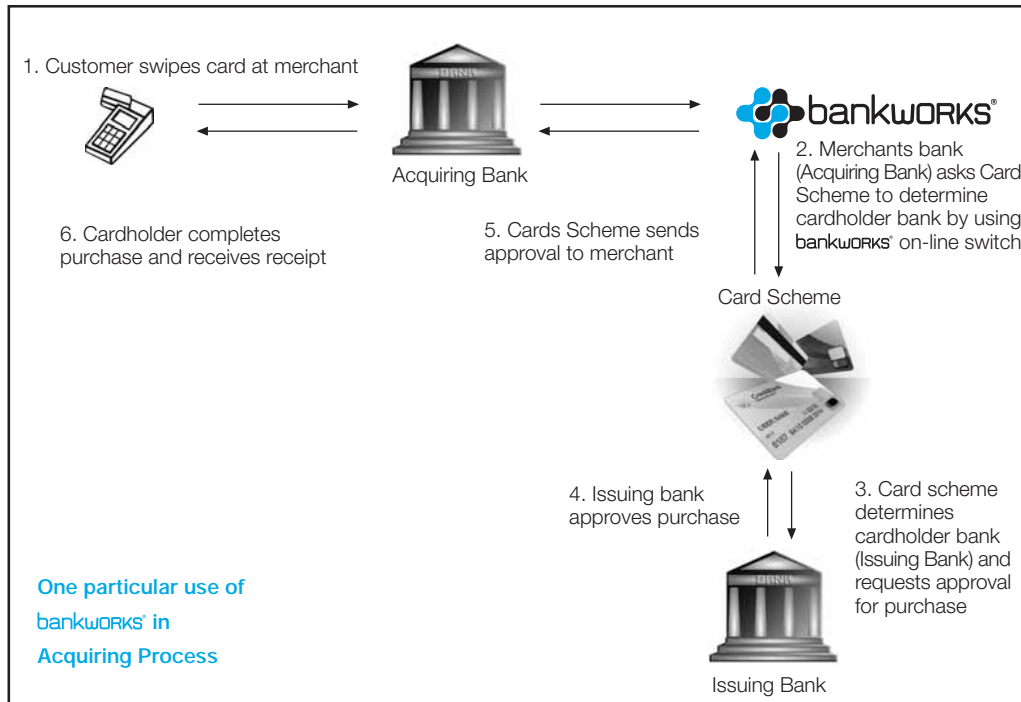
bankWORKS is designed to operate a multi-institutional environment for service providers. Multi-institution processing is supported at a single installation using the cross-environment facility. A number of service providers worldwide are using this facility today with great success. The software is a multi-currency system. This implies that all transactions retain the transaction amount, the interchange fee amount and the foreign exchange ("FX") rate and FX date for the following currency types: transaction currency, clearing currency, local currency and account currency. There is no restriction to the number of particular currencies in which card accounts may be maintained. Multi-currency also implies the maintenance of current foreign exchange rates including their purchase and sale spreads for multiple rate categories, which include VISA rate, MasterCard rate, bank treasury imposed rates between local currency and card accounts. The system automatically generates any foreign exchange conversions and passes all resultant accounting entries to the pertinent FX trade and revaluation accounts.

bankWORKS is a multi-language system and can be tailored to the local language for screens and reporting without any programming. Multiple languages can be operated in the system simultaneously depending on the set-up of each particular individual user account. Multi-language is also linked to customer reporting and correspondence for cardholder and merchants. Setting-up dictionaries for each particular language is supported by an integrated dictionary maintenance function.

bankWORKS is structured on a multi-tiered architecture. It embraces open technology that allows the system to run on single or multiple servers and to exploit the ever-increasing power of multi-processor technology.

In applying design principles namely modularity, scalability, functionality, parameter driven principles and industry standard technologies, each principle supports the card management processes meeting the ever-changing environment and requirement to growth, cost effectiveness, system flexibility and improved customer relations.

RS2 ensures that it maintains its leading position by updating its software to meet the requirements of the international card organisations and market requirements on an ongoing basis with regular annual module upgrades to its clients.



THE MODULES

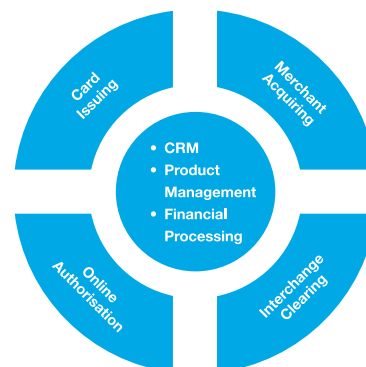
Core Processing Engine

The Core Processing Engine is a vital part of **bankWORKS** giving the basic fundamentals of all common processes in relation to card issuing acquiring or clearing operations. The optional modules in **bankWORKS** are all utilising the same core engine to process all financial transactions, posting, calculation of fees and charges, updates of accounts according to product parameters, and produce data for general ledger.

The main benefit for using Core Processing Engine is improved speed due to optimised processing and lower maintenance cost through reduction of errors and effective trouble shooting.

The Core Processing Engine Module forms the nucleus of **bankWORKS** and includes the following functionality:

- Client Information
- Service Contract and Product Management
- Transaction Processing
- Sub-ledger Accounting
- General Ledger Transaction Generation
- Customer Letter Generation



Card Issuing

The Issuing Module of the card management system handles all information related to application processing, cardholders, corporations, products and services, card production, risk management, statement generation, accounting, transaction processing, and reporting. **bankWORKS** provides comprehensive management information to improve business decisions, and helps to increase productively by enhancing professional customer service.

Merchant Acquiring

Transaction acquisition is probably the most potentially profitable activity in the card business. The ability to react quickly to changing market conditions is a must. Accordingly, the full automation of this back office area, via an efficient and reliable software solution, is of great significance.

The Merchant Acquirer Module in **bankWORKS** enables a financial institution to perform the full range of acquirer functions. This includes both retail merchant business and cash advances (branch teller/ATM) for an unlimited variety of card products. It provides the facility for the user financial institution to settle acquired transactions with merchants (retail transactions), and banking institutions (cash advances). In addition, facilities are provided for the settlement of acquired transactions with the card issuer utilising the Interchange Clearing Module.

Interchange Clearing

The banking and financial institutions' interface to both domestic and international card clearing organisations is one of the most important functions in the day-to-day card processing. The interchange and clearing process is considered as one of the most important and complex processes in the card industry. Accordingly, financial institutions must be able to rely on a maintainable, yet expandable, clearing and settlement package.

bankWORKS Interchange Clearing Module provides a flexible facility to meet these necessities. The Interchange and Clearing system enables the financial institution to clear and settle card transactions while providing an electronic file-based interface to other card or account systems.

On-line Switching and Authorisation

On-line authorisation is one of the most time-critical functions in the card business. A successful on-line authorisation software solution requires the highest level of technological sophistication. In today's rapidly expanding markets, transaction volumes can be a make or break issue.

The **bankWORKS** On-Line Switch has advanced the concepts of communications and the distribution of processes. Sharing of jobs, tasks and other processes necessitates the On-Line Switch to have enhanced connectivity with other sections of the integrated system. The On-Line Switch has been designed with a 'system building block' monitoring facility that addresses these required functions. Features include automatic logging, security, recovery, remote monitoring, and plug-in facilities. The On-line Authorisation Module transforms a complex collection of communications devices, protocols, and message formats using a single software package. This package can be installed as a stand-alone solution or distributed among several hosts.

The On-Line Switch is able to distinguish between local processing and foreign data threading. For example, although the starting point of a card transaction may be via an ATM, the On-Line Switch identifies that this transaction must be routed through an international network. The On-Line Switch will detect all the card information relevant to the transaction before passing the transaction to any external connection. The concept of linking a card product directly to a card organisation is an important feature of the On-Line Switch, giving RS2 the edge as a total, worldwide, communication and information service provider.

PIN Management

The Personal Identification Number ("PIN") Management Module in **bankWORKS** provides high security features. PIN Management is a very sensitive area in which card organisations introduce constant and strict security requirements and regulations which must be strictly adhered to. The PIN management system provides total security to card issuers during the card production process.

The PIN Management Module is fully configurable and utilises common core modules and functions for business rules, product and card schemes details. Configuration and customer specific requirements can easily be tailored by using set-up parameters.

ATM & POS Controller

Automated Teller Machine ("ATM") and Point of Sale ("POS") Controller Modules are available as an extension to the **bankWORKS** system. Support is provided for authorisation traffic from VISA, MasterCard and other card schemes, including proprietary traffic. The ATM and POS Controller Modules working in conjunction with the communications message switch and processing system provides the functionality required for non-stop, real-time management of ATM and POS networks.

(a) ATM Controller Module

The ATM Controller is the most sophisticated asset at an acquiring financial institution's front line. The reliability, efficiency and security of an ATM management product contribute a lot to the the financial institution's image with cardholders and card organisations. The module takes advantage of the newest communication and encryption techniques.

(b) POS Controller Module

The **bankWORKS** POS Network Controller is an acquiring financial institution's front line and a vital part of the card business. The client's image with merchants and cardholders will depend greatly on the reliability, efficiency, security and mobility of the POS management system. The POS Controller Module takes full advantage of the newest communication and encryption techniques.

Integrated Chip Solution

RS2 has fully integrated issuing of Smart Cards within **bankWORKS**. This adheres to the strict conditions and standards introduced by Europay, Mastercard and VISA ("EMV").

Full integration will benefit **bankWORKS** users by providing a smooth migration to EMV while maintaining the same level of flexibility even on EMV related parameters. RS2 adheres to the specifications developed by EMV to ensure that all the chip cards personalised by **bankWORKS** are able to be used on EMV compliant terminals worldwide.

Integrated chip card technology has taken fraud reduction to a new level.

Call Center Customer Service

The Call Center Module in **bankWORKS** is designed to improve and give optimal customer service to both private client as well as corporate and merchant organisations. The module is based on extract and summary of essential information from functions in the core system. The presentation of customer service information can be tailored to each organisation according to internal procedures, routines and information requirements.

The Call Center allows the total management of accounts, showing exact current status with access to historical data. An on-line database access to a repository of information and security data is also available.

4.2.6 Competitive Strengths

The Company's market reputation, built up steadily over the past 20 years of operation, has attained an enviable level as a trusted supplier of up-to-date solutions for card management and payment systems.

The Company believes that **bankWORKS** is distinguished from the competition on several properties. The most important distinguishing factors of RS2 and **bankWORKS** are summarised below.

a) Design Features

The major strength of the **bankWORKS** suite of software modules is incorporated in its design features. Its wide application of customer definable parameters permits the incorporation of new customised products related to credit cards, purchasing cards, debit cards, loyalty cards and co-branded cards. New or amended client terms and conditions are readily implemented without involvement of time consuming processes.

b) Turnkey Solutions

RS2 is one of very few vendors who offer turnkey solutions encompassing end-to-end software solutions covering card issuing and merchant acquiring functionality as well as a complete range of on-line switch and back office solutions. **bankWORKS** modules are continuously reviewed and updated to reflect and benefit from market changes. This strategy is vital to assure that RS2 customers have access to the most competitive software in their efforts to maintain their competitive advantage while at the same time ensuring that RS2 maintains its position at the

forefront of card management technologies. In using a common core engine as the central processing module for **bankWORKS**® card management system, the system's design allows discrete and individually parameterised control of each module. In other terms, clients using **bankWORKS**® software may readily alter terms and conditions for products or customer segments without involving external IT specialists. Similarly, new products can be readily brought to market to assure competitiveness in the market place.

c) Research and Development

RS2 management is focused on assuring that the Company retains and strengthens its position as a leading edge company offering up-to-date technology to card market participants so that financial institutions and participants are able to meet the market's competitive challenges. Furthermore **bankWORKS**® card management systems installations have been certified by the major international card organisations. Due to its inherent design, it can be readily adapted to domestic infrastructures for authorisation as well as bilateral clearing.

The strategic objectives of RS2's management are supported by an experienced team of development staff members and project managers.

Resulting from the reliability of RS2 Software's products, major card organisations have readily certified all **bankWORKS**® installations.

To remain competitive and react to new business opportunities, organisations must be able to adjust their operations to meet market demands. **bankWORKS**® modular based software has been designed to cater for this requirement. Accordingly, as transaction volumes increase, additional processing capability needs to be introduced. The Company's High Volume Engine has been introduced and is operative in a number of its larger clients to be able to meet high volume requirements.

d) Multi-Currency

bankWORKS® is one of very few solutions in the market offering full multi-currency support for foreign exchange transactions. RS2's business strategy requires it to operate globally. To be effective in such an environment, **bankWORKS**® also includes a multi-language capability based on an integrated dictionary function.

e) Cards Supported

bankWORKS® card management software is designed to support a wide range of international and local card products among which are:

- Revolving credit cards
- Charge cards
- Debit cards
- Installment cards
- Corporate cards
- Purchasing/Procurement cards
- Private label cards
- Proprietary domestic cards
- Co-branded cards
- Smart cards
- Retailer and member cards
- Loyalty cards
- Affinity cards

4.2.7 Licensing of **bankWORKS**®

The Company retains the intellectual property rights over **bankWORKS**®. RS2 grants non-exclusive, perpetual licenses of **bankWORKS**® to clients covering the particular modules the respective clients require. This enables the Company's clients to use **bankWORKS**® on their system.

Licensing of **bankWORKS**® has accounted for 24% of the Company's revenue for the period 2005-2007.

4.2.8 Maintenance and Support

The standard licensing agreements entered into by the Company include updates, upgrades and support for the licensed product to the respective client for a limited warranty period which ranges from three months to one year.

At the end of this period, clients are required to enter into a separate agreement which enables them to be provided with upgrades, corrections, enhancements and on-going support for **bankWORKS**®.

The majority of the Company's clients opt to enter into such maintenance and support agreements due to the sensitive nature of the updates provided by the Company and the added value that such service provides. In addition, the maintenance and support agreements also provide the updates requested by the International Card Schemes such as VISA and MasterCard, which are mandatory for the Company's clients in order to retain their certification status with the Card Schemes.

4.2.9 Enhanced Services

Licensing of **bankWORKS**® software is complemented by availability of RS2 enhanced services. These services are specific to client requirements and consistently attract further fees.

The Company's revenue analysis in Section 4.2.11, shows that the income derived by the Company through the provision of such services accounts for more than half of the Company's revenue.

Most of the enhanced services can only be offered by the Company due to the restrictions imposed by intellectual property rights and the extensive knowledge of **bankWORKS**.

The enhanced services offered by the Company can be summarised as follows:

a) System implementation and integration

Notwithstanding the fact that the Company provides its clients with detailed documentation, allowing them to install and implement **bankWORKS** on their systems, the majority of customers request direct assistance by RS2. This assistance takes the form of on-site support for clients in setting up and testing the necessary infrastructure on which **bankWORKS** will be running.

Systems Integration may be required for **bankWORKS** to transmit and receive data from/to third party solutions via standard or customised interfaces.

b) System customisation and configuration

Most of the Company's clients require certain modifications to the system environment in which they operate in order to ensure that **bankWORKS** operates at its optimum level. These changes are essential to ensure productivity and system performance and may include changes in both the client's software and hardware as well as modifications to **bankWORKS**. RS2's project team is responsible for documenting and developing any customisations in **bankWORKS** which are requested by the clients. RS2 can also assist its clients in configuring **bankWORKS** and setting up various products using the extensive parameterisation facilities offered by the system.

c) Change requests

Following final acceptance of **bankWORKS** and of a particular project, clients request, on a regular basis, certain modifications to their systems or to **bankWORKS**. These usually relate to system enhancements, regulatory requirements, events in the development of other systems, changes in underlying structure and/or standards or new demands regarding the use and required functionality of **bankWORKS**.

d) Systems certification with the international card organisations

The Card Associations/Schemes such as MasterCard, VISA and American Express require merchants and financial institutions to comply with certain specifications and requirements. The Company has been involved in numerous online and clearing certifications with the major card schemes, assisting clients in performing such certifications or indeed run the certification on behalf of its clients.

e) Systems testing

RS2 can assist its clients in creating test plans, test criteria and test scripts. RS2 can also provide its services to manage and run systems testing and assist in user acceptance testing.

f) User training

The Company provides its clients with training sessions allowing the client's employees and personnel to get accustomed with the use of various modules that are available in **bankWORKS** and on product set-up.

Such courses can either be held at RS2 offices or directly on-site at the client's premises.

g) Project management

RS2 has vast experience in managing card processing projects, all the way from requirements gathering through to implementation. RS2 can therefore offer its services to manage card processing projects on behalf of clients or else assist the client's project team in specific tasks of the project life cycle.

h) Appointed Oracle Partner

bankWORKS has been developed to work within an Oracle Database, considered by industry specialists as the leader in database management. The Company has been appointed as an Oracle Partner allowing it to provide Oracle products to its clients at very advantageous rates. Whilst giving the Company's clients access to Oracle products, this agreement provides additional revenue to the Company.

i) Database consultancy

The Company's expertise in Oracle allows the Company to offer Oracle Database services. These include performance tuning, security, archiving and 'high availability' consulting.

4.2.10 Principal Markets

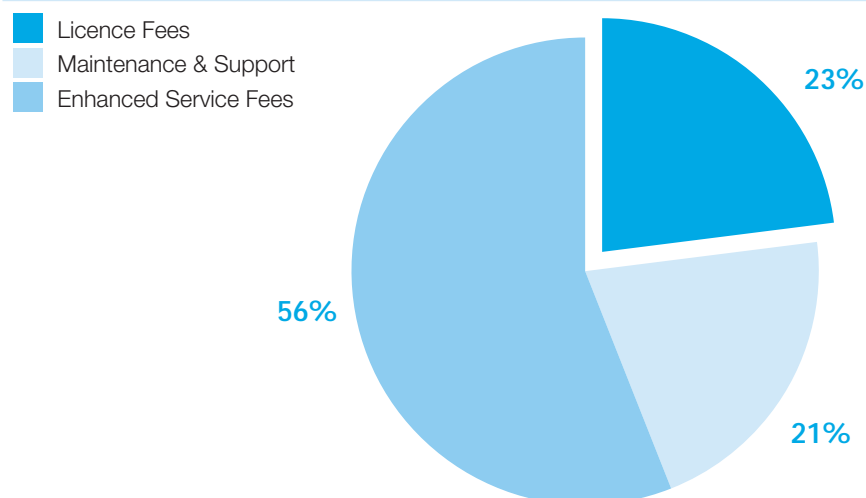
RS2 has licensed solutions in Europe, Middle East and North America for banking institutions worldwide. Service providers in the card industry use the **bankworks** platform to service customers in every continent of the world.

4.2.11 Analysis of Revenues

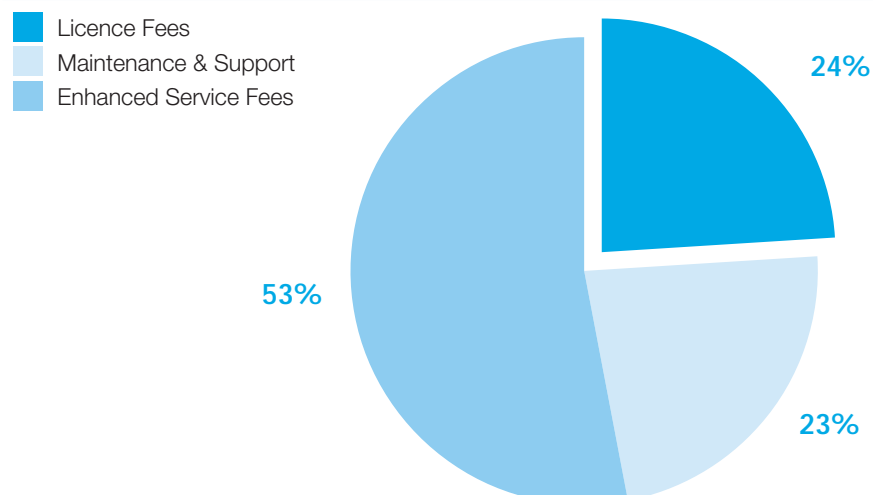
The charts below analyse the Company's revenues for the financial year ended 31 December 2007 and for the average of the past three financial years, by category and by geographical area.

TURNOVER ANALYSIS BY CATEGORY

For the Financial Year Ended 31 December 2007

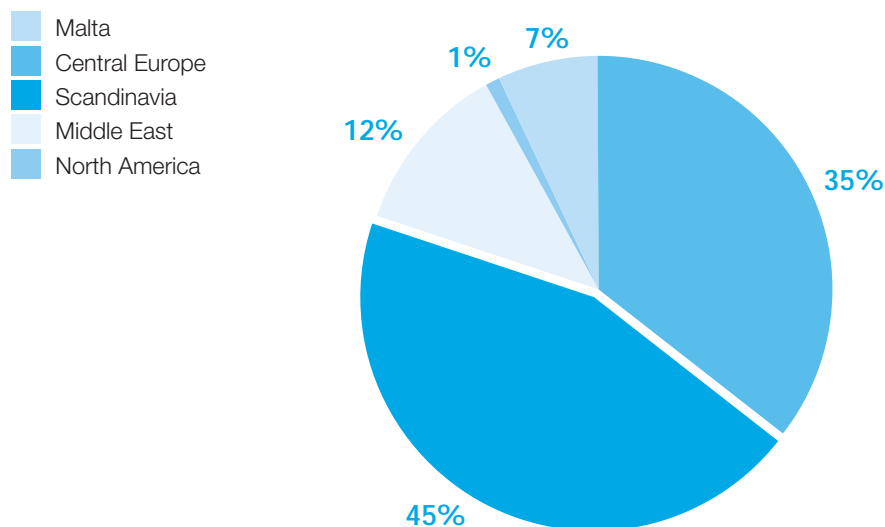


The Average of the Three Financial Years 2005-2007

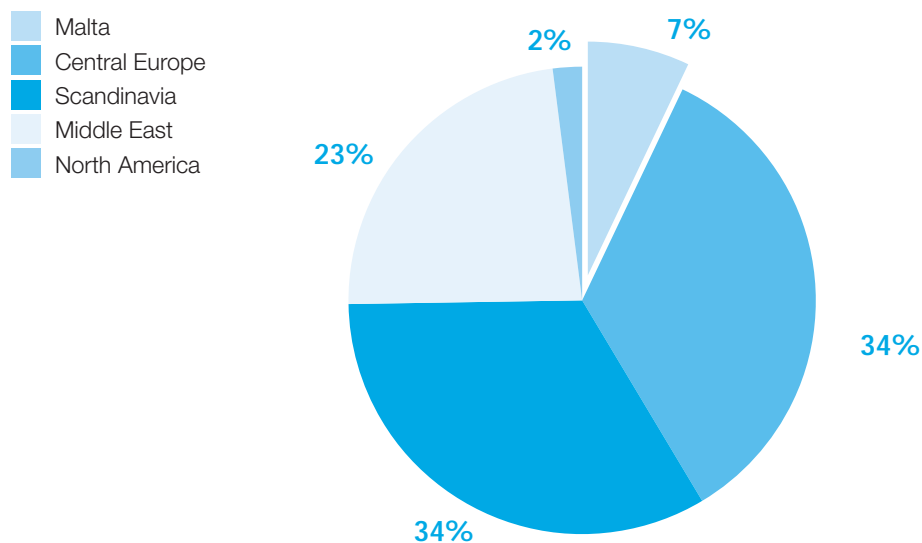


TURNOVER ANALYSIS BY GEOGRAPHICAL AREA

For the Financial Year Ended 31 December 2007



The Average of the Three Financial Years 2005-2007



40
41

4.2.12 Investments

During the three financial years ended 31 December 2005 to 2007, the Company invested a total of €203,235 in plant and equipment, comprising the acquisition of computer equipment, furniture and fittings and motor vehicles.

The Company invests in its internally generated computer software comprising the continuous development and innovation of the Card Management System under the trade name of **bankworks**. Expenditure on the development of computer software is capitalised and includes the cost of direct labour and an appropriate proportion of overheads. During the three financial years ended 31 December 2005 to 2007, the amount of capitalised development costs amounted to €758,990.

The Company's management has not made any firm commitments on any material future investments. However, it intends to maintain its level of capitalisation of development costs on an annual basis in order to retain the competitive edge of the **bankworks** product.

4.2.13 Plant and Equipment

The Company's tangible fixed assets as at the end of the financial years ended 31 December 2005, 2006 and 2007 are summarised below:

	Total €'000	Furniture fittings and equipment €'000	Motor Vehicles €'000
Cost as at:			
31 December 2007	649	614	35
31 December 2006	586	567	19
31 December 2005	564	545	19
Carrying amounts as at:			
31 December 2007	49	38	11
31 December 2006	53	53	-
31 December 2005	81	81	-

The Company forecasts that capital expenditure for the financial year ending 31 December 2008 will not exceed €50,000.

The Company leases its premises at 120, The Strand, Gzira under two separate lease agreements for two floors. Both leases, previously non-cancellable, expired on 25 June 2007. After this date the lease agreements were renewed for a further five years with the option of termination under sufficient notice period. Lease payments are increased every year to reflect market rentals. Operating leases for the year ended 31 December 2007 amounted to €106,764 (2006: €101,056).

5. OPERATING AND FINANCIAL REVIEW

The information set out below, covering the Company's operations for the three financial years ended 31 December 2005 to 2007, has been extracted from the audited historical financial information of RS2 Software Limited.

Income Statement Extracts - For the Years Ended 31 December

	2007 €'000	2006 €'000	2005 (Restated) €'000
Revenue	6,260	3,765	3,297
Cost of sales	(3,230)	(2,520)	(1,775)
Gross profit	3,030	1,245	1,522
Administrative expenses	(713)	(654)	(487)
Capitalised development costs	144	236	379
Other expenses	(73)	(128)	(54)
Results from operating activities	2,388	699	1,360
Net finance costs	(15)	(24)	(20)
Profit before tax	2,373	675	1,340
Income tax (expense)/income	(134)	(9)	224
Profit for the year	2,239	666	1,564

The Company has achieved an overall increase in revenue of 89.9% over the three year period from 2005 to 2007, represented by a 14.2% increase during 2006 when compared to 2005, and a 66.3% increase during 2007 when compared to 2006. The table below includes an analysis of revenue by category for each year and shows that the increases in revenue are characterised by steady increases in maintenance fees and enhanced services. The highest increases relate to enhanced services, the composition of which is explained in Section 4.2.9 above. During 2006, the increases in these two categories were partly offset by a decrease in licence fees of 58.4% that picked up again during 2007, which shows an increase of 179.5% over 2006.

REGISTRATION DOCUMENT

Revenue Analysis - For the Years Ended 31 December

	2007 €'000	2006 €'000	2005 €'000
Licence fees	1,431	512	1,230
Maintenance fees	1,320	957	771
Enhanced services	3,509	2,296	1,296
Total Turnover	6,260	3,765	3,297

The Company has also experienced corresponding increases during the period under review in cost of sales of 82.0%, and in administrative expenses of 46.4%. The higher part of the increases were experienced during 2006, particularly in cost of sales when the Company entered into a sub-contracting agreement with RS Consult GmbH for the provision of various services ranging from consultancy, client support, system analysis and project management in anticipation of further increases in clients' demand for its enhanced services. During 2006, the increase in cost of sales of 42.0% coupled with the decrease in licence fees seen above is reflected in a decrease in the gross profit during 2006 of 18.2% when compared to 2005. On the other hand, gross profit increased by 143.4% during 2007 as a direct result of the substantial increase in revenue of 66.3% and less than proportionate increase in cost of sales of 28.2%.

Administrative expenses in 2006 and 2007 include a cost of €143,074 and €107,306 respectively related to a share option scheme which was granted to an executive employee during 2006 and exercised in 2007. With the exception of the share option cost, administrative expenses increased by 4.9% and 18.6% during 2006 and 2007 respectively. The higher increase during 2007 is attributable to an increase in travelling expenditure as a direct result of the increased customer activity, an increase in office costs and an increase in depreciation due to a higher investment in property, plant and equipment during 2007 when compared to 2006.

Capitalised development costs represent the costs of wages and salaries and an appropriate proportion of overheads incurred during the year in the continuous development of **bankworks**, which are treated as additions of the intangible asset. The financial years 2006 and 2007 showed a decreasing amount of capitalised development costs, 37.7% and 39% respectively. In addition to the general updates and enhancements to the software, up to 2005, a dedicated team of software developers was engaged on the development of the High Volume Engine, which as the name implies, is capable of handling larger volumes of transactions per unit of time in accordance with increasing customer requirements. The High Volume Engine was deployed at a number of customer sites during 2006 and 2007, an operation which necessitated a shift towards support activities, thus reducing the total capitalisation during these years. Looking forward, the Company is committed to continue enhancing the **bankworks** suite of modules through the introduction of new products and modules which are expected to maintain a stable level of capitalised development costs throughout the years.

Other expenses and net finance costs consist mainly of interest receivable and payable, gains and losses on exchange, and impairment on trade receivables. An analysis is provided hereunder:

For the Years Ended 31 December

	2007 €'000	2006 €'000	2005 €'000
Other expenses			
Provision for exchange (losses)/gains	(45)	(62)	72
Loss on exchange	(28)	(36)	(27)
Impairment losses on trade receivables	-	(30)	(99)
	<u>(73)</u>	<u>(128)</u>	<u>(54)</u>
Net finance costs			
Interest receivable	3	-	1
Interest payable	-	(19)	(29)
Provision for non-operating exchange (losses)/gains	(18)	(5)	8
	<u>(15)</u>	<u>(24)</u>	<u>(20)</u>

REGISTRATION DOCUMENT

The impairment losses in 2006 and 2007 relate to specific provision for bad debts with respect to two individual customers, whereas the interest payable was incurred with respect to liabilities owed to third parties.

During the years under review, the Company enjoyed reduced rates of income tax and investment tax credit under the Business Promotion Act and the Business Promotion Regulations. As a result, the Company did not pay any taxes in Malta. The income tax expense represents deferred tax credits and charges, and withholding taxes deducted by customers in certain foreign jurisdictions. The deferred tax credits and charges arise from the origination and reversal of temporary differences and the movement in the balance of investment tax credits.

Profit for the year decreased by 57.4% during 2006, but increased by 236.2% during 2007, resulting in an overall increase of 43.2% for the period under review. The main determinants of the decrease in profit for 2006 were the decrease in license fees for the year, the increase in cost of sales resulting from the increase in subcontracting costs of RS Consult GmbH, increase in administrative expenses mainly due to the cost of the share option scheme, and a decrease in the capitalised development costs, coupled with an increase in other expenses, particularly exchange losses. During 2007, increases in cost of sales and administrative expenses, decreases in capitalised development costs and an increase in income tax expenses were more than offset by the increase in revenue, resulting in a net profit margin of 35.8% compared to 17.7% in 2006 and 47.4% in 2005.

Balance Sheet Extracts - As at 31 December

	2007	2006	2005 (Restated)
	€'000	€'000	€'000
Assets			
Plant and equipment	49	53	81
Intangible assets	6,339	6,880	7,318
Deferred tax assets	-	103	111
	<u>6,388</u>	<u>7,036</u>	<u>7,510</u>
Total non-current assets			
Trade and other receivables	963	610	755
Amounts owed by related parties	371	1,223	46
Accrued income and deferred costs	1,536	1,361	1,051
Cash at bank and in hand	1,008	146	299
	<u>3,878</u>	<u>3,340</u>	<u>2,151</u>
Total current assets			
Total assets	<u>10,266</u>	<u>10,376</u>	<u>9,661</u>
Liabilities			
Deferred tax liabilities	24	-	-
	<u>24</u>	<u>-</u>	<u>-</u>
Total non-current liabilities			
Bank borrowings	-	1	1
Trade and other payables	1,190	1,495	1,539
Deferred income and accrued expenses	856	622	658
	<u>2,046</u>	<u>2,118</u>	<u>2,198</u>
Total current liabilities			
Total liabilities	<u>2,070</u>	<u>2,118</u>	<u>2,198</u>
Total equity	<u>8,196</u>	<u>8,258</u>	<u>7,463</u>
Total equity and liabilities	<u>10,266</u>	<u>10,376</u>	<u>9,661</u>

42
43

REGISTRATION DOCUMENT

In the three years 2005 to 2007 the Company invested a total of €203,235 in plant and equipment mainly comprising the acquisition of computer equipment, furniture and fittings and motor vehicles. The net book value of plant and equipment increased from €8,171 as at 1 January 2005 to €48,968 as at 31 December 2007.

Intangible asset represents the Company's internally generated computer software, the continuous development and innovation of the Card Management System under the trade name of **bankworks** by the Company's highly qualified experienced team of software developers. Expenditure on the development of computer software is capitalised, including the cost of direct labour and an appropriate proportion of overheads. In the three years 2005 to 2007 the Company capitalised a total of €758,990 in software development costs and amortisation during the said period amounted to €1,909,720. The net book amount of internally generated computer software decreased from €7,490,090 as at 1 January 2005 to €6,339,360 as at 31 December 2007.

The deferred tax assets/liabilities represent the investment tax credit provided under the Business Promotion Act, net of movements in other temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The increase in trade and other receivables and accrued income and deferred costs between 2005 and 2007 is mostly due to the increased business operations generated by the Company during these years.

The increase in total equity between the years 2005 and 2007 was mainly attributable to the retention of part of the Company's earnings.

The key accounting ratios for the three years ended 31 December 2005 to 2007 are set out below:

Key Ratios - For the Years Ended 31 December

	2007	2006	2005
Gross profit margin (gross profit to revenue)	48.4%	33.1%	46.2%
Results from operating activities margin (results from operating activities to revenue)	38.1%	18.6%	41.2%
Results from operating activities to total assets	23.3%	6.7%	14.1%
Results from operating activities to capital employed (results from operating activities to total equity and interest bearing liabilities)	29.1%	8.5%	18.2%
Profit before tax to equity	29.0%	8.2%	18.0%
Profit after tax to equity	27.3%	8.1%	21.0%
Net assets per share ¹	25c2	25c4	23c0
Earnings after tax per share ¹	6c9	2c0	4c8

¹ The issued and fully paid up share capital of the Company as at 31 December 2007 was of €1,615,345, consisting of 1,615,345 ordinary shares of €1 each. On 17 April 2008 the Company changed the nominal value of the shares in issue to €0.20 each. On 25 April 2008 the Company capitalised the reserves amounting to €2,052,748 and €2,831,907 of its retained earnings. The net assets per share and earnings per share calculations set out above have been based on the current number of shares in issue of RS2 Software p.l.c. of 32,500,000 shares of €0.20 each.

6. CAPITAL RESOURCES

The Company is financed through internally generated profits that have been retained over the years.

During the three years ended 31 December 2005 to 2007, the Company generated net cash inflows from operating activities amounting to €4,322,897.

During the three years ended 31 December 2005 to 2007 €4,585,863 were utilised for investing activities. €217,796 related to the acquisition of fixed assets and €4,368,067 represented net payments to related parties which were subsequently set off against dividends declared by the Company.

Net cash flows from financing activities during the period under consideration reflect net advances by related parties amounting to €1,140,530.

During the three years ended 31 December 2005 to 2007 the Company declared €6,218,934 in dividends to its shareholders. The amount of €6,005,425 has been treated as a movement on the net amount receivable from the majority shareholder and the remaining amount of €213,509, which was still outstanding as at 31 December 2007, is expected to be paid during 2008.

The information set out below, extracted from the Company's audited historical financial information for the three financial years ended 31 December 2005 to 2007, highlights the main sources and application of funds of the Company.

REGISTRATION DOCUMENT

Cash Flow Extracts - For the Years Ended 31 December

	2007	2006	2005
	€'000	€'000	€'000
Net cash from operating activities	2,391	745	1,188
Net cash used in investing activities	(1,494)	(993)	(2,099)
Net cash (used in)/from financing activities	(16)	100	1,056
Effects of exchange rate fluctuations on cash held	(18)	(5)	9
Net increase/(decrease) in cash and cash equivalents	863	(153)	154
Cash and cash equivalents at 31 December	1,008	145	298

The liquidity ratios for the three financial years ended 31 December 2005 to 2007 are set out hereunder.

Key Ratios as at 31 December

	2007	2006	2005
Current ratio (Current assets to current liabilities)	1.90:1	1.58:1	0.98:1
Debt to equity ratio (Interest bearing liabilities to equity)	-	0.01%	0.01%

7. WORKING CAPITAL STATEMENT

The Directors of the Company are of the opinion that the working capital available to the Company is sufficient for its business requirements, that is, for at least the next twelve (12) months of operations.

8. PROFIT FORECASTS OR ESTIMATES

An extract from the profit forecast of the Company for the year ending 31 December 2008 is set out below:

Year Ending 31 December 2008

	€'000
Revenue	8,151
Gross profit	3,777
Results from operating activities	3,237
Profit for the year	3,038

The detailed profit forecast and the assumptions on which this forecast is based are included in Annex 1 of this Registration Document.

The forecast key accounting ratios for the year ending 31 December 2008 are set out below:

Year Ending 31 December 2008

Gross profit margin (gross profit to revenue)	46.3%
Results from operating activities margin (results from operating activities to revenue)	39.7%
Earnings after tax per share ¹	9c3

¹ The earnings per share calculation set out above has been based on the current number of shares in issue of RS2 Software p.l.c. of 32,500,000 shares of €0.20 each.

9. TREND INFORMATION

9.1 Company strategy

The Company has a clearly defined strategy to deliver growth, sustainable profits and positive cash flows through predominantly organic growth across its complementary business streams. This strategy aims at delivering high customer satisfaction levels to promote customer loyalty, as well as ensuring a strong internal culture, encouraging and rewarding performance through incentives for achievement. More specifically, the Company is focused on a number of value drivers and has identified various opportunities that should enable the Company to deliver above-average revenue growth and hence translate to earnings growth.

9.2 Regulatory requirements offering new opportunities

The payments industry is being subjected to constant scrutiny through legislative measures. Introduction of new systems and mandatory regulatory requirements will invariably create opportunities that the Company can exploit.

9.3 Increase in use of non-conventional payment methods

The payments industry is experiencing a shift from conventional method payments to modern method payments. This change is expected to continue in the future. As a result, more financial institutions would require software solutions such as **bankWORKS** in order to sustain the demand for the transactions they handle.

9.4 Comprehensive packages

The Company's strategy to date was focused primarily on concluding separate licensing and yearly maintenance agreements with its clients. The Company is shifting towards three to five-year Comprehensive Package Agreements, offering clients licenses, maintenance and a given number/amount of services against a pre-determined price per annum.

Such Comprehensive Package Agreements ensure that the Company receives a fixed and constant stream of revenue for the whole term of the contract.

Following the introduction of such Comprehensive Agreements in 2007, the Company has already concluded two such agreements, and is in the final stages of concluding another Comprehensive Agreement.

The Directors believe that this trend should continue and would enable the Company to sustain its growth.

9.5 Technological expertise

The Company already has substantial experience in systems requirements of electronic payment services and in advanced software technologies in this field. The Directors intend to continue to invest in the development of leading technologies in order to enhance the Company's competitive position.

9.6 Enhanced product offering

46
47

The Company will seek to enhance its product offering by continuing to upgrade **bankWORKS**. The Company is committed to ensuring that **bankWORKS** becomes the leading choice for electronic payment and card management solutions.

9.7 Enhanced market penetration

Currently, a significant proportion of revenue is derived from clients originated through networking and marketing efforts of the Malta-based office. The Directors believe therefore that only a small proportion of the potential market, which is growing at a significant rate, has been accessed to date. Accordingly, the Company intends to promote its products more proactively through the setting up of a number of regional offices in Europe, the Middle East and the United States of America. It is expected that having a physical presence in the respective countries where the Company is actively promoting its software products should further entice financial organisations to engage RS2 in providing them with solutions for electronic payment services. The Directors are of the opinion that this expansion through regional offices (i) will benefit the clients due to shortened response times for the Company to maintain and service the software and (ii) will result in cost savings for RS2 due to a reduction in travelling expenses.

9.8 Acquisitions

Although the Company is not actively considering any acquisitions, the Directors may seek to acquire private businesses having particular technical areas of expertise that will strengthen the Company and accelerate growth.

10. DIRECTORS AND SENIOR MANAGEMENT

10.1 General

The Company's governance principally lies in its Board of Directors, responsible for the general governance of the Company and to set its strategic aims, for its proper administration and management and for the general supervision of its affairs.

The Company's governance structure is composed of three principal organs. The Board of Directors acts as the organ responsible for the determination of policy and strategic guidelines and management. The executive members, headed by the Chief Executive Officer is responsible for the implementation of policy and strategy and the management of the Company, whilst the management team is, on the other hand responsible for the overall day-to-day running of operations within the Company.

The business address of all Directors and Senior Management is the registered address of the Company.

10.2 Board of Directors

The Board of Directors is responsible for the setting of strategy, overall direction, management and supervision of the Company, as well as the establishment of policy guidelines for the management of the Company, including responsibility for the

REGISTRATION DOCUMENT

appointment of all executive officers and other key members of management. The Memorandum of Association of the Company provides that the Board of Directors shall be composed of not more than five (5) and not less than three (3) directors of whom at least two (2) shall be non-executive directors.

The Directors of the Company are included in Section 2 of this Registration Document and a curriculum vitae for each of the current Directors is set out below.

It is expected that each of the individuals listed below will serve in the same capacities with the Company immediately following the Combined Offering.

Reinhold Schäffter, 68, Executive Director and Chairman of the Board, German

Reinhold Schäffter graduated in 1970 from the Bankakademie in Wiesbaden, Germany as a Diplom Volkswirt. He also attended the Bank Administration Institute in Madison, Wisconsin, U.S.A. and received a MBA in 1974. He joined American Express Military Banking in 1964 and served as an operations officer in Germany, the United Kingdom, France, Vietnam, Lebanon, Taiwan, and the United States rising to the position of Vice President at American Express International Banking Corporation. Reinhold left American Express Bank in 1984 to become an independent IT consultant for international banks in the Middle East. In 1988 he became a founding partner of RS2 and today occupies the position of Chairman of the Board.

Other directorships presently held:

ITM Holding	Malta	Management Information	
NEPS I/S	Denmark	Technology Holdings Limited	Malta

Mario Schembri, 53, Executive Director, Maltese

Mario Schembri has extensive knowledge related to card management systems, both from a business as well as from a functional point of view, with diverse exposure to the international card organisations including, VISA International, MasterCard and DINERS Club International. He has extensive knowledge relating to retail banking operations, product management and co-ordination. Up to the time of joining the Company, he had been in the banking industry for 26 years. Mario joined RS2 in 1999 as Regional Manager, Mediterranean Region and took the role of Deputy Chief Executive Officer in 2006. He was appointed Chief Executive Officer in January 2008.

Other directorships presently held:

NEPS I/S	Denmark	Management Information	
Accent Business Solutions Ltd	Malta	Technology Holdings Limited	Malta

Robert Tufigno, 51, Non-Executive Director, Maltese

Dr. Robert Tufigno LL.D., who has been in private practice for 25 years, read law at the University of Malta. He has been the chairman of Malta's Employment and Training Corporation from 1999 until 2006 as well as a board director of Lohombus Bank from 1992 to 1996 and chairman of Malta's Housing Authority from 1992 to 1997. He is a Past Vice-President of the Malta Maritime Law Association and a past Committee member of the Chamber of Advocates (Law Society). He has worked extensively in Maritime law in Malta and abroad. Robert Tufigno acts as Arbitrator in private arbitration matters and is also currently the chairman of the Planning Appeals Board.

Other directorships presently held:

Universal Tours Limited	Malta	Europadvice Limited	Malta
Finac Limited	Malta	E-Tech Limited	Malta
GFT Limited	Malta	Evangelia Maritime Limited	Malta
Finac Nominee Limited	Malta	Genesis Marine Limited	Malta
Millenium Communications Limited	Malta	OMI (Malta) Limited	Malta
Proserv Properties Limited	Malta	PS Trading Agency Limited	Malta
Kitzbühl - Hathaway Investments Limited	Malta	Migan Limited	Malta

Past directorship held:

Future Properties Limited	Malta
---------------------------	-------

Maurice Xuereb, 70, Non-Executive Director, Maltese

Maurice Xuereb has a long and extensive experience mostly in personal and commercial banking. In 1954 he commenced his career with Barclays Bank (Dominion, Colonial and Overseas) a subsidiary of Barclays Bank in the U.K. In 1975 he joined Mid-Med Bank which in two stages took over the business of Barclays in Malta. Since 1976 he occupied various managerial and executive capacities mostly at Head Office. At executive level he was appointed in Assistant and Deputy General Manager posts pertaining to audit, human resources, advances, administration, marketing & P.R. and finance sectors. He was also instrumental in the setting up of the cards division within the Bank. For a considerable number of years he acted as Honorary Secretary of the Malta Bankers Association. Since retirement, in 1998, Maurice has been a director on the board of a number of overseas owned limited liability companies registered in Malta. He also joined Caritas Malta, an NGO, Church owned entity, which offers various services which include rehabilitation centres and counseling. He is currently the Executive Finance at Caritas and also forms part of the board of directors of the Foundation for the Rehabilitation of Drug Abusers.

Other directorships presently held:

BAL Limited	Malta	Romalta Limited	Malta	Altenside
Holston Holdings Inc.	Panama	Caplerson Investments Inc.	Panama	
Holston Holdings Inc.	Panama	Holcam Enterprises Inc.	Panama	

10.2.1 Executive Directors

Reinhold Schäffter and Mario Schembri are currently the only two Executive Directors of the Company.

The Executive Directors have held various posts in the Company from inception to date and have been instrumental in the development of the Company into an international reality.

The Executive Directors are involved in all aspects of the operations of the Company.

Furthermore, Reinhold Schäffter is both a shareholder and a director in ITM Holding, the Offeror.

It is expected that the Executive Directors will retain their executive capacity within the Company, accountable to their fellow Directors on the Board. The Executive Directors head the executive arm of the Company with the responsibility of ensuring that the strategies and policies set by the Board of Directors are implemented.

10.2.2 Non-Executive Directors

As from 22 April 2008 the Company has had two (2) Non-Executive Directors appointed to the Board of Directors, whose function is to assist and participate in attaining the policies and strategies for the Company and to bring to the Board the added value of independent judgment. All the Non-Executive Directors have the necessary experience in the corporate field and industry that should enable them to significantly influence the decision-making process within the Company.

10.3 Directors' Service Contracts

The Executive Directors have each entered into a director's service contract to provide their services to the Company. The principal terms of the Service Contracts are as follows:

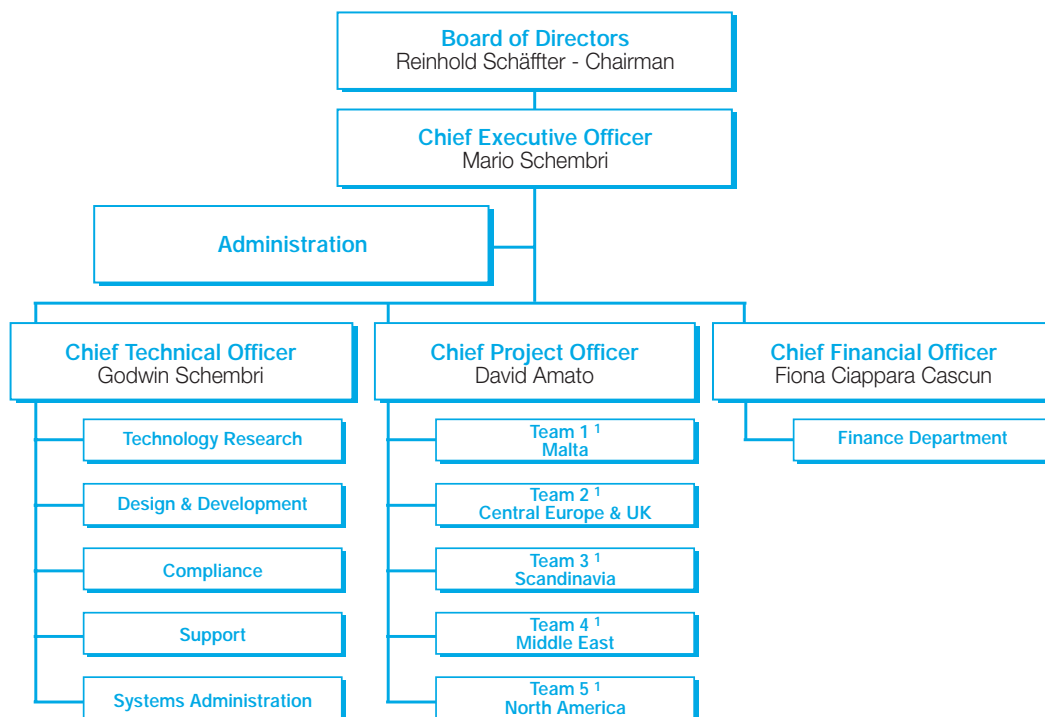
- each of the Service Contracts is terminable upon the expiration of one year from 24 April 2008, being the date of agreement.
- each Service Contract contains restrictive covenants preventing the relevant Executive Director from competing with the Company for 12 months, or approaching or dealing with the Company's customers and recruiting any of the Company's senior employees for 12 months, following termination of the Executive Director's employment; and
- the remuneration of the Executive Directors will be reviewed annually by the Remuneration Committee.

10.4 Benefits upon Termination

The Company has recruited a number of highly qualified individuals who have throughout the years assumed a senior management role. Due to the sensitive nature of the positions they occupy, their employment contracts include a non-competition clause, precluding such employees from competing with the Company in the event that their employment is terminated. In line with Maltese jurisprudence and case-law, in order for these non-competition clauses to be enforceable, the Company is bound to grant these individuals a sum based on their annual salary.

10.5 Management Structure

The Company's management body is consolidated as follows:



¹ Project Management teams are responsible for analysis, setup, documentation, quality assurance, implementation, support and user training.

Senior Management Curriculum Vitae

A short curriculum vitae for each of the senior management personnel is set out below:

Mario Schembri, 53, Chief Executive Officer, Maltese

A detailed curriculum vitae is included in Section 10.2 of this Document.

Godwin Schembri, 36, Chief Technical Officer, Maltese

Godwin Schembri joined RS2 in 1998 as a Project Manager and was promoted to the roles of Technology Manager in 2000 and to the current post of Chief Technical Officer in 2004. He has over 14 years experience in the software industry and has been involved in most aspects of software development through the various roles he has undertaken. Having successfully completed a B.Sc. (Maths and Computing) and an MBA in eBusiness at the University of Malta, he is adept at aligning technology with business requirements. He is responsible for the Company's technology strategies, research and development, strategic technical relationships with third parties and the constant improvement of the Company's developed software through the introduction of new technologies and business functionality.

David Amato, 37, Chief Project Officer, Maltese

David Amato's career started in the banking sector and for the past 15 years he has held various positions in the IT industry. He joined RS2 in 1997 in the role of Project Manager and in 2001 he was appointed to head RS2's Project Management teams in Malta and Germany. At RS2, David was key in introducing various project management methodologies within the Company and implementing numerous **bankworks** projects across the globe.

Fiona Ciappara Cascun, 27, Chief Financial Officer, Maltese

Fiona Ciappara Cascun is a Certified Public Accountant and is responsible for the accounting and finance functions of the Company. She has obtained the Malta Institute of Accountants Degree while working with one of the 'Big 4' Audit Firms where she gained practical experience within the audit and tax departments of the Firm. Fiona joined RS2 in 2003 as Accounts Officer and took over the position of Chief Financial Officer in 2005. During this time she has successfully completed her Masters Degree in Finance from the University of Leicester.

None of the said personnel of the Company have been:

- a) convicted in relation to fraud or fraudulent conduct;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager.

48
49

10.6 Aggregate Emoluments of Directors and Senior Management

The total amount of remuneration paid and benefits in kind granted, including a share option scheme of the Company to the Board of Directors and senior management personnel in the last financial year amounted to *circa* €340,000. The aggregate amount of remuneration to be paid in 2008 to all Executive and Non-Executive Directors and to the senior management of the Company, as authorised by the Shareholders of the Company is not to exceed €500,000.

10.7 Loans to Directors and Senior Management

There are no loans made to the Directors or members of senior management which are currently outstanding.

10.8 Conflicts of Interest

There are no potential conflicts of interest between any duties to the Company, of Directors or senior management and their private interests and other duties. The Audit Committee appointed from amongst the Non-Executive Directors of the Company, has the task to ensure that any potential conflicts of interests are resolved in the best interests of the Company.

There are no arrangements in place with either of the major shareholders, customers, suppliers or others for the appointment of any particular person to any organ of the Company.

10.9 Corporate Governance

The Code of Principles of Good Corporate Governance published as Appendix 8.1 to the Listing Rules, has been adopted by the Company. Although such rules are not mandatory, the Board believes that such principles and practices are of benefit to the Company and to its shareholders.

The Company has established an Audit Committee and a Remuneration Committee.

As at the date of this Prospectus, the Remuneration Committee comprises the independent Non-Executive Directors and Fiona Ciappara Cascun.

The Audit Committee is composed of the Non-Executive Directors and Carmen Attard Farrugia. Ms. Attard Farrugia is independent of the Company and is qualified in accounts and audit. Maurice Xuereb, a Non-Executive Director of the Company chairs the Audit Committee.

The external auditors of the Company may be invited to attend the meetings of the Audit Committee.

The Audit Committee shall *inter alia*:

- a) monitor the financial reporting process;
- b) monitor the effectiveness of the Company's internal control, internal audit where applicable, and risk management systems;
- c) monitor the statutory audit of the annual and consolidated accounts;
- d) review and monitor the independence of the statutory auditor or audit firm, and in particular the provision of additional services to the audited entity;
- e) recommend to the Board whether to re-appoint the statutory auditor or audit firm.

The terms of reference of the Audit Committee comply with the mandatory requirements of the Listing Rules and EC Directive 2006/43.

The Remuneration Committee will determine the terms and conditions of service and the remuneration of the Executive Directors.

The Board will comply with the Listing Rules relating to directors' dealings as applicable to companies listed on the Official List of the Malta Stock Exchange and will also take all reasonable steps to ensure compliance by the Company's employees.

11. EMPLOYEES

During the year ended 31 December 2007, the Company employed 45 people on a full-time basis involved in the operation, management and administration of the Company and a further 2 sub-contractors as technical consultants.

The following is a breakdown of the average number of employees of the Company for the three years 2005- 2007 and 2008 as projected:

	2008	2007	2006	2005
Management	4	4	4	4
Operation & Technical	49	38	33	30
Administration	4	3	3	3
Total	<u>57</u>	<u>45</u>	<u>40</u>	<u>37</u>

Further detail on the senior management of the Company is included in Section 10.5 under the heading "Management Structure".

12. MAJOR SHAREHOLDERS AND LOCK-IN

Following the Combined Offering, ITM Holding and Mario Schembri will hold 22,074,981 and 2,924,999 respectively of the issued share capital of the Company, equivalent to 58.9% and 7.8% respectively, and will accordingly retain a controlling interest in the Company capable of determining its financial and management decisions. It will be the responsibility of the Audit Committee to monitor and review such decisions, to ensure that the execution of any transaction is at arm's length and ultimately in the best interests of the Company.

The Major Shareholders have undertaken not to transfer or otherwise dispose of any shares, or of any rights therein, of the Company for a period of twenty four (24) months from the date when the Shares of the Company are admitted to listing on the MSE, and this undertaking shall subsist notwithstanding any provisions of the Act, the Listing Rules and Memorandum and Articles of Association that would otherwise have permitted such transfer.

Other than with respect to the Major Shareholders, the Company is not aware of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable in terms of Maltese law and regulation.

13. EMPLOYEE SHARE OPTION

The Company has, conditional on Admissibility to Listing, established a new Share Option Scheme (the "Scheme") in order to allow senior management and employees to share in the success of the Company and to incentivise and retain key staff members. It is the intention of the Directors to grant share options to eligible employees on 1 January 2009. The main terms of the Scheme are summarised below.

Eligibility

All employees of the Company will be eligible to participate in the Scheme.

Performance Criteria

The Board may impose performance conditions that will have to be satisfied before options may be exercised.

Exercise Price

Options must have an exercise price no lower than the nominal value of an ordinary share. The exercise price for the applicable year shall be the trade weighted average market price per share, on the MSE for the last forty (40) dealing days of the year immediately preceding the start of the relevant one-year period.

Limit of Participation

The Board will limit the amount of ordinary shares under option which may be held by any one individual under the Scheme.

Total Number of Shares Available

The number of shares in respect of which subscription options may be granted under the Scheme in the three-year period will be limited to 2% of the issued share capital of the Company.

Exercise of Options

Options may be exercisable at any time up to eight (8) years from the date on which the Options were issued.

Employees Leaving the Company

If an option holder ceases to hold office or employment with the Company for whatever reason prior to the date of exercise, all Options will normally lapse save that the Directors shall have the discretion to permit individuals to retain their Options on leaving. The Board has indicated that this discretion would only be exercised where an employee was a "good leaver", eg. in the event of retirement.

Variation of Share Capital

In the event of a variation of share capital the Directors of the Company may adjust the number of shares under option and the exercise price to reflect such variation. This adjustment shall be subject to confirmation by the auditors that such adjustment is fair and reasonable.

14. RELATED PARTY TRANSACTIONS

14.1 Services provided to NEPS I/S, a joint venture company incorporated in Denmark and having CVR number 28120435.

NEPS I/S ("NEPS") is owned as to fifty per cent of its holding by Reinhold Schäffter. Reinhold Schäffter is a Director of the Company and the majority shareholder of the Offeror. Due to the aforementioned, this transaction may be deemed to be a related party transaction as referred to in the Listing Rules issued by the Listing Authority.

Total services provided to NEPS for the financial years ended 31 December 2005, 2006 and 2007 amounted to €1,175,200. This amount represented 9% of the total revenue of the Company during the said period.

14.2 The Company has entered into a non-exclusive supply agreement with RS Consult GmbH, a company incorporated in Germany under company number D-63263, on 1 July 2006.

In exchange for these services, RS Consult GmbH ("RS Consult") charges the Company an hourly consultancy fee. This fee is considered to be at an arms length basis.

Reinhold Schäffter is the major shareholder of RS Consult, as well as the major shareholder of ITM Holding, the Offeror. Due to the aforementioned, this transaction may be deemed to be a related party transaction as referred to in the Listing Rules issued by the Listing Authority.

Total services provided by RS Consult to the Company for the financial years ended 31 December 2005, 2006 and 2007 amounted to €1,008,000. This amount represented 13% of the total cost of sales of the Company during the said period.

14.3 Agreement with Nari Limited (company owned by Gernot Schäffter) related to a banking customer entered into on 20 November 2005.

The Company entered into an agreement with Nari Limited ("Nari"), a company incorporated in Malta under company number C38443 and having its registered office at 7, St. Frederick Street, Valletta. Gernot Schäffter, the son of Reinhold Schäffter is a director of Nari Limited.

Nari Limited was appointed a non-exclusive distributor of **bankWORKS** and for the provision of certain services.

The Company and Nari Limited subsequently provided a license to a financial institution, whereby the profits were distributed evenly between the Company and Nari Limited.

Following the initial licensing and services provided to the banking customer, the Company and Nari have entered into an agreement whereby the Company is entitled to 90% of all subsequent licences sold and 80% of other subsequent fees due, such as maintenance and other services.

Total services provided to Nari for the financial years ended 31 December 2005, 2006 and 2007 amounted to €605,000. This amount represented 5% of the total revenue of the Company during the same period. Due to the relationship between the parties, this transaction may be deemed to be a related party transaction as referred to in the Listing Rules issued by the Listing Authority.

The Audit Committee of the Company, *inter alia*, is responsible to identify transactions which are considered to be related party transactions and to bring such to the attention of the Board of Directors of the Company. Furthermore, the Audit Committee has the responsibility to ensure compliance with the Related Party Transaction Rules under the Listing Rules promulgated by the Listing Authority.

15. HISTORICAL FINANCIAL INFORMATION

The Prospectus makes reference to audited financial statements of the Company for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007. These financial statements have been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 3 of these financial statements, which are consistent with the accounting policies adopted by the Company in its financial statements included in its 2007 annual report. These financial statements have been audited by KPMG and are available from the Company's website and from the Company's registered office.

There is no significant change in the financial or trading position of the Company which occurred since the end of the financial period to which the audited financial statements for the year ended 31 December 2007 relate.

16. ADDITIONAL INFORMATION

16.1 Share Capital

The Company was incorporated on 5 April 1993 and had on 7 February 2000 an authorised share capital of five thousand (5,000) Deutsche Marks and an issued share capital of one thousand (1,000) Deutsche Marks divided into one thousand (1,000) ordinary shares of five (5) Deutsche Marks each, twenty per cent (20%) paid up. These shares were allotted to ITM Holding as to 99.9% and Abacus Holdings Limited as to the remaining one (1) share. The Company originally had four (4) different classes of shares, being ordinary "A", ordinary "B", ordinary "C" and ordinary "D" shares. Only holders of ordinary "A" and ordinary "B" shares were entitled to vote.

On 4 April 2001, Reinhold Schäffter acquired the single ordinary share held by Abacus Holdings Limited.

The Company changed the denomination of its share capital from Deutsche Marks to Euros on 1 January 2002. The authorised share capital of the Company following the above-mentioned conversion was of, two thousand, five hundred and fifty six (2,556) Euros, divided into two thousand, five hundred and fifty six (2,556) Shares of one (1) Euro each, twenty per cent (20%) paid up.

On 2 July 2002, the Company increased its authorised share capital to one million, four hundred and sixty nine thousand, nine hundred and sixty four (1,469,964) Euros, divided into one million, four hundred and sixty nine thousand, nine hundred and sixty four shares (1,469,964) of one (1) Euro each, each being fully (100%) paid up.

The additional one million, four hundred and sixty seven thousand, four hundred and eight ordinary shares (1,467,408) were all allotted to ITM Holding, by way of a capitalisation of the equivalent amount of the Company's reserves. Furthermore, all the shares in the Company became fully paid up on the same date.

The Company increased its authorised share capital to two million Euros (€2,000,000) divided into two million (2,000,000) ordinary shares of one (1) Euro each on 19 November 2007.

On 26 November 2007, the Company increased its issued share capital to one million, six hundred and fifteen thousand, three hundred and forty five (1,615,345) Euros. Mario Schembri became a member of the Company on the same date after being allotted one hundred and forty five thousand, three hundred and eighty one (145,381) ordinary shares in the Company of one (1) Euro each, each being fully (100%) paid up.

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 a 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 twenty Euro cents (€0.20) each, thereby increasing the issued and fully paid up share capital to thirty two million, five hundred thousand (32,500,000) shares of €0.20 each, resulting in a paid up capital of six million and five hundred thousand Euros (€6,500,000). Such shares were allotted to the members of the Company in proportion to their existing holding.

There are currently no different classes of shares in the Company and accordingly each share shall be entitled to one vote at meetings of shareholders. All shares have the same rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise).

16.2 Memorandum and Articles of Association

16.2.1 Objects

The Memorandum and Articles of Association of the Company is registered with the Registry of Companies at the Malta Financial Services Authority. The main object of the Company is to develop, market, sell, install and implement computer software and software solutions for banks, service providers and other financial and non-financial organisations. Clause 4 of the Memorandum of Association contains the full list of objects of the Company. The Memorandum and Articles of Association of the Company regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors. A copy of the Memorandum and Articles of Association of the Company may be inspected at the Registry of Companies during the lifetime of the Company.

16.2.2 Voting Rights and Restrictions

All shares currently in issue and of which the Shares form part are entitled to vote in any meeting of shareholders. There are currently no restrictions on voting.

16.2.3 Variation of Rights

Subject to the provision of the Act and of the Articles, the rights attached to any class of share in the Company may be varied with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

16.2.4 Appointment and Removal of Directors

All Directors of the Company shall be individuals and shall not be required to have a shareholder qualification.

Directors are appointed by the shareholders in the annual general meeting by voting for the persons nominated to fill the posts of directors in accordance with the Memorandum and Articles of Association. The procedure for the appointment of Directors shall be as follows:

A shareholder holding not less than 0.5 per cent of the issued share capital of the Company or a number of shareholders who in the aggregate hold not less than 0.5 per cent of the issued share capital of the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company.

Unless they resign or are removed, Directors shall hold office for a period of one year. Directors whose term of office expires or who resign or are removed are eligible for re-appointment.

Notwithstanding the above, the office of a Director shall *'ipso facto'* be vacated:

- a) if, by notice in writing to the Company, he/she resigns from the office of Director; or
- b) if he/she absents himself/herself from the meetings of the Directors for a continuous period of three (3) calendar months without leave of absence from the Directors and the Directors pass a resolution that he/she has, by reason of such absence, vacated office; or
- c) if he/she violates the declaration of secrecy required of him/her under these Articles and the Directors pass a resolution that he/she has so violated the declaration of secrecy; or
- d) if he/she is prohibited by or under any law from being a Director; or
- e) if he/she is removed from office pursuant to the Articles or the Act; or
- f) if he/she becomes of unsound mind, or is convicted of any crime punishable by imprisonment, or is convicted of any crime involving public trust, or is declared bankrupt during his/her term of office and the Directors pass a resolution that he/she has, for any such reason as applicable, vacated office.

16.2.5 Powers of Directors

The Directors are vested with the management of the Company and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors shall meet together for the dispatch of business and regulate their meetings as they think fit.

Notwithstanding the above, a meeting of the Board of Directors may be summoned either by the Chairman of the Board or by the Company Secretary, at the request of not less than two (2) Directors.

Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association, they may do all such things that are not, by the Memorandum and Articles of Association, reserved for the Company in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the general meeting.

The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or other committee appointed under Article 62 of the Memorandum and Articles of Association, or general meetings of the Company or in connection with the business of the Company.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Company to borrow money and give security therefor, subject to the limit established in the Memorandum and Articles of Association. The shareholders in general meeting have the over-riding authority to change, amend, restrict and or otherwise modify such limit and the Directors' borrowing powers.

Directors are entitled to delegate their powers to committees or working groups appointed by them for such purposes. A managing director may also be appointed by the Board.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Company shall declare the nature of his interest at a meeting of the Directors pursuant to the provisions of the Act.

There are no provisions in the Company's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

The Directors on behalf of the Company and with the approval of the Shareholders may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premia for the purchase or provision of any such gratuity, pension or allowance.

16.2.6 Annual General Meetings

The Directors of the Company may convene an extraordinary general meeting whenever they think fit. If at any time there are not in Malta sufficient Directors capable of acting to form a quorum for a meeting of the Directors, any Director, or any two Members of the Company holding at least five per cent (5%) of the equity securities conferring a right to attend and vote at general meetings of the Company, may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors.

A general meeting of the Company shall be deemed not to have been duly convened unless at least 14 (fourteen) days notice shall have been given in writing to all shareholders entitled to receive such notice. Such notice must be provided to all Directors, the auditors of the Company and every registered shareholder (unless such shareholder has not provided the Company with an appropriate address).

No business shall be transacted at any general meeting unless a quorum of shareholders is present, in person or by proxy, at the time when the meeting proceeds to business; save as otherwise provided in the Articles of Association, shareholders holding in the aggregate not less than 51% of the nominal value of the issued share capital entitled to attend and vote at the meeting, shall constitute a quorum.

Further detail on general meetings of the Company is included in the Articles of Association of the Company under the section "General Meetings".

16.2.7 Indemnity

Every Director, Managing Director, agent or secretary, and in general any officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings related to the Company's business or affairs, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted. For the above purpose the Company may take up an insurance policy with a reputable insurance company.

16.3 Legal and Arbitration Proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Company.

16.4 Dividend Policy

The Directors of the Company expect that, subject to available cash flows, the requirements of the Act, unforeseen circumstances and economic conditions that might have an impact on the Company's financial performance, the Company will distribute dividends to its shareholders.

The Company will also balance the distribution of dividends against the use of these funds towards growing the enterprise value of the business by investments including in new markets and new services. In this way the Company will seek to maximise shareholders' return.

16.5 Dividend Distribution in the Past Three Financial Years

The Company declared and paid a dividend of €3,803,934 for the financial year ended 31 December 2005. This represents a dividend per share of €2.59 on the basis of 1,469,964 shares.

Whereas no dividend was declared for year ended 31 December 2006, the Company declared a dividend of €2,415,000 for the year ended 31 December 2007. This represents a dividend per share of €1.50 on the basis of 1,615,345 shares.

17. MATERIAL CONTRACTS

NEPS I/S (“NEPS”), a joint venture company incorporated in Denmark and having CVR number 28120435 has been granted the source code of bankWORKS® through an agreement executed on 5 October 2004. This joint venture company is composed of two members holding equal share capital, being Reinhold Schäffter in his personal capacity and XPonCard A/S (“XPonCard”), a company incorporated in Denmark under CVR number 6706916.

NEPS and XponCard are only entitled to use bankWORKS® in Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, the Faroe Islands, Iceland and Greenland and have exclusive rights to promote, market and sell bankWORKS® in the above-mentioned territory.

The Company provides support, training and system customisations to NEPS/XponCard and their customers, at a fee. No license fee is due to the Company through NEPS/XPonCard's operation and the Company is required to provide free updates of bankWORKS®. Moreover, the Company is precluded from competing with NEPS/XPonCard by directly selling licenses in the countries indicated here above without NEPS/XPonCard's consent.

Notwithstanding the above, the Company has to-date retained and secured four (4) clients in this territory after obtaining NEPS' consent since such clients indicated their disposition to work solely with the Company. Furthermore, the Company is authorised to provide services ancillary to bankWORKS® such as customisations and updates to clients in the territory without any restrictions whatsoever.

The Directors feel that through the agreement mentioned here above, the Company was able to derive substantial profits and penetrate a market through the marketing activities of NEPS. In actual fact the revenue from these services has proved to be rather substantial, representing 9% of the total turnover in 2006 and 12% of the total turnover in 2007.

Mario Schembri, a Director of the Company is also a director on the board of directors of NEPS.

The above-mentioned transaction was preceded by a transaction in which the Company, whilst retaining full ownership rights over bankWORKS® provided Reinhold Schäffter, the majority shareholder of ITM Holding with the source code of bankWORKS® for him to use or license to third parties.

The only rights ever granted by Reinhold Schäffter by means of transfer, assignment, license or otherwise over bankWORKS® were limited to one sole transaction concluded with NEPS, as indicated hereabove. As at the date of the Prospectus, Reinhold Schäffter retains no direct right or interest over bankWORKS®.

The Company has not entered into any other contracts of a material nature which were not in the ordinary course of business.

18. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS

Save for the Accountants' Report on the profit forecast of the Company for the year ending 31 December 2008 set out as Annex 1, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Accountants' Report dated 2 May 2008 has been included in the form and context in which it appears with the authorisation of KPMG Malta who have given and have not withdrawn their consent to its inclusion herein. KPMG have no beneficial interest in the Company. The Company confirms that the Accountants' Report dated 2 May 2008 has been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

19. DOCUMENTS AVAILABLE FOR INSPECTION

During the lifetime of this Registration Document the following documents shall be available for inspection at the registered address of the Company at 120/6, The Strand, Gzira, GZR1027, Malta:

- a) Memorandum and Articles of Association;
- b) Historical Financial Statements for each of the years ended 31 December 2005, 2006 and 2007;
- c) the profit forecast for the financial year ending 31 December 2008; and
- d) the Summary Note and Securities Note forming part of the Propectus.

These documents are also available for inspection in electronic form on the Company's website at www.rs2.com

RS2 Software p.l.c.

PROFIT FORECAST

For the year ending 31 December 2008



KPMG
Portico Building
Marina Street
Pietà PTA 9044
Malta

Telephone (+356) 2563 1000
Fax (+356) 2566 1000
E-mail kpmg@kpmg.com.mt
Web page <http://www.kpmg.com.mt>

The Directors
RS2 Software p.l.c.
120/6, The Strand
Gzira GZR1027
Malta

2 May 2008

Dear Sirs,

Accountants' Report on the Profit Forecast of RS2 Software p.l.c.

We report on the profit forecast of RS2 Software p.l.c. for the financial year ending 31 December 2008. The profit forecast is set out under Annex 1 of RS2 Software p.l.c.'s Registration Document to be dated 16 May 2008.

DIRECTORS' RESPONSIBILITY

It is the Directors' responsibility to prepare the profit forecast, together with the material assumptions on which it is based, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC809/2004.

ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to provide the opinion required by Listing Rule 9.19 and by Annex I item 13.2 of EU Regulation EC809/2004.

Since the profit forecast and the assumptions on which it is based relate to the future it may be affected by unforeseen events. The variation between forecast and actual results may be material. We are not required to express, nor do we express, any opinion on the possibility of achievement of the results set out in the profit forecast or on the underlying assumptions.

WORK PERFORMED

Our work included an evaluation of the procedures undertaken by the Directors in compiling the profit forecast and the consistency of the profit forecast with the accounting policies adopted by RS2 Software p.l.c. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the profit forecast has been properly compiled on the basis of the underlying stated assumptions.

OPINION

In our opinion:

- a) the profit forecast has been properly compiled on the basis of the underlying stated assumptions; and
- b) the basis of accounting is consistent with the accounting policies of RS2 Software p.l.c. This opinion is solely intended to be relied upon by you for the purposes of the Prospectus to be dated 16 May 2008. Readers are cautioned that this profit forecast may not be appropriate for purposes other than that described above.

Yours Sincerely

David Caruana (Partner) for and on behalf of
KPMG
Certified Public Accountants

Profit Forecast**For the year ending 31 December 2008****SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES****Introduction**

The profit forecast of RS2 Software p.l.c. ('the Company') for the financial year ending 31 December 2008 is set out on page 60. This profit forecast and the assumptions set out below are the sole responsibility of the Directors of RS2 Software p.l.c.

This profit forecast has been based on unaudited forecast financial information for the Company covering the financial year 1 January 2008 to 31 December 2008.

The profit forecast is based on stated assumptions which the Directors believe to be reasonable. These assumptions have been based on the nature and size of the intended level of operations and reflect current economic conditions and price levels adjusted where applicable to take into account the projected level of inflation. The Directors have exercised due care and diligence in adopting these assumptions.

Attention is drawn, in particular, to the risk factors set out elsewhere in the Prospectus which describe the principal risks associated with the business to which the profit forecast relates.

The date of completion of this profit forecast is 2 May 2008 and the stated assumptions are judgments made at that date. The assumptions disclosed herein are those that the Directors believe are significant to the profit forecast. Actual results are likely to be different from those indicated in the profit forecast because events and circumstances frequently do not occur as expected and those differences may be material.

Bases of preparation

The bases of preparation relating to the environment in which RS2 Software p.l.c. operates and which underlie the profit forecast are the following:

Factors which the Directors can influence:

- The profit forecasts are based on the continuation of the Company's existing activities, that is, the development, installation, implementation and marketing of the **bankworks** computer software systems.
- There will be no impairment losses on the Company's financial and non-financial assets.
- RS2 Software p.l.c. will continue to enjoy the confidence of its customers and suppliers throughout the period under consideration.
- RS2 Software p.l.c. will continue to enjoy good relations with its employees throughout the period under consideration.
- RS2 Software p.l.c. will continue to recruit the required appropriate personnel at the projected cost levels.

Factors exclusively outside the influence of the Directors:

- There will be no material external adverse events which will have an impact on the activities of RS2 Software p.l.c., either directly or indirectly.
- The bases and rates of taxation, both direct and indirect, will not change materially during 2008.
- The rate of inflation throughout the period under consideration will not exceed that experienced in the last few years.
- Any changes in exchange rates will not adversely affect the Company's operations.

Significant Accounting Policies

The significant accounting policies of RS2 Software p.l.c. are set out in note 3 of the audited financial statements of the Company for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of this profit forecast.

Summary of Significant Assumptions**a) Base currency of profit forecast**

The underlying profit forecast of RS2 Software p.l.c. has been forecasted using the Euro as a base currency.

b) Revenue

Revenue represents the income projected from the operations of the Company and is stated after the deduction of sales taxes and discounts. License fee revenue represents fees from the use by customers of the Company's internally generated computer software **bankworks**. Maintenance revenue represents the forecasted income, calculated with reference to the period to which it relates, with respect to the maintenance agreements entered into with the Company's customers licensed to use its software. Services and support fees represent revenue relating to other agreed upon services connected with the client's use and implementation of the Company's systems.

An analysis of the 2008 forecast revenue is set out below:

	2008 €'000
Licence fees	1,420
Service fees	5,163
Maintenance and support fees	1,408
Re-imbursement of expenses	160
	<u>8,151</u>

c) Cost of sales

Cost of sales are based on the nature and size of future expected operations and, where applicable, on the cost levels experienced in the past, adjusted for inflation as appropriate. These have been estimated as follows:

	2008 €'000
Wages and Salaries	1,448
Subcontracted services and consultancy fees	1,101
Commissions	605
Amortisation of software	700
Other cost of sales	520
	<u>4,374</u>

d) Administrative expenses

Administrative expenses are based on the nature and size of future expected operations and, where applicable, on the cost levels experienced in the past, adjusted for inflation as appropriate. These have been estimated as follows:

	2008 €'000
Salaries	129
Legal and professional fees	118
Rent	112
Travelling and accommodation	191
Other	230
	<u>780</u>

e) Capitalised development costs

Capitalised development costs represent forecast expenditure on the development of the bankworks' computer software, which includes the cost of direct labour and an appropriate proportion of overheads.

f) Exchange fluctuations

The profit forecast does not provide for any gains or losses arising out of any possible exchange fluctuations throughout the period under consideration.

g) Taxation

Income tax expense represents the projected movement in the deferred tax liability for the period mainly arising from the investment tax credit available to the Company under the Business Promotion Act and movements in other temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Conclusions

The Directors believe that the assumptions on which the profit forecast is based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Company will be sufficient for the carrying out of its business.

Approved by the Board of Directors on 2 May 2008 and signed on its behalf by:



Reinhold Schäffter
Director



Mario Schembri
Director

RS2 Software p.l.c.
Profit Forecast
For the year ending 31 December 2008

	€'000
Revenue	8,151
Cost of Sales	(4,374)
Gross profit	3,777
Administrative expenses	(780)
Capitalised development costs	240
Results from operating activities	3,237
Income tax expense	(199)
Profit for the year	3,038

Financial Intermediaries*Members of the Malta Stock Exchange***ATLAS INVESTMENT SERVICES LTD.**

Abate Rigord Street, Ta' Xbiex MSD 12

Tel. 2326 5690

Fax. 2326 5691

BANK OF VALLETTA P.L.C.

BOV Centre, Cannon Road, St Venera SVR 9030

Tel. 2275 1732

Fax. 2275 1733

CALAMATTA, CUSCHIERI & CO. LTD.

5th Floor, Valletta Buildings, South Str, Valletta VLT 1103

Tel. 2568 8688

Fax. 2568 8256

CHARTS INVESTMENT MANAGEMENT SERVICE LTD.

Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913

Tel. 2122 4106

Fax. 2124 1101

CURMI & PARTNERS LTD.

Finance House, Princess Elizabeth Str, Ta' Xbiex MSD 11

Tel. 2134 7331

Fax. 2134 7333

FINANCIAL PLANNING SERVICES LTD.

4, Marina Court, G. Cali Street, Ta' Xbiex XBX 1421

Tel. 2134 4243

Fax. 2134 1202

FINCO TREASURY MANAGEMENT LTD.

Level 5, The Mall Complex, The Mall, Floriana VLT 16

Tel. 2122 0002

Fax. 2124 3280

GLOBALCAPITAL FINANCIAL MANAGEMENT LTD.

120, The Strand, Gzira GZR 03

Tel. 21310088

Fax. 2328 2207

HSBC STOCKBROKERS (MALTA) LTD.

233, Republic Street, Valletta VLT 08

Tel. 2124 5284

Fax. 2597 2494

RIZZO, FARRUGIA & CO. (STOCKBROKERS) LTD.

Airways House, 3rd Floor, High Str, Sliema SLM 15

Tel. 2258 3000

Fax. 2258 3001

*Investment Services Providers***APS BANK LTD.**

APS House, 24, St Anne Square, Floriana VLT 1111

Tel. 2567 1177

Fax. 2567 1167

CRYSTAL FINANCE INVESTMENTS LTD.

6, Freedom Square, Valletta VLT 1011

Tel. 2122 6190

Fax. 2122 6188

D.B.R. INVESTMENTS LTD

'Deber' Nigret Road, Zurrieq ZRQ 3172

Tel. 2164 7763

Fax. 2164 7765

GROWTH INVESTMENTS LTD.

Middle Sea House, Floriana FRN 1442

Tel. 2122 6411

Fax. 2124 9811

HSBC BANK MALTA P.L.C.

233, Republic Street, Valletta VLT 1116

Tel. 2597 2209

Fax. 2597 2475

JESMOND MIZZI FINANCIAL SERVICES LTD.

67, Flat 3, South Street, Valletta VLT 1105

Tel. 2122 4410

Fax. 2122 3810

JOSEPH SCICLUNA INVESTMENT SERVICES LTD

Level 3, Bellavista Court, Gorg Borg Olivier Street, Gozo VCT 2517

Tel. 2156 5707

Fax. 2156 5706

LOMBARD BANK MALTA P.L.C.

Lombard House, 67, Republic Street, Valletta VLT 1117

Tel. 2124 8411

Fax. 2558 1150

MERCIECA FINANCIAL INVESTMENT SERVICES LTD.

'Mercieca', John F. Kennedy Square, Victoria Gozo VCT 2580

Tel. 2155 3892

Fax. 2155 3892

MFSP FINANCIAL MANAGEMENT LTD

220, Immaculate Conception Street, Msida MSD 1838

Tel. 2132 2200

Fax. 2133 2190

MICHAEL GRECH FINANCIAL INVESTMENT SERVICES LTD.

1, Mican Court, J F Kennedy Sqr., Victoria, Gozo VCT 2580

Tel. 2155 4492

Fax. 2155 9199

M.Z. INVESTMENT SERVICES LTD.

11, St Rita Street, Rabat RBT 1523

Tel. 2145 3739

Fax. 2145 3407

QUEST INVESTMENT SERVICES LTD.

64, Regent House, Bisazza Street, Sliema SLM 1641

Tel. 2134 3500

Fax. 2131 3733

W&J COPPINI INVESTMENT SERVICES LTD.

144, Tower Road, Sliema SLM 08

Tel. 2134 5412

Fax. 2134 4972

SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This Securities Note is issued pursuant to the requirements of Listing Rule 6.4.3 of the Listing Rules and contains information about RS2 Software p.l.c. (the “Company”) for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued by the Company from time to time that will provide the details of the Company.

This document is dated 16 May 2008.

in respect of

AN OFFER BY

ITM (Information Technology Management) Holding Limited

OF 7,500,000 ORDINARY SHARES

AND AN ISSUE BY

The Company

OF 5,000,000 ORDINARY SHARES

IN

RS2 SOFTWARE P.L.C.

AT A SHARE PRICE OF €0.80 PER SHARE

ISIN: MT0000400102

Legal Counsel

Gatt Frendo Tufigno Advocates

Auditors, Financial Advisors & Reporting Accountants

KPMG

Sponsoring Stockbroker



Manager, Registrar & Underwriter



Table of Contents

Important Information	64
Definitions	65
1. Risks Relating to the Shares	66
2. Identity of Directors, Senior Management, Advisors & Auditors	67
3. Key Information	67
4. Information Concerning the Shares	69
5. Details of the Combined Offering	71
6. Major Shareholders and Lock-in	73
7. Combined Offering Expenses	73
8. Dividend Policy	73
9. Source of Funds	73
10. Taxation	73
11. Documents Available for Inspection	74
Annex 1 – Terms and Conditions of the Combined Offering	75
Annex 2 – Financial Intermediaries	77
Annex 3 – Specimen Application Form	79

Important Information

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON RS2 SOFTWARE P.L.C. AND ITS BUSINESS. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY RS2 SOFTWARE P.L.C. (THE "COMPANY") OF 5,000,000 ORDINARY SHARES AND AN OFFER BY ITM (INFORMATION TECHNOLOGY MANAGEMENT) HOLDING LIMITED (THE "OFFEROR") OF 7,500,000 ORDINARY SHARES IN THE COMPANY. THE SHARES HAVE A NOMINAL VALUE OF €0.20 PER SHARE AND ARE BEING ISSUED/OFFERED AT A SHARE PRICE OF €0.80 PER SHARE.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING "IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS" (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS SECURITIES NOTE. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS OR THE OFFEROR, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SHARES (AS DEFINED HEREIN) OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE COMBINED OFFERING HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE OFFEROR OR THE COMPANY, ITS DIRECTORS OR ADVISORS.

THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS COMBINED OFFERING ARE ACTING EXCLUSIVELY FOR THE COMPANY AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS DESCRIBED IN THE PROSPECTUS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

A COPY OF THE PROSPECTUS HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SHARES TO BE CONSIDERED AS ADMISSIBLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE SHARES TO BE ADMITTED TO THE OFFICIAL LIST UPON ALLOCATION TO INVESTORS. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON 1 JULY 2008.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THE PROSPECTUS AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE COMPANY OR THE OFFEROR TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SHARES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

SECURITIES NOTE

Definitions

In this document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	The Companies Act, CAP. 386 of the Laws of Malta;
Applicant	A person whose name, or persons whose names in the case of joint applications, appear in the registration details of an Application Form;
Application	The application/s to subscribe for Shares made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Financial Intermediaries;
Application Form	The form of application of subscription for the Shares, a specimen of which is set out in Annex 3;
bankWORKS®	Software solution developed by the Company, details of which are included in Section 4.2.5 of the Registration Document;
Business Day	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Combined Offering	The Share Issue and the Share Offer pursuant to the Prospectus in aggregate constituting approximately 33.3% of the issued share capital of the Company;
Company or RS2	RS2 Software p.l.c. a company incorporated in Malta and registered under company number C25829 and having its registered office at 120/6, The Strand, Gzira, GZR1027, Malta;
Directors or Board	The directors of the Company whose names are set out under the heading "Identity of Directors, Senior Management, Advisors & Auditors";
Euro or EUR or €	The lawful currency of the European Union (EU);
Financial Intermediaries	The financial intermediaries listed in Annex 2;
ITM Holding	ITM (Information Technology Management) Holding Limited, a company incorporated in Malta under company number C23322 and having its registered office at 120/6, The Strand, Gzira, GZR1027, Malta and of which Reinhold Schäffter is the majority shareholder holding 75% of its share capital;
Listing Rules	The listing rules as issued by the Listing Authority from time to time;
Major Shareholders	ITM Holding and Mario Schembri;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c. as originally constituted by the Financial Markets Act, CAP. 345 of the Laws of Malta with registered office at Garrison Chapel, Castille Place, Valletta, VLT1063, Malta and bearing company registration number C42525;
Manager & Registrar	Bank of Valletta p.l.c.;
Offeror	ITM Holding;
Offer Period	The period commencing on 9 June 2008 and ending on 13 June 2008, both days included;
Prospectus	This document together with a Registration Document and a Summary Note both dated 16 May 2008 in connection with the Combined Offering;
Registration Document	The Registration Document dated 16 May 2008, forming part of the Prospectus;
Securities Note	This document in its entirety;
Share Issue	The issue by the Company of 5,000,000 ordinary shares of a nominal value of €0.20 each share in the Company (constituting approx. 13.3% of the issued share capital of the Company) to the general public in Malta made by the Company at the Share Price pursuant to the Prospectus;
Share Offer	The offer for sale by the Offeror of 7,500,000 ordinary shares of a nominal value of €0.20 each share in the Company (constituting approx. 20% of the issued share capital of the Company) to the general public in Malta at the Share Price pursuant to the Prospectus;
Share Option Scheme	The share option scheme of the Company further details of which are set out in Section 13 of the Registration Document;
Share Price	The price of €0.80 per Share;
Shares	The 12,500,000 ordinary shares in the Company at a nominal value of €0.20 each (approx. 33.3% of the issued share capital of the Company) being issued/offered, in their respective proportions, by the Company/Offeror at the Share Price constituting the Combined Offering;
Sponsoring Stockbroker	Charts Investment Management Service Limited;
Summary Note	The Summary Note dated 16 May 2008, forming part of the Prospectus;
Underwriter	Bank of Valletta p.l.c.

1. RISKS RELATING TO THE SHARES

All equity investments involve elements of risk. Prospective investors should consider carefully each of the following risks and other information contained in the Prospectus and make an independent evaluation before making an investment decision. The information below does not purport to be an exhaustive list. If any of the risks or uncertainties contained in the Prospectus were to materialise, the Company's business, financial position, results and/or future operations may be materially adversely affected. In such cases, the market price of the Shares may decline and an investor may lose all or part of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Company.

An investment in the Company may not be suitable for all recipients of the Prospectus and investors are urged to consult their advisors as to the suitability of the investments described herein before investing.

a) Future operating results

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely solely on the Company's results to date as an indication of future performance. Factors that may affect the Company's operating results include increased competition and slower than expected take-up by customers of its products and services. In addition, the Company's future business prospects are dependent on its timeliness and ability to meet changing clients' preferences, to anticipate and respond to technological changes and to develop effective and competitive supply relationships with its clients. It is possible that, in the future, the Company's operating results will fall below the expectations of investors. If this occurs, the market trading price of the Company's Shares may decline significantly.

b) Requirement for further funding

The Directors are of the view that, after having made due and careful enquiry and taking into account the net proceeds of the Combined Offering and available facilities, the working capital available to the Company will be sufficient for its present requirements, that is, for at least twelve months from the date of the Prospectus.

The Company may need to raise further funds in the future either to complete a proposed acquisition or investment or to raise further working capital. In such an event, there is no guarantee that the prevailing market conditions will be conducive to such financing.

c) Minority shareholding

Following Listing on the Malta Stock Exchange, the founding members of the Company will hold directly or indirectly around sixty six point seven per cent (66.7%) of the total issued share capital of the Company and will be in a position (jointly or individually) to decisively influence matters that require approval of shareholders, including resolutions regarding dividends and other important measures.

d) Liquidity of the ordinary shares and volatility of their price

Prior to the Combined Offering, there has been no public market for the Company's Shares in or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the Share Price will correspond to the price at which the Shares will trade in the market subsequent to the Offering. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a range of events and factors. These fluctuations may adversely affect the trading price of the Shares, regardless of the Company's performance. Prospective investors should be aware that the value of the Shares could go down as well as up, and investors may therefore not recover their original investment, especially as the market in the Shares may have limited liquidity.

An application has been made for the Shares to be listed on the Malta Stock Exchange, which is smaller and less liquid than other stock markets. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the Malta Stock Exchange may not allow matching of deals in shares of a listed company when the price falls or rises outside a seven per cent (+/- 7%) range from the previous day's trade weighted average price.

e) Right to dividend

The Directors of the Company are not obliged to recommend the payment of a dividend on a yearly basis. As a result, holding Shares in the Company does not guarantee payment of a dividend.

The payment of dividends will depend on the Company's ability to generate earnings and cash flows. Payment of future dividends, if any, shall be at the discretion of the Company's Board of Directors after taking into account various factors, including financial condition, operating results, available cash and current and anticipated cash needs.

2. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS & AUDITORS

Directors and Company Secretary

The Directors of the Company, whose names are set out hereunder are the persons responsible for the information contained in this Securities Note. They have been advised and assisted in the drafting and compilation of the document by the persons included under the heading "Advisors".

Executive Directors:

Reinhold Schäffter - Chairman
Mario Schembri

Non-Executive Directors:

Robert Tufigno
Maurice Xuereb

Company Secretary:

Ivan Gatt

Senior Management of the Company

Mario Schembri	Chief Executive Officer
Godwin Schembri	Chief Technical Officer
David Amato	Chief Project Officer
Fiona Ciappara Cascun	Chief Financial Officer

Advisors

Legal Counsel to the Company

Gatt Frendo Tufigno Advocates
66, Old Bakery Street, Valletta, VLT1454, Malta

Financial Advisors & Reporting Accountants

KPMG
Portico Building, Marina Street, Pieta', PTA9044, Malta

Sponsoring Stockbroker

Charts Investment Management Service Limited
Valletta Waterfront - Vault 17, Pinto Wharf, Floriana, FRN1913, Malta

Manager, Registrar & Underwriter

Bank of Valletta p.l.c.
BOV Centre, Cannon Road, St Venera, SVR9030, Malta

Auditors

The financial statements of RS2 Software Limited for the financial years ended 31 December 2005, 2006 and 2007 have been audited by KPMG of Portico Building, Marina Street, Pieta, PTA9044, Malta.

KPMG is a firm of Certified Public Accountants holding a Practicing Certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (CAP. 281, Laws of Malta).

3. KEY INFORMATION

3.1 Expected Timetable

MATTER	DATE
Availability of Application Forms	27 May 2008
Opening of Offer Period	9 June 2008
Closing of Offer Period	13 June 2008
Expected announcement of basis of acceptance	20 June 2008
Expected dispatch of allocation advices and refunds of unallocated monies	27 June 2008
Admission of Shares on the Malta Stock Exchange	30 June 2008
Commencement of trading on the Malta Stock Exchange	1 July 2008

The Company reserves the right to close the Combined Offering before 13 June 2008 in the event of over-subscription, in which case, the dates of the last four events listed above shall be anticipated in the same chronological order so as to retain the same number of Business Days between the respective dates.

3.2 Working Capital

The Directors of the Company are of the opinion that the working capital available to the Company is sufficient for its business requirements, that is, for at least the next twelve (12) months of operations.

3.3 Capitalisation and Indebtedness

Information with respect to the Company's capitalisation as at 31 December 2007 is set out in the audited historical financial information of RS2 Software Limited for the financial year ended 31 December 2007. This is summarised below:

For the Year Ended 31 December 2007

	€'000
Shareholders' Equity	
Share capital	1,615
Reserves	2,053
Retained earnings	4,528
	<u>8,196</u>

The Company's issued share capital as at 31 December 2007 comprised 1,615,345 ordinary shares of €1 each, fully paid up.

Reserves as at 31 December 2007 comprised a Revaluation Reserve amounting to €319,956 and other reserve amounting to €1,732,792. These reserves are non-distributable. The Revaluation Reserve represents the surplus arising on the revaluation of the Company's capitalised software costs. The Other Reserve reflects transfers of amounts equivalent to unrealised gains in accordance with the requirements of the Act and comprised the tax value of investment tax credits.

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.

On 25 April 2008 the Company capitalised the reserves amounting to €2,052,748 and €2,831,907 of its retained earnings, thereby increasing the issued and fully paid up share capital to 32,500,000 shares of €0.20 each, resulting in a paid up capital of €6,500,000.

On 28 April 2008, the Company distributed by way of dividends the amount of €1,200,000 from the Company's retained earnings. €860,360 of these dividends has been paid up to the date of this document, with the balance expected to be paid during 2008.

As at 31 December 2007 and as at the date of this document, the Company had no outstanding bank facilities.

3.4 Reasons for the Combined Offering and Use of Proceeds

The listing of the Company's Shares on the Malta Stock Exchange is an important element of the Company's strategy and the current shareholders of the Company believe that through such a development the Company would enjoy a faster and more efficient access to funds to finance its future operations and/or acquisitions, if and when this is required.

Furthermore, the public status would raise the profile of the Company not only with possible future providers of funds but also with its clients both present and future, thereby assisting the development of the Company's business.

The proceeds of the Share Offer amounting to €5.7 million (after the Offeror's share of expenses amounting to €300,000 have been deducted) shall be applied to the benefit of the Offeror. The proceeds of the Share Issue amounting to €3.8 million (after the Company's share of expenses amounting to €200,000 have been deducted) shall be applied by the Company to finance its expansion plans which include the following:

a) A structured office expansion

The Company has now attained a critical level of client base in the Middle East and Scandinavia to warrant office expansion in these regions. The first new office will be opened in Jordan and this will service all Middle East clients in Jordan, Lebanon, Iraq, Dubai and Palestine. The Jordan office will be responsible for providing the resources necessary to service the clients in the region and will also be responsible for marketing in the region complemented by support from the Company's office in Malta and the Company's subcontractor in Germany, RS Consult.

The Scandinavian office will be opened to market the Company's products and provide services to clients in Denmark, Sweden, Norway and Finland. The Company also plans to open an office in the United States of America. These will be opened to further business relationships in the respective regions.

SECURITIES NOTE

b) *Increasing market penetration*

The Company will also be targeting its efforts to increase market penetration through increased activity in forums worldwide and an increase in marketing personnel.

c) *Research and development*

The Company is planning to intensify its research and development in order to ensure that it maintains its prominent market position and competitive edge.

d) *RS2 Training Academy*

The Company has plans to establish the RS2 Training Academy in Malta to provide on-going training to its clients worldwide. It will also offer opportunities to its partners and international card organisations to participate with RS2 and provide complementary training programs needed in the card management and payments industry.

The net proceeds of the Share Issue are estimated to be allocated as follows:

	€'000
Structured office expansion	2,200
Increased market penetration	470
Research and development	630
RS2 Training Academy	500
	<u>3,800</u>

4. INFORMATION CONCERNING THE SHARES

4.1 Description and type of Shares

The Shares are part of the ordinary share capital of the Company and have a nominal value of €0.20 each share and constitute thirty three point three per cent (33.3%) of the total issued share capital of the Company. The remaining sixty six point seven per cent (66.7%) of the ordinary share capital of the Company is held by ITM Holding as to fifty eight point nine per cent (58.9%) and by Mario Schembri as to seven point eight per cent (7.8%). Subject to admission to the listing of the Shares to the Official List of the Malta Stock Exchange, the Shares are expected to be attributed the following ISIN: MT0000400102.

4.2 Creation and status

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 a 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 32,500,000 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.

The shares are ordinary shares of the Company and form part of one class of ordinary shares. There are no shares of the Company in issue that have any preferred or deferred rights. The shares shall entitle their holders to attend and vote at general meetings of shareholders and to dividends, if any, declared and paid by the Company. All holders of ordinary shares shall rank *pari passu* upon any distribution of assets in a winding up or otherwise. (See "Rights attached to the Shares" below).

The shares of the Company are in registered form and until they are admitted to the Official List of the Malta Stock Exchange they will be in fully certificated form. The share certificates are evidence issued by the Company to the shareholder of the relevant entry in the register of members of the Company and of the shares held by such member. Following admission of the ordinary share capital of the Company to the Official List of the MSE, the Company's share capital, whilst retaining its registered form will no longer be in certificated form and will thereafter be held in book-entry form at the Central Securities Depository of the MSE in accordance with the requirements of the MSE or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or by the Company.

4.3 Terms and conditions of the Combined Offering

The full terms and conditions of the Combined Offering of the Shares are contained in Annex 1 attached to this Securities Note.

4.4 Rights attached to the Shares

The Shares form part of one class of ordinary shares in the Company and shall accordingly have the same rights and entitlements as all other ordinary shares currently in issue in the Company. The following are highlights of the rights attaching to the Shares:

- Dividends:** The Shares shall carry the right to participate in any distribution of dividend declared by the Company *pari passu* with all other shares in the same class;
- Voting Rights:** Each Share shall be entitled to one vote at meetings of shareholders;
- Pre-emption Rights:** Subject to the limitations contained in the Memorandum and Articles of Association, shareholders in the Company shall be entitled, in accordance with the provisions of the Company's Memorandum and Articles of Association, to be offered any new shares to be issued by the Company a right to subscribe for such shares in proportion to the nominal value of their then current shareholding, before such shares are issued and offered to the public or to any person not being a shareholder;
- Capital Distributions:** The Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, *pari passu* with all other shares of the same class;
- Transferability:** The Shares are freely transferable and once admitted to the Official List of the MSE, shall be transferable in accordance with the rules and regulations of the MSE, applicable from time to time;
- Other:** The Shares are not redeemable and not convertible into any other form of security.
- Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules:** Chapter 18 of the Listing Rules, implementing the relevant provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority - www.mfsa.com.mt

4.5 Authorisations

The sale of the Shares was authorised by the Company's Board of Directors by resolution dated 2 May 2008. The MFSA admitted the Shares as eligible to listing on a Recognised Investment Exchange pursuant to the Listing Rules by virtue of a letter dated 16 May 2008.

5. DETAILS OF THE COMBINED OFFERING

5.1 The Combined Offering

The Company is hereby issuing 5,000,000 ordinary shares of a nominal value of €0.20 per share in the Company at the Share Price and the Offeror is hereby offering 7,500,000 ordinary shares of a nominal value of €0.20 per share in the Company at the Share Price.

5.2 Date of Share Issue

The Shares being the subject of the Share Issue were authorised by the Company and the Shareholders on 2 May 2008. The Company expects such Shares to be issued on 30 June 2008.

5.3 Interests of natural and legal persons involved in the Share Offer

Subsequent to the Combined Offering as outlined in Section 5.1 “The Combined Offering” above, ITM Holding will retain 58.9% of the issued share capital.

5.4 Preplacement arrangements

The Company and the Offeror will be entering into a number of conditional subscription agreements with Financial Intermediaries on 5 June 2008. In terms of those agreements the said Financial Intermediaries would bind themselves to subscribe and purchase, and the Company and Offeror would be bound to allot to such intermediaries such number of the Shares, as in aggregate, does not exceed fifty per cent (50%) of the Shares.

Provided that the said Financial Intermediaries would have paid to the Company and Offeror all subscription proceeds in cleared funds by not later than 12:00 hours on 5 June 2008 by depositing subscription monies in the bank account as instructed in the subscription agreements. If a Financial Intermediary would have failed to effect payment in full of all subscription monies by the above-mentioned date, then the Company and Offeror would only allocate Shares up to the value of proceeds actually received.

In the event that the Intermediary is allocated a smaller number of Shares than the number indicated in the respective subscription agreement, the said Intermediary will receive a refund of the balance of the price of the Shares applied for but not allocated, without interest, by direct credit into the Intermediary's bank account as indicated by the Intermediary in the subscription agreement.

The agreements relating to the Shares are subject, *inter alia*, to the admission to listing of the Shares by the Listing Authority.

5.5 Subscription

The following are highlights of the terms and conditions applicable to any Application for Shares and should be read and construed as one with the Terms and Conditions of the Combined Offering contained in Annex 1 hereto:

5.5.1 Offer period

The Company and the Offeror are making a Combined Offering of Shares for subscription by the general public. The Shares will be available for subscription during the Offer Period commencing on 9 June 2008 up to and including 13 June 2008, subject to the right of the Company and the Offeror to close subscription lists before such date in the case of over-subscription. The Company and the Offeror reserve the right to revoke or suspend the Offering until such time as the Shares have been allocated in accordance with the Prospectus and dealing of the said Shares takes place on the Official List of the MSE.

Applications may be obtained from and are to be lodged with Financial Intermediaries listed in Annex 2, during the Offer Period.

5.5.2 Eligible applicants

Any person, whether natural or legal, shall be eligible to submit an Application and any one person, whether directly or indirectly should not submit more than one Application Form for Shares. The Company, Offeror and Registrar reserve the right to allow multiple Applications at their sole discretion. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person or persons authorised to sign and bind such Applicant. It shall not be incumbent on the Company or the Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact so authorised.

Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Shares allocated pursuant to such an Application shall be registered in the name of the minor as Shareholder, with dividends payable to the parents/legal guardian signing the Application Form until such time as the minor attains the age of eighteen (18) years, after which all dividends shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen years.

5.5.3 Application forms/Method of payment

All Applications for the purchase of Shares must be submitted on Application Forms during the Offer Period. The completed Application Forms are to be lodged with any of the Financial Intermediaries. All Application Forms must be accompanied by the full price of the Shares applied for. Payment may be made either in cash or by cheque payable to "The Registrar - RS2 Share Combined Offering". In the event that cheques accompanying Application Forms are not honoured, on their first presentation, the Company, the Offeror and the Registrar reserve the right to invalidate the relative Application.

5.5.4 Refunds

In the event that an Applicant has not been allocated any Shares or has been allocated a smaller number of Shares than the number applied for, then the Applicant shall receive a full refund or, the balance of the price of the Shares applied for but not allocated, as the case may be, without interest, by cheque sent by mail, at the Applicant's sole risk, to the address specified in the Application Form, within five (5) Business Days from the date of final allocation.

5.5.5 Minimum and maximum applications

Applications for less than 2,000 Shares will not be considered. All Applications in excess of 2,000 Shares must be in multiples of 100.

5.5.6 Preferential treatment

The allocation of the Shares shall be made with preference to those Applicants who are employees of the Company, whether on a part-time or on a full-time basis, as at the date of the Prospectus. The first two hundred and fifty thousand (250,000) ordinary Shares have been reserved for such persons.

5.5.7 Intention to acquire

The Company does not have any indication that a single investor has the intention of participating in the Combined Offering by purchasing more than five per cent (5%) of the Shares.

5.5.8 Pricing

The pricing of the Combined Offering has been fixed by the Company and the Offeror at the Share Price.

5.5.9 Allocation policy

The Company will determine and announce the allocation policy for the allotment of the Shares within five Business Days of the closing of subscriptions for Shares. The Company will endeavour, through the allocation policy to be adopted, that there will be a sufficiently dispersed shareholder base to facilitate, as far as practicable, an active secondary market in the Shares. Each Applicant will be directly notified of the amount of Shares allocated in his/her name by the Central Securities Depository of the MSE once these have been admitted to the Official List of the MSE.

5.5.10 Underwriting

By an agreement dated 16 May 2008, between the Company, the Offeror and the Underwriter, it was agreed that in the event that any Shares of the Combined Offering remain outstanding after the end of the Offer Period, the Underwriter shall purchase such outstanding shares, up to a maximum of 5,000,000 shares, at the Share Price, representing the capital that the Company intends to raise. After the Underwriter would have discharged itself of its underwriting obligation as aforesaid, any part of the other 7,500,000 shares that still remains outstanding, and which is not subject to the Underwriting Agreement, shall be retained by the Offeror.

5.6 Admission to Trading

The Shares have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 16 May 2008. Application has been made to the Malta Stock Exchange for the shares to be admitted to the Official List of the MSE as and when the Shares following the Combined Offering have been allocated.

For the purposes of the Prevention of Money Laundering Act and any regulations issued thereunder, as subsequently amended, all appointed selling agents are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the Code of Conduct for Members of the Malta Stock Exchange, appended as appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed selling agents are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act, Cap 440 of the Laws of Malta, for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy, as published from time to time.

6. MAJOR SHAREHOLDERS AND LOCK-IN

Following the Combined Offering, ITM Holding and Mario Schembri will hold 22,074,981 and 2,924,999 respectively of the issued share capital of the Company, equivalent to 58.9% and 7.8% respectively, and will accordingly retain a controlling interest in the Company capable of determining its financial and management decisions. It will be the responsibility of the Audit Committee to monitor and review such decisions, to ensure that the execution of any transaction is at arm's length and ultimately in the best interests of the Company.

The Major Shareholders have undertaken not to transfer or otherwise dispose of any shares, or of any rights therein, of the Company for a period of twenty four (24) months from the date when the Shares of the Company are admitted to listing on the MSE, and this undertaking shall subsist notwithstanding any provisions of the Act, the Listing Rules and Memorandum and Articles of Association that would otherwise have permitted such transfer.

Other than with respect to the Major Shareholders, the Company is not aware of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable in terms of Maltese law and regulation.

7. COMBINED OFFERING EXPENSES

The Combined Offering expenses including advisors' fees, Intermediaries' commissions and other costs and expenses are estimated to be in the region of €500,000. This amount shall be deducted proportionately from the proceeds of the Combined Offering, that is, €300,000 shall be deducted from the proceeds of the Share Offer and €200,000 shall be deducted for the proceeds of the Share Issue Accordingly, the net proceeds from the Share Offer and Share Issue will amount to €5,700,000 and €3,800,000 respectively.

The overall amount of the underwriting commission payable to the Underwriter and of the placing commission payable to institutional investors and Financial Intermediaries entering into conditional subscription agreements, in terms of the Prospectus, will not exceed €200,000.

Selling commission is payable to Financial Intermediaries. Each Intermediary shall be entitled to a selling commission calculated at the rate of 1.5% on the consideration paid by the Applicant applying through the Authorised Intermediary in respect of Shares allocated to the Applicants.

The Memorandum and Articles of Association authorises the Company to pay commission to Financial Intermediaries.

72
73

8. DIVIDEND POLICY

The Directors of the Company expect that, subject to available cash flows, the requirements of the Act, unforeseen circumstances and economic conditions that might have an impact on the Company's financial performance, the Company will distribute dividends to its shareholders.

The Company will also balance the distribution of dividends against the use of these funds towards growing the enterprise value of the business by investments including in new markets and new services. In this way the Company will seek to maximise shareholders' return.

9. SOURCE OF FUNDS

The Majority Shareholders and Directors confirm that there are no current negotiations, discussions or other transactions relating to any of the Shares in the Company other than as described in the Prospectus and attachments hereto.

10. TAXATION

Taxation Status of the Company

In terms of legislation regulating aids to industries in Malta, RS2 Software p.l.c. is entitled to a reduced rate of income tax of 15% up to the financial year ending 31 December 2008. As from 1 January 2009 the Company will be subject to tax at the standard corporate tax rate which currently stands at 35%. This notwithstanding, any part of the Company's profits, whether distributed or not, attributable directly (or indirectly through another Maltese company) to shareholders resident in a country with which Malta has concluded a double tax treaty in terms of which dividends are subject to a reduced rate of tax, may be taxed at such reduced treaty rate.

The Company is also entitled to investment tax credits which are set off against the tax charge on the Company's income from its trade or business situated in Malta. Investment tax credits are calculated as a percentage (currently 55%) of the amount invested in qualifying expenditure. Any investment tax credits which are not utilised to relieve the tax of any particular year are increased by a percentage (which in terms of EU Commission Notice 2007/C 319/03 currently stands at 5.19%) and carried forward to be deducted from the tax payable in the following years. Profits earned by the Company from permanent establishments situated outside Malta are subject to tax in Malta at the standard corporate tax rate of 35% or at a reduced treaty rate as aforesaid. The Company may also be taxable in the country where the permanent establishment is situated. However, the Company could then claim double taxation relief in respect thereof.

Taxation on Dividends paid to the Company's Shareholders

In terms of Legal Notice 79 of 2008, any chargeable income of the Company which is subject to a final tax or the tax chargeable on which would have been relieved from payment by investment tax credits will be allocated to the Final Tax Account. No further tax is payable in Malta on any dividends payable out of profits allocated to the Final Tax Account. Any tax suffered on profits allocated to this tax account is not available as an imputation credit to the Company's shareholders.

Dividends distributed to shareholders resident in Malta, other than companies, from untaxed profits are subject to 15% withholding tax which may be treated as a final tax at the option of the recipient shareholders. The Company will deduct this 15% withholding tax from the amount of the dividend and will remit such withholding tax to the Commissioner of Inland Revenue.

All other dividends distributed to any shareholders are not subject to any further tax.

Under Malta's full imputation system of taxation, a person is subject to tax, where applicable, on the net dividend grossed up by the tax paid by the distributing company on the profits out of which the dividend is distributed. Other than for dividends issued out of the Final Tax Account, a shareholder is normally entitled to claim a refund of the difference between the tax payable on the grossed up dividend and the tax paid by the company distributing the dividend. On a distribution of dividends by the Company out of profits allocated to the Foreign Income Account, which may include *inter alia* profits derived from permanent establishments situated outside Malta, non-resident shareholders will be entitled to a two-thirds refund of the Malta tax paid on the profits out of which the dividends are paid.

Tax on Capital Gains

In accordance with current legislation, if and for as long as the Shares are listed on the Malta Stock Exchange, no tax on capital gains is payable in Malta on any transfer of these Shares.

Duty on Documents and Transfers

In accordance with current legislation, if and for as long as the Shares are listed on the Malta Stock Exchange, no duty on documents and transfers (stamp duty) is payable in Malta on any transfer of these Shares.

THE INFORMATION ABOVE IS BASED ON TAX LAW AND PRACTICE APPLICABLE AT THE DATE OF THIS PROSPECTUS. SHAREHOLDERS ARE REMINDED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE COMPANY AND ITS SHAREHOLDERS MAY CHANGE FROM TIME TO TIME. SHAREHOLDERS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE SHARES, AS WELL AS DIVIDEND PAYMENTS MADE BY THE COMPANY. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO SHAREHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

11. DOCUMENTS AVAILABLE FOR INSPECTION

During the lifetime of this Securities Note the following documents shall be available for inspection at the registered address of the Company at 120/6, The Strand, Gzira, GZR1027, Malta:

- a) Memorandum and Articles of Association;
- b) Historical Financial Statements for each of the years ended 31 December 2005, 2006 and 2007;
- c) The profit forecast for the financial year ending 31 December 2008; and
- d) The Registration Document and Summary Note forming part of the Prospectus.

These documents are also available for inspection in electronic form on the Company's website at www.rs2.com

Terms and Conditions of the Combined Offering

1. The contract created by the acceptance of an Application shall be subject to the terms and conditions set out herein. If any Application is not accepted, or if any Application is accepted for fewer Shares than those applied for, the Application monies or the balance of the amount paid on Application will be returned without interest by cheque sent by mail at the risk of the Applicant to the address indicated by the Applicant on the Application Form within five (5) Business Days from the date of the final allocation.
2. Subject to all other terms and conditions set out in the Prospectus, the Company reserves the right to reject in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications and to present any cheques and or drafts for payment upon receipt. The right is also reserved to refuse any Application which, in the opinion of the Registrar is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application forms will be accepted and photocopies/facsimile copies will not be accepted.

In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several. Furthermore, as joint Applicants, each warrants that he/she has only submitted one Application in his/her name.

3. By completing and delivering an Application Form you (as the Applicant (s)):
 - a. irrevocably offer to purchase the number of Shares specified in your Application Form (or any smaller number for which the Application is accepted) at the Share Price, subject to the provisions of the Prospectus, these Terms and Conditions and the Memorandum and Articles of Association of the Company;
 - b. authorise the Registrar and the Directors to include your name or in the case of joint Applications, the first named applicant, in the register of Members of the Company in respect of the Shares allocated to you;
 - c. agree that any refund of unallocated Application monies, will be sent to you, without interest, by cheque mailed, at your own risk, to your address (or that of the first-named applicant) as set out in the Application Form;
 - d. warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of Members or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Registrar of such late payment in respect of such Shares, the Company may (without prejudice to other rights) treat the agreement to allocate such Shares as void and may allocate such Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Shares (other than return of such late payment);
 - e. agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance and any verification of identity as required by the Prevention of Money Laundering Act and any regulations issued thereunder and that such monies will not bear interest;
 - f. agree that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
 - g. warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
 - h. agree that all documents in connection with the Combined Offering and any returned monies will be sent at your risk and may be sent by post at the address set out in the Application Form;
 - i. agree that, having had the opportunity to read the Prospectus you shall be deemed to have had notice of all information and representations concerning the Company and the Combined Offering contained therein;
 - j. confirm that in making such Application you are not relying on any information or representation in relation to the Company or the Combined Offering other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Application or any part thereof will have any liability for any such other information or representation;
 - k. confirm that you have reviewed and you will comply with the restriction contained in paragraph (s) and the warning in paragraph 4 below;

- l. warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
 - m. agree that such Application Form is addressed to the Company and that in respect of those Shares for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;
 - n. confirm that in the case of a joint Application the first named Applicant shall be deemed the holder of the Shares;
 - o. agree to provide the Registrar as the case may be, with any information which it may request in connection with your Application(s);
 - p. agree that the Sponsor will not, in its capacity of sponsoring stockbroker, treat you as its customer by virtue of your making an application for Shares or by virtue of your Application to purchase Shares being accepted and it will not owe you any duties or responsibilities concerning the price of the Shares or their suitability for you;
 - q. warrant that, in connection with your Application, you have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Combined Offering or your Application;
 - r. represent that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") and that you are not accepting the invitation comprised in the Combined Offering from within the United States of America, its territories or its possessions, any State of the United States of America or the District of Columbia (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise with your Application Form; and
 - s. the Shares have not been and will not be registered under the Securities Act and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
 - t. agree that if you already hold securities on the Market Stock Exchange, you are to indicate your MSE Account Number in the Application Form. Furthermore, you agree that any securities allotted will be recorded by the Malta Stock Exchange in the MSE Account Number quoted on the Application Form even if details of such MSE Account Number, as held by the Malta Stock Exchange, differ from any or all of the other information and details appearing on the Application Form.
4. No person receiving a copy of the Prospectus or any part thereof or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issues, transfer or other taxes required to be paid in such territory.
5. Within five (5) Business Days of the closing of the subscription lists, the Company either directly or through the Registrar shall determine and announce the basis of acceptance of applications and allocation policy to be adopted.
6. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Form and in any other document issued pursuant to the Prospectus.
7. The Combined Offering will open at 08.30 hours on 9 June 2008 and will close as soon thereafter as may be determined by the Registrar, as the case may be, but not later than 12.00 hours on 13 June 2008.

Financial Intermediaries*Members of the Malta Stock Exchange***ATLAS INVESTMENT SERVICES LTD.**

Abate Rigord Street, Ta' Xbiex MSD 12

Tel. 2326 5690

Fax. 2326 5691

BANK OF VALLETTA P.L.C.

BOV Centre, Cannon Road, St Venera SVR 9030

Tel. 2275 1732

Fax. 2275 1733

CALAMATTA, CUSCHIERI & CO. LTD.

5th Floor, Valletta Buildings, South Str, Valletta VLT 1103

Tel. 2568 8688

Fax. 2568 8256

CHARTS INVESTMENT MANAGEMENT SERVICE LTD.

Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913

Tel. 2122 4106

Fax. 2124 1101

CURMI & PARTNERS LTD.

Finance House, Princess Elizabeth Str, Ta' Xbiex MSD 11

Tel. 2134 7331

Fax. 2134 7333

FINANCIAL PLANNING SERVICES LTD.

4, Marina Court, G. Cali Street, Ta' Xbiex XBX 1421

Tel. 2134 4243

Fax. 2134 1202

FINCO TREASURY MANAGEMENT LTD.

Level 5, The Mall Complex, The Mall, Floriana VLT 16

Tel. 2122 0002

Fax. 2124 3280

GLOBALCAPITAL FINANCIAL MANAGEMENT LTD.

120, The Strand, Gzira GZR 03

Tel. 21310088

Fax. 2328 2207

HSBC STOCKBROKERS (MALTA) LTD.

233, Republic Street, Valletta VLT 08

Tel. 2124 5284

Fax. 2597 2494

RIZZO, FARRUGIA & CO. (STOCKBROKERS) LTD.

Airways House, 3rd Floor, High Str, Sliema SLM 15

Tel. 2258 3000

Fax. 2258 3001

Financial Intermediaries (cont.)*Investment Services Providers***APS BANK LTD.**

APS House, 24, St Anne Square, Floriana VLT 1111

Tel. 2567 1177

Fax. 2567 1167

CRYSTAL FINANCE INVESTMENTS LTD.

6, Freedom Square, Valletta VLT 1011

Tel. 2122 6190

Fax. 2122 6188

D.B.R INVESTMENTS LTD

'Deber' Nigret Road, Zurriq ZRQ 3172

Tel. 2164 7763

Fax. 2164 7765

GROWTH INVESTMENTS LTD.

Middle Sea House, Floriana FRN 1442

Tel. 2122 6411

Fax. 2124 9811

HSBC BANK MALTA P.L.C.

233, Republic Street, Valletta VLT 1116

Tel. 2597 2209

Fax. 2597 2475

JESMOND MIZZI FINANCIAL SERVICES LTD.

67, Flat 3, South Street, Valletta VLT 1105

Tel. 2122 4410

Fax. 2122 3810

JOSEPH SCICLUNA INVESTMENT SERVICES LTD

Level 3, Bellavista Court, Gorg Borg Olivier Street, Gozo VCT 2517

Tel. 2156 5707

Fax. 2156 5706

LOMBARD BANK MALTA P.L.C.

Lombard House, 67, Republic Street, Valletta VLT 1117

Tel. 2124 8411

Fax. 2558 1150

MERCIECA FINANCIAL INVESTMENT SERVICES LTD.

'Mercieca', John F. Kennedy Square, Victoria Gozo VCT 2580

Tel. 2155 3892

Fax. 2155 3892

MFSP FINANCIAL MANAGEMENT LTD

220, Immaculate Conception Street, Msida MSD 1838

Tel. 2132 2200

Fax. 2133 2190

MICHAEL GRECH FINANCIAL INVESTMENT SERVICES LTD.

1, Mican Court, J F Kennedy Sqr., Victoria, Gozo VCT 2580

Tel. 2155 4492

Fax. 2155 9199

M.Z. INVESTMENT SERVICES LTD.

11, St Rita Street, Rabat RBT 1523

Tel. 2145 3739

Fax. 2145 3407

QUEST INVESTMENT SERVICES LTD.

64, Regent House, Bisazza Street, Sliema SLM 1641

Tel. 2134 3500

Fax. 2131 3733

W&J COPPINI INVESTMENT SERVICES LTD.

144, Tower Road, Sliema SLM 08

Tel. 2134 5412

Fax. 2134 4972



APPLICATION FORM

Combined Offering of Shares in RS2 Software p.l.c.
at a Share Price of €0.80

Application Number

Please read the notes overleaf before completing this Application Form. **Mark 'x' if applicable.**

APPLICANT (see notes 2 to 6)

A	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor (under 18) <input type="checkbox"/> Body Corporate / Body of Persons <input type="checkbox"/> Employee																		
B	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Title (Mr/Mrs/Ms/....)</td> <td colspan="3">Full Name & Surname / Registered Name</td> </tr> <tr> <td colspan="4">Address</td> </tr> <tr> <td colspan="3"></td> <td>Postcode</td> </tr> <tr> <td>M.S.E. A/C No. (If applicable)</td> <td>I.D. Card/ Passport/ Co. Reg. No.</td> <td>Tel. No.</td> <td>Mob. No.</td> </tr> </table>			Title (Mr/Mrs/Ms/....)	Full Name & Surname / Registered Name			Address							Postcode	M.S.E. A/C No. (If applicable)	I.D. Card/ Passport/ Co. Reg. No.	Tel. No.	Mob. No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname / Registered Name																		
Address																			
			Postcode																
M.S.E. A/C No. (If applicable)	I.D. Card/ Passport/ Co. Reg. No.	Tel. No.	Mob. No.																

C ADDITIONAL (JOINT) APPLICANTS (see note 2) (Please use additional Application Form if space is not sufficient)

D	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Title (Mr/Mrs/Ms/....)</td> <td colspan="2">Full Name & Surname</td> <td>I.D.Card/Passport No.</td> </tr> <tr> <td>Title (Mr/Mrs/Ms/....)</td> <td colspan="2">Full Name & Surname</td> <td>I.D.Card/Passport No.</td> </tr> </table>			Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.	Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.								
Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.								
E	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Title (Mr/Mrs/Ms/....)</td> <td colspan="2">Full Name & Surname</td> <td>I.D.Card/Passport No.</td> </tr> <tr> <td>Title (Mr/Mrs/Ms/....)</td> <td colspan="2">Full Name & Surname</td> <td>I.D.Card/Passport No.</td> </tr> </table>			Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.	Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.
Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.								
Title (Mr/Mrs/Ms/....)	Full Name & Surname		I.D.Card/Passport No.								

E I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 7 & 8):

Number of Shares in Figures	Number of Shares in Words
-----------------------------	---------------------------

Ordinary Shares in RS2 Software p.l.c. (minimum 2,000 Shares and in multiples of 100 Shares thereafter) or any smaller number of Shares for which this Application may be accepted at the Share Price as defined in the Prospectus dated 16 May 2008 payable in full upon application under the Terms and Conditions as defined in the said Prospectus and subject to the Memorandum and Articles of Association of RS2 Software p.l.c.

Amount payable €

F DIVIDEND MANDATE

Bank	Branch	Account Number
------	--------	----------------

G I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 16 May 2008 and subject to its terms and conditions which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

SIGNATURE/S OF APPLICANT/S
(Both parents or legal guardian are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)

DATE

Authorised Intermediary's Stamp

Authorised Intermediary's Code

NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 16 May 2008

1. The Application Form is to be completed in BLOCK CHARACTERS.
2. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals - including I.D. Card Numbers - must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Shares. Any refund cheques and/or dividend will be issued in the name of such Shareholder. Vide note 6 below.**
3. Applicants who are non-residents in Malta, must indicate their passport number in Panel B and the relative box in Panel A must also be marked appropriately. Applications must be accompanied by the corresponding amount in Euro of the Shares applied for.
4. In the case of an Applicant who is a minor, the word 'minor' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. (Any dividend and any refund cheques will be made payable to the parent/legal guardian named in Panel D1 until such time as the Company is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents/legal guardian/s.
5. In the case of a body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANT/S WHO ALREADY HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANT/S ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
7. Applications must be for a minimum of 2,000 Shares and thereafter in multiples of 100 shares.
8. Payment in Euro may be made by cheque payable to 'The Registrar - RS2 Software p.l.c. Combined Offering'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Company and the Registrar reserve the right to invalidate the relative Application.
9. **Subscription lists will open at 08.30 hours on 09 June 2008 and will close at 12.00 hours on 13 June 2008. The Issuer/Offoror reserves the right, however, to close the Combined Offering before 13 June 2008 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected.**
10. Completed Application Forms are to be delivered to the offices of the Company, the Registrar or any Authorised Intermediary listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer/Offoror disclaim all responsibility for any such remittances not received by the closing of the subscription lists.
11. The Offerors and the Company reserve the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Combined Offering as contained in the Prospectus.
12. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer/Offoror may process the personal data that you provide in the Application Form in accordance with the Data Protection Act, 2001;
 - b. acknowledge that the Issuer/Offoror may process such personal data for all purposes necessary for and related to the issue of the Combined Offering applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer/Company. Any such requests must be made in writing and sent to the Company at the address indicated in the Prospectus. The request must further be signed by yourself, as the Applicant to whom the personal data relates.
13. The terms used in this Application Form have the same meaning as those assigned to them in the Prospectus.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. An investor should consult an independent investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.