REGULATED INFORMATION

Quarterly rapport H1 -2015 **20 August 2015**

KEY FIGURES

The key figures for the first six months and second quarter of 2015 can be summarised as follows.

First six months of 2015:

- the Group realised a turnover of 6,474 kEUR in comparison with 4,265 kEUR for the same period in 2014, which represents an increase in turnover of 2,209 kEUR or 51.8% in comparison to the first six months of 2014;
- operating cash flow (EBITDA) for the first six months came to 2,225 kEUR, versus 906 kEUR for the first six months of 2014, which represents an improvement of 1,319 kEUR or 145.6%;
- profit before tax amounted to 1,942 kEUR, versus 631 kEUR for the first six months of 2014, which represents an improvement of 1,311 kEUR or 207.8%;
- net profit before tax amounted to 2,364 kEUR, versus a net profit of 631 kEUR for the first six months of 2014, which represents an improvement of 1,733 kEUR or 274.6%;
- net cash flow amounted to 3,002 kEUR, versus 1,224 kEUR for the first six months of 2014, which represents an increase of 1,778 kEUR or 145.3%;

Key figures for the period ending on 30 June	1st six months 30.06.2015 kEUR (unaudited)	1st six months 30.06.2014 kEUR (unaudited)
Turnover	6,474	4,265
Profit/(loss) before taxes for the period	1,942	631
Profit/(loss) for the period	2,364	631
EBITDA	2,225	906
Net cash flow	3,002	1,224
Gross profit margin (profit before tax / revenue) (%)	30.00	14.79
Profit margin (net profit / turnover) (%)	36.52	14.79
EBITDA margin (EBITDA / turnover) (%)	34.37	21.24

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Second quarter of 2015:

- the Group realised a turnover of 3,491 kEUR in comparison with 2,129 kEUR for the same quarter in 2014, which represents an increase in turnover of 1,362 kEUR or 64.0%;
- operating cash flow (EBITDA) for the first six months came to 1,440 kEUR, versus 490 kEUR for the second quarter of 2014, which represents an improvement of 950 kEUR or 193.9%;
- profit before tax amounted to 1,226 kEUR, versus 412 kEUR for the second quarter of 2014, which represents an improvement of 814 kEUR or 197.6%;
- net profit amounted to 1,438 kEUR, versus a net profit of 412 kEUR for the second quarter of 2014, which represents an improvement of 1,026 kEUR or 249.0%;
- the net cash flow amounted to 1,841 kEUR in comparison to 664 kEUR, which represents an increase of 1,177 kEUR or 177.3% in comparison to the second quarter of 2014.

Key figures for the period ending on 30 June	2nd quarter 30.06.2015 kEUR (unaudited)	2nd quarter 30.06.2014 kEUR (unaudited)
Turnover	3,491	2,129
Profit/(loss) before taxes for the period	1,226	412
Profit/(loss) for the period	1,438	412
EBITDA	1,440	490
Net cash flow	1,841	664
Gross profit margin (profit before tax / revenue) (%)	35.12	19.35
Profit margin (net profit / turnover) (%)	41.19	19.35
EBITDA margin (EBITDA / turnover) (%)	41.25	23.02

REGULATED INFORMATION

MANAGEMENT REPORT ON THE FIRST SIX MONTHS AND THE SECOND QUARTER OF 2015

Management discussion and analysis of the results

The financial information in this management report should be read in conjunction with the condensed consolidated interim financial report and consolidated annual financial statements on 31 December 2014. This condensed consolidated interim report has not been audited, nor subject to a limited review by the auditor.

The key figures for the **first six months of 2015** can be summarised as follows:

- An overview of the turnover and gross margin for the first six months is provided below:

Gross Margin	1st six months 30.06.2015 kEUR	1st six months 30.06.2014 kEUR	Change
Turnover	6,474	4,265	51.8%
Purchases of goods for resale	(1,595)	(1,037)	53.8%
Gross Margin	**4,879**	**3,228**	**51.1%**
Gross margin in percentages	75.36%	75.69%	

- **Consolidated turnover** for the first six months of the financial year 2015 amounted to EUR 6,474 k compared with EUR 4,265 k for the same period in 2014, which represents an increase of 51.8%. Both the lease / sale of payment terminals activity and the authorisation activity contributed to this increase in turnover of 2,209 kEUR.

- **Personnel costs** amounted to 797 kEUR and did not fluctuate significantly.

- **Impairments of current assets** amounted to 675 kEUR in comparison to 660 kEUR over the same period. This concerns concretely impairments on receivables from financial leasing as a consequence of bankruptcies, the discontinuation of activities by the customer or termination of the contract by the customer as well as write-offs of inventories.

- **Other expenses** amounted to 1,825 kEUR in comparison to 1,601 kEUR over the same period in 2014. This increase mainly concerns fees and the general costs of PayItEasy, as a result of the application of the integral consolidation method.

- **Net profit** for the first six months amounted to 2,364 kEUR in comparison with a net profit of 631 kEUR over the same period in 2014.

  The increase in the net profit of 1,733 kEUR is mainly the result of the significantly higher turnover and gross margin, which contributed to the higher operating result of 1,651 kEUR. The increase in other operating expenses of 390 kEUR was offset by expressing the tax deferrals for 422 kEUR.

- **Net cash flow** amounted to 3,002 kEUR in comparison with 1,224 kEUR for the first six months of 2014. The increase in the net cash flow of 1,178 kEUR was largely due to an improvement of the operating result in the same proportion.

The key figures for the **second quarter of 2015** can be summarised as follows:

- The turnover and the gross margin for the second quarter can be specified as follows:

Gross Margin	2nd quarter 30.06.2015 kEUR	2nd quarter 30.06.2014 kEUR	Change
Turnover	3,491	2,129	64.0%
Purchases of goods for resale	(748)	(341)	119.4%
Gross Margin	**2,743**	**1,788**	**53.4%**
Gross margin in percentages	78.57%	83.98%	

- The **consolidated turnover** for the second quarter of the financial year 2015 amounted to 3,491 kEUR, as compared to 2,129 kEUR for the same period in 2014, which represents an increase of 64.0%. The increase in turnover of 1,362 kEUR was generated by both the payment terminals division and the authorisation division.

- **Personnel costs** amounted to 410 kEUR and did not fluctuate significantly.

- **Impairments of current assets** amounted to 388 kEUR in comparison to 218 kEUR over the same period. This concerns concretely impairments on receivables from financial leasing as a consequence of bankruptcies, the discontinuation of activities by the customer or termination of the contract by the customer as well as write-offs of inventories. The increase compared to the first semester of 2014 is mainly attributable to write-offs of inventories.

- Other expenses amounted to 895 kEUR compared to 847 kEUR over the same period in 2014, whereby the increase is mainly attributable to the operating expenses of PayItEasy, which has been consolidated as from 1 October 2014 according to the integral method whereas PayItEasy had previously been consolidated according to the equity method.

- **Net profit** for the first six months amounted to 1,438 kEUR in comparison with a net profit of 412 kEUR over the same period in 2014.

  The increase in the net profit of 1,026 kEUR is mainly the result of the significantly higher turnover and gross margin, which caused the operating result to increase by 955 kEUR. Additionally, the higher result can also be attributed to expressing the additional deferred tax credit of 212 kEUR that is largely offset by higher general expenses and the write-offs of the inventories.

- **Net cash flow** amounted to 1,841 kEUR in comparison with 664 kEUR for the first six months of 2014. The increase in the net cash flow of 1,177 kEUR was largely due to an improvement of the operating result in the same proportion.

Important events during the first six months of 2015

WORLDLINE PARTNERSHIP

Keyware concluded a far-reaching partnership with competitor-partner Worldline in June 2015, enabling both parties to strengthen their relative market positions.

ASSET DEAL

An acquisition agreement was signed in December 2014 with GlobalPay NV after which the lease and purchase contracts were taken over by Keyware as of 1 January 2015. This thus concerns an asset deal whereby the final price depends on a number of parameters and will be determined no earlier than on 31 December 2015.

An advance payment of 275 kEUR that was allocated to the client base was processed in the interim figures as of 31 March 2015 (and as of 30 June 2015). Based on an interim assessment, a provision has been created of 198 kEUR in view of the contingent liability at year-end 2015. This means that this investment will represent approximately 473 kEUR taking into account the development of the parameters up to 30 June 2015.

FUNDING

The above-mentioned acquisition was financed partially with own funds and partially with loans. A loan agreement was signed with ING Bank NV whereby an amount of 250 kEUR was borrowed for a period of three years.

A lease agreement was also concluded with Belfius Lease for the financing of two passenger cars. Finally, the Group also drew down various tranches of the investment loan of 750 kEUR that was made available by ING Bank. An amount of 621 kEUR had been drawn down on 30 June 2015, therefore the Group can draw down another 129 kEUR in the third quarter of 2015.

PARFIP BENELUX

A contract was signed with Parfip Benelux NV in March 2015 in which the takeover of the lease contracts was confirmed. In this contract, it was confirmed that Keyware could effectuate the takeover on 1 July 2014 and that Keyware will provide for the further administrative settlement vis-à-vis customers. The amount paid was not higher than the provisions which were reported in the financial statements of 2014.

Events after the balance sheet date

The Group does not have any important events to report after the balance sheet date, which would have an impact on the presentation of these interim financial statements as of 30 June 2015.

Outlook

SUBSTANTIAL MARKET SHARE IN ECONOMICALLY STABLE SECTORS

In the past quarters, Keyware succeeded in systematically increasing its market share in economically stable core market segments. During the first and especially during the second quarter of 2015 - even when the positive impact of the GlobalPay asset deal is disregarded - a large number of new contracts were signed.

GROWTH OF PAYMENT TERMINALS AND AUTHORISATION CONTRACTS

Keyware will also aim to achieve substantial growth in these segments in future quarters as a result of the right alignment between Keyware's product and service range, long-term contracts and the requirements of these segments.

The expansion of the installed base of payment terminals remains the driver for further growth.

In addition, Keyware's transaction platform offers the opportunity to further expand its range of services. As a result of the increasing number of transactions that are processed through its own platform, this division increasingly generates additional transaction revenues of a recurring nature.

REGULATED INFORMATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated income statement

Consolidated income statement for the period ending on 30 June		1st six months		2nd quarter	
		30.06.2015	30.06.2014	30.06.2015	30.06.2014
		kEUR (unaudited)	kEUR (unaudited)	kEUR (unaudited)	kEUR (unaudited)
Continuing operations					
Turnover		6,474	4,265	3,491	2,129
Other gains and losses		129	154	52	(71)
Raw materials and consumables		(1,595)	(1,037)	(748)	(341)
Salaries and employee benefits		(797)	(730)	(410)	(377)
Depreciation		(123)	(64)	(63)	(35)
Net impairment of current assets	(6)	(675)	(660)	(388)	(218)
Other operating expenses	(7)	(1,825)	(1,601)	(895)	(847)
Operating profit /(operating loss)		***1,588***	***327***	***1,039***	***240***
Financial income		546	489	281	245
Financial expenses		(192)	(172)	(94)	(71)
Profit before taxes		**1,942**	**644**	**1,226**	**414**
Taxes on the result		422	-	422	-
Result from participations in joint Ventures		-	(13)	-	(2)
Profit/(loss) for the period from continued operations		**2,364**	**631**	**1,648**	**412**
Profit/(loss) for the period		**2,364**	**631**	**1,648**	**412**
Weighted average number of issued ordinary shares		20,435,163	19,755,327	20,435,163	19,755,327
Weighted average number of shares for the diluted result per share		23,314,074	21,217,827	23,314,074	21,217,827
Profit/(loss) per share from continued operations					
Profit/ (loss) per share		0.1157	0.0319	0.0806	0.0209
Profit/ (loss) per diluted share		0.1014	0.0297	0.0707	0.0194

REGULATED INFORMATION

Condensed consolidated statement of comprehensive income

Overview of comprehensive income for the period ending on 30 June	1st six months		2nd quarter	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	kEUR	kEUR	kEUR	kEUR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) for the period	**2,364**	**631**	**1,648**	**412**
Other comprehensive income				
Translation differences	-	-	-	-
Revaluation at fair value of 'financial fixed assets available for sale'	-	-	-	-
Cash flow hedges	-	-	-	-
Taxes on other comprehensive income	-	-	-	-
Other comprehensive income (net of taxes)	**-**	**-**	**-**	**-**
Total realised and comprehensive income for the period	**2,364**	**631**	**1,648**	**412**
Profit/(loss) for the period attributable to:				
The holders of equity instruments of the parent company	2,364	631	1,648	412
Non-controlling interests	-	-	-	-
Total of the other comprehensive income of the period allocatable to:				
The holders of equity instruments of the parent company	-	-	-	-
Non-controlling interests	-	-	-	-
Weighted average number of issued ordinary shares	20,435,163	19,755,327	20,435,163	19,755,327
Weighted average number of shares for the diluted result per share	23,314,074	21,217,827	23,314,074	21,217,827
Profit/(loss) per share from the continuing and discontinued operations				
Profit/ (loss) per share	0.1157	0.0319	0.0806	0.0209
Profit/ (loss) per diluted share	0.1014	0.0297	0.0707	0.0194

REGULATED INFORMATION

Condensed consolidated balance sheet

Consolidated statement of financial position		30.06.2015	31.12.2014	30.06.2014
		kEUR	kEUR	kEUR
		(unaudited)	(audited)	(unaudited)
Assets				
Consolidation differences	(8)	5,248	5,248	5,248
Other intangible fixed assets		255	14	21
Tangible fixed assets		454	485	570
Deferred tax assets		2,109	1,685	1,685
Receivables from finance leases	(9)	15,625	14,088	13,693
Other assets		324	74	74
Non-current assets		**24,015**	**21,594**	**21,291**
Inventories		500	736	786
Trade and other receivables		435	843	958
Receivables from finance leases		2,866	2,981	3,016
Prepaids		124	19	-
Cash and cash equivalents		259	915	113
Current assets		**4,184**	**5,494**	**4,873**
Total assets		**28,199**	**27,088**	**26,164**
Equity and liabilities				
Issued capital	(10)	8,490	8,490	8,479
Share premiums		4,716	4,716	4,709
Other reserves		797	797	537
Result carried forward		6,342	3,978	2,699
Equity attributable to owners of the parent company		**20,345**	**17,981**	**16,424**
Provisions		**198**	**-**	**41**
Borrowings	(11)	3,134	3,342	2,166
Lease obligations	(12)	90	69	84
Trade payables	(13)	-	-	237
Total non-current liabilities		**3,224**	**3,411**	**2,487**
Trade payables and other payables	(14)	2,306	3,833	4,590
Borrowings		1,621	1,443	2,137
Lease obligations		44	30	22
Other liabilities		-	22	41
Prepaids	(15)	461	368	422
Current liabilities		**4,432**	**5,696**	**7,212**
Total liabilities		**7,656**	**9,107**	**9,699**
Total equity and liabilities		**28,199**	**27,088**	**26,164**

REGULATED INFORMATION

Condensed consolidated cash flow statement

Consolidated cash flow statement for the period ending on 30 June	1st six months 30.06.2015 kEUR (unaudited)	1st six months 30.06.2014 kEUR (unaudited)
<u>Cash flow from operating activities</u>		
Profit / (loss) for the period	2,364	631
Deferred taxes	(424)	-
Financial income	(546)	(489)
Financial expenses	192	172
Result from investments in joint ventures	-	13
Depreciation	123	64
Impairment of debtors and inventories	675	660
Operating cash flow before changes in the working capital components	2,384	1,051
Decrease / (Increase) of inventories	66	(475)
Decrease / (increase) of financial lease receivables (non-current and current)	(1,927)	(1,850)
Decrease / (increase) of trade and other receivables	408	(279)
Decrease / (increase) of prepaids	(105)	53
Increase / (decrease) of provisions	198	-
Increase / (decrease) of trade debts (non-current and current)	(1,535)	809
Increase / (decrease) of other liabilities and accruals and deferrals	79	211
Changes in working capital components	(2,816)	(1,531)
Interest paid	(192)	(172)
Interest received	546	489
Cash flow from operating activities	**(78)**	**(163)**
<u>Cash flow from investment activities</u>		
Acquisition of intangible and tangible fixed assets	(333)	(148)
Investments in financial fixed assets	(250)	-
(Increase) / decrease of guarantees	-	1
Cash flow from investment activities	**(583)**	**(147)**
<u>Cash flow from financing activities</u>		
(Repayments) / proceeds of borrowings (current and non-current)	(30)	237
(Repayments) / proceeds of lease obligations (current and non-current)	35	89
Cash flow from financing activities	**5**	**326**
Net (decrease) / increase in cash and cash equivalents	**(656)**	**16**

Cash and cash equivalents at the beginning of the period	**915**	**97**
Cash and cash equivalents at the end of the period	**259**	**113**

Condensed consolidated statement of changes in shareholders' equity

Consolidated statement of changes in equity for the period	Issued capital	Share premium	Other reserves	Result carried forward	Attributable to owners of the parent company	Non-controlling interests	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance as at 01.01.2015	**8,490**	**4,716**	**797**	**3,978**	**17,981**	**-**	**17,981**
Profit / (loss) for the period	-	-	-	2,364	2,364	-	2,364
Total realised and comprehensive income for the period	-	-	-	*2,364*	*2,364*	-	*2,364*
Balance as at 30.06.2015	**8,490**	**4,716**	**797**	**6,342**	**20,345**	**-**	**20,345**

Consolidated statement of changes in equity for the period	Issued capital	Share premium	Other reserves	Result carried forward	Attributable to owners of the parent company	Non-controlling interests	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance as at 01.01.2014	**8,479**	**4,709**	**537**	**2,068**	**15,793**	**-**	**15,793**
Profit / (loss) for the period	-	-	-	631	631	-	631
Total realised and comprehensive income for the period	-	-	-	*631*	*631*	-	*631*
Balance as at 30.06.2014	**8,479**	**4,709**	**537**	**2,699**	**16,424**	**-**	**16,424**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

(1) Identification

Keyware Technologies NV was founded in June 1996 as a public limited company under Belgian law. The Company is established at Ikaroslaan 24, 1930 Zaventem, Belgium. Its company registration number is 0458.430.512.

The condensed consolidated interim financial report for the first six months ending on 30 June 2015 contains the consolidated balance sheet and income statement of the Company and its three subsidiaries.

This condensed consolidated interim financial report was approved for publication by the Board of Directors on 18 August 2015.

This condensed consolidated interim report has not been audited.

(2) Statement of Conformity

Mr Stéphane Vandervelde (CEO) and Mr Alain Hubert (CFO) hereby declare that, to the best of their knowledge, the summary financial reports for the six-month period ending on 30 June 2015, have been prepared in accordance with IAS 34 "Interim financial reporting", as approved within the European Union, and that these present a true and fair view of the assets, liabilities, financial position and profit or loss of the company and its subsidiaries, which have been included fully in the consolidation, and that the interim management report provides a true and fair view of the important events that have occurred in the first six months of the financial year, including important transactions with associated parties and their impact on the consolidated financial statements, together with a description of the most important risks and uncertainties for the remaining six months of the financial year.

(3) Primary valuation principles

(a) Basic principle

The condensed consolidated interim financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved for use by the European Union, and in particular the International Accounting Standard (IAS) 34 (Interim financial reporting).

This report does not contain all the information that is required to be reported in the complete consolidated financial statements and must be read in conjunction with the consolidated financial statements for the financial year ending on 31 December 2014.

The preparation of this condensed financial report requires the management to make estimates and assumptions, which have an effect on the amounts reported for assets and liabilities, as well as the disclosure of contingent assets and liabilities on the date of this condensed consolidated interim financial report and the reported amounts of revenues and expenses during the reporting period. If it should appear in the future that these estimates and assumptions, which are considered reasonable by the management at this time and under the given circumstances, differ from the actual results, the original estimates and assumptions will be adjusted. The effects of these changes will be reflected in the period in which they are considered to be necessary.

(b) Reporting currency

The reporting currency of Keyware Technologies NV is the EURO. All amounts are rounded off to the nearest thousand, unless stated otherwise.

(c) Changes in the accounting valuation principles and disclosure of information

In preparing the interim financial summaries, the same valuation, presentation and calculation rules and methods are used, as those applied for the preparation of the Group's financial statements for the financial year ending on 31 December 2014; with the exception of the possible impact arising from the application of the standards mentioned below.

New and revised Standards and Interpretations applied by the Group

During the present financial year, the Group applied all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Committee (IFRIC), that are relevant for its activities and that became applicable for the accounting period starting on 01 January 2015. The Group did not apply any new IFRS guidelines that were not yet in force as of 30 June 2015.

The following new Standards and Interpretations issued by the IASB and the IFRIC take effect as from 1 January 2015 or another date during the first six months of 2015:

- Annual improvement process 2011-2013 (December -2013);
- IAS 19 Employee benefits - amendments related to employee contributions in connection with Defined Benefit Plans (November 2013);
- IFRIC 21 Levies (May 2013).

The application of these amendments did not lead to important changes in the company's valuation principles.

For the rest, no effective standards, amendments, interpretations and improvements were applied earlier by the Group on 30 June 2015.

(4) Seasonally-bound activities

Notwithstanding the fact that the summer months are associated with a reduction in activity, the figures show no significant seasonal patterns.

(5) Business segment information

The business segment information as at **30 June 2015** can be specified as follows:

Amounts in kEUR / Segment Information	30.06.2015 kEUR Terminals (unaudited)	30.06.2015 kEUR Authorisations (unaudited)	30.06.2015 kEUR Corporate (unaudited)	30.06.2015 kEUR (unaudited)
Continuing operations				
Turnover (internal and external)	*6,065*	*409*	-	*6,474*
Turnover (internal compared to other segment)	-	-	-	-
Revenue	6,065	409	-	6,474
Other gains and losses	113	5	11	129
Raw materials and consumables	(1,595)	-	-	(1,595)
Salaries and employee benefits	(673)	(73)	(51)	(797)
Depreciation	(34)	(20)	(69)	(123)
Net impairment of current assets	(675)	-	-	(675)
Other operating expenses	(1,367)	(276)	(182)	(1,825)
Operating profit /(operating loss)	**1,834**	**45**	**(291)**	**1,588**
Financial income	546	-	-	546
Financial expenses	(110)	-	(82)	(192)
Profit before taxes	**2,270**	**45**	**(373)**	**1,942**
Taxes on the result	422	-	-	422
Result from participations in Joint Ventures	-	-	-	-
Profit/(loss) for the period from continued operations	**2,692**	**45**	**(373)**	**2,364**
Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**2,692**	**45**	**(373)**	**2,364**

The subsidiary PayItEasy has been included in the segment Authorisations in this presentation.

The business segment information as at **30 June 2014** can be specified as follows:

Amounts in kEUR Segment Information	30.06.2014 kEUR Terminals (unaudited)	30.06.2014 kEUR Authorisations (unaudited)	30.06.2014 kEUR Corporate (unaudited)	30.06.2014 kEUR (unaudited)
Continuing operations				
Turnover (internal and external)	*3,979*	*286*	-	*4,265*
Turnover (internal compared to other segment)	-	-	-	-
Revenue	3,979	286	-	4,265
Other gains and losses	148	6	-	154
Raw materials and consumables	(939)	(87)	(11)	(1,037)
Salaries and employee benefits	(600)	(77)	(53)	(730)
Depreciation	(8)	-	(56)	(64)
Net impairment of current assets	(660)	-	-	(660)
Other operating expenses	(1,180)	(195)	(226)	(1,601)
Operating profit /(operating loss)	**740**	**(67)**	**(346)**	**327**
Financial income	489	-	-	489
Financial expenses	(97)	(1)	(74)	(172)
Profit before taxes	**1,132**	**(68)**	**(420)**	**644**
Taxes on the result	-	-	-	-
Result from participations in Joint Ventures	-	-	(13)	(13)
Profit/(loss) for the period from continued operations	**1,132**	**(68)**	**(433)**	**631**
Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**1,132**	**(68)**	**(433)**	**631**

In this period, the company PayItEasy was not yet a subsidiary of the Group so that it has been included in the consolidation using the equity method, which is expressed in the item result from participations in joint ventures.

PayItEasy became a 100% subsidiary as from 1 October 2014, therefore the company is included in the consolidation using the integral method.

REGULATED INFORMATION

Information on business segments for the **second quarter of 2015** can be specified as follows:

Amounts in kEUR	30.06.2015	30.06.2015	30.06.2015	30.06.2015
	kEUR	kEUR	kEUR	kEUR
Segment Information	Terminals	Authorisations	Corporate	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Turnover (internal and external)	*3,275*	*216*	-	*3,491*
Turnover (internal compared to other segment)	-	-	-	-
Revenue	*3,275*	*216*	-	*3,491*
Other gains and losses	38	4	10	52
Raw materials and consumables	(748)	-	-	(748)
Salaries and employee benefits	(348)	(37)	(25)	(410)
Depreciation	(17)	(10)	(36)	(63)
Net impairment of current assets	(388)	-	-	(388)
Other operating expenses	(680)	(139)	(76)	(895)
Operating profit /(operating loss)	**1,132**	**34**	**(127)**	**1,039**
Financial income	281	-	-	281
Financial expenses	(61)	-	(33)	(94)
Profit before taxes	**1,352**	**34**	**(160)**	**1,226**
Taxes on the result	212	-	-	212
Result from participations in Joint Ventures	-	-	-	-
Profit/(loss) for the period from continued operations	**1,564**	**34**	**(160)**	**1,438**
Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**1,564**	**34**	**(160)**	**1,438**

The subsidiary PayItEasy has been included in the segment Authorisations in this presentation.

The business segment information as at **30 June 2014** for the **second quarter** can be specified as follows:

Amounts in kEUR Segment Information	30.06.2014 kEUR Terminals (unaudited)	30.06.2014 kEUR Authorisations (unaudited)	30.06.2014 kEUR Corporate (unaudited)	30.06.2014 kEUR (unaudited)
Continuing operations				
Turnover (internal and external)	*1,975*	*154*	-	*2,129*
Turnover (internal compared to other segment)	-	-	-	-
Revenue	1,975	154	-	2,129
Other gains and losses	(73)	3	(1)	(71)
Raw materials and consumables	(289)	(41)	(11)	(341)
Salaries and employee benefits	(312)	(40)	(25)	(377)
Depreciation	(5)	-	(30)	(35)
Net impairment of current assets	(218)	-	-	(218)
Other operating expenses	(570)	(107)	(170)	(847)
Operating profit /(operating loss)	**508**	**(31)**	**(237)**	**240**
Financial income	245	-	-	245
Financial expenses	(48)	-	(23)	(71)
Profit before taxes	**705**	**(31)**	**(260)**	**414**
Taxes on the result	-	-	-	-
Result from participations in Joint Ventures	-	-	(2)	(2)
Profit/(loss) for the period from continued operations	**705**	**(31)**	**(262)**	**412**
Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**705**	**(31)**	**(262)**	**412**

In this period, the company PayItEasy was not yet a subsidiary of the Group so that it has been included in the consolidation using the equity method, which is expressed in the item result from participations in joint ventures.

PayItEasy became a 100% subsidiary as from 1 October 2014, therefore the company is included in the consolidation using the integral method.

(6) Net impairments of current assets

The net impairments of current assets for the first quarter of 2015 can be specified as follows:

Net impairment of current assets for the period ending on 30 June	1st six months	
	30.06.2015	30.06.2014
	kEUR	kEUR
Impairment of finance lease receivables	505	585
Write-offs of inventories	170	75
Total	**675**	**660**

This mainly concerns impairments recorded on finance lease receivables. These impairments or write-offs are the result of bankruptcies, discontinued operations or the termination of contracts by customers.

Net impairment of current assets for the period ending on 30 June	2nd quarter	
	30.06.2015	30.06.2014
	kEUR	kEUR
Impairment of finance lease receivables	222	168
Write-offs of inventories	166	50
Total	**388**	**218**

(7) Other operating expenses

Other expenses for the first six months can be specified as follows:

Other expenses for the period ending on 30 June	1st six months	
	30.06.2015	30.06.2014
	kEUR	kEUR
Accommodation	74	90
Car expenses	171	183
Material expenses	16	19
Communication expenses	111	113
Fees	1,068	837
Stock-market listing	23	24
Representation and delegation	74	67
Sales and marketing	219	204
Interim	3	6
Administration	50	42
Non-deductible VAT	16	16
Total	**1,825**	**1,601**

Other operating expenses for the second quarter can be specified as follows:

Other expenses for the period ending on 30 June	2nd quarter 30.06.2015 kEUR	30.06.2014 kEUR
Accommodation	41	50
Car expenses	76	85
Material expenses	11	10
Communication expenses	63	72
Fees	532	520
Stock-market listing	7	-
Representation and delegation	43	10
Sales and marketing	102	67
Interim	3	1
Administration	9	26
Non-deductible VAT	8	6
Total	**895**	**847**

(8) Consolidation differences

This item can be specified as follows:

Consolidation differences	30.06.2015 kEUR	31.12.2014 kEUR	30.06.2014 kEUR
Keyware Smart Card Division	5,248	5,248	5,248
Total	**5,248**	**5,248**	**5,248**

Goodwill is tested for impairment on the level of the cash generating units, which is the lowest level on which goodwill is monitored for management purposes. The impairment test is carried out on each balance sheet date.

Within the Keyware Group, the following cash flow generating units are defined, being:

- the cash flow generating unit with regard to payment terminals (the activities of the company Keyware Smart Card NV);
- the cash flow generating unit with regard to payment authorisations (the activities of the company Keyware Transaction&Processing NV);

Outstanding goodwill as at 30 June 2015 and 31 December 2014 pertains entirely to the cash flow generating unit with regard to payment terminals. When performing impairment tests, the realisable value is based on the value in use which is calculated by discounting the future cash flows from the constant use of the cash flow generating unit. The future cash flows are based on a cash flow forecast as approved by the management and the Board of Directors of the Company and which comprises a time frame of five years.

Based on these most recently performed impairment tests on 31 December 2014, the decision was taken that no impairment needed to be booked.

(9) Receivables from financial lease

This item can be summarised as follows:

Receivables from finance lease	30.06.2015	31.12.2014	30.06.2014
	kEUR	kEUR	kEUR
Outstanding capital contracts	17,172	15,355	14,290
Outstanding capital financing Parfip	-	-	237
Fees for the termination of outstanding contracts	(1,547)	(1,267)	(834)
Total	**15,625**	**14,088**	**13,693**

The non-current trade receivables include the long-term portion of the receivables with regard to the finance lease contracts in accordance with IAS 17 - Lease contracts for payment terminals. As of 31 December 2014 and 30 June 2015, this receivable equalled an amount of 14,088 kEUR and 15,625 kEUR respectively.

Due to the takeover of the contracts and the settlement with Parfip Benelux, the consolidated balance sheet no longer contains any receivables or liabilities that pertain to Parfip Benelux.

(10) Capital structure

As of 30 June 2015, the statutory subscribed capital of the Group amounted to EUR 9,166 k, representing 20,438,793 ordinary shares without nominal value.

(11) Borrowings

Borrowings	30.06.2015	31.12.2014	30.06.2014
	kEUR	kEUR	kEUR
ING Bank financing	642	298	-
Big Friend financing	185	228	89
Parana Management Corp financing	1,125	1,263	946
Belfius Bank financing	1,085	1,442	981
Third-party financing	97	111	150
Total	**3,134**	**3,342**	**2,166**

(12) Lease obligations

The long-term lease obligations amount to 90 kEUR and pertain to the financing of passenger cars. The current portion amounts to 44 kEUR.

(13) Trade payables – non-current liabilities

This item previously contained the contingent liabilities in connection with Parfip Benelux contracts.

Long-term trade payables	30.06.2015 kEUR	31.12.2014 kEUR	30.06.2014 kEUR
Financing through Parfip Benelux	-	-	237
Total	**-**	**-**	**237**

(14) Trade and other payables - short-term obligations

This item can be specified as follows:

Current trade payables	30.06.2015 kEUR	31.12.2014 kEUR	30.06.2014 kEUR
Trade payables	2,038	3,533	4,226
Social and fiscal liabilities	268	300	364
Total	**2,306**	**3,833**	**4,590**

Current trade payables can be specified as follows:

Current trade payables	30.06.2015 kEUR	31.12.2014 kEUR	30.06.2014 kEUR
Current suppliers	864	1,545	1,322
Deferred liability Parfip Benelux	-	384	343
Pending disputes	428	428	428
Internal consultants	197	68	368
Supplier and simultaneously client	31	31	32
Invoices to be received	648	1,192	1,938
Credit notes to be received	(130)	(115)	(205)
Total	**2,038**	**3,533**	**4,226**

Pending disputes with suppliers remained unchanged at 428 kEUR. No further developments occurred with regard to this item in the first six months of 2015.

The internal consultants concern suppliers that invoice the Group for the work they perform (such as the CEO, CFO, COO, CCO).

The social and fiscal liabilities can be specified as follows:

Social and fiscal liabilities	30.06.2015	31.12.2014	30.06.2014

	kEUR	kEUR	kEUR
To be paid tax liabilities	12	63	108
To be paid social security contributions	47	63	46
To be paid salaries	39	44	66
Provision for holiday allowance and end of year bonus	170	130	144
Total	**268**	**300**	**364**

(15) Prepaids

This item can be specified as follows:

Prepaids	30.06.2015	31.12.2014	30.06.2014
	kEUR	kEUR	kEUR
Attributable expenses	133	66	162
Transferable revenues	328	302	260
Total	**461**	**368**	**422**

(16) Transactions with associated parties

No particulars can be reported with regard to transactions with associated parties in the first six months of 2015.

(17) Pending disputes

The Company is involved in a number of legal proceedings that can be regarded as contingent liabilities. For more information, see the 2014 Consolidated Annual Report (chapter Pending disputes), which can be found on the Company's website (www.keyware.com).

During the first six months of 2015, no other developments occurred than those described in the 2014 annual report.

(18) Most important risks and uncertainties for the remaining six months of the financial year

We refer to the 2014 annual report in which the most important risks, disputes and uncertainties are described that have been identified at the end of 2014. There are no significant changes to report at the date of the 2015 interim figures.

In previous financial years there was a significant requirement for additional financing, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for carrying out the necessary investments for the authorisation of payment transactions.

The requirement for additional funds has decreased strongly. We refer to the cash flow statement which shows that the operating cash flows, disregarding the fluctuations of the working capital, are improving. As during the first semester and in particular during the first quarter of 2015, a significant amount was paid in connection with the settlement of all debt positions vis-à-vis Parfip Benelux, which was a non-recurring expense.

With regard to the asset deal (GlobalPay), the balance sheet contains a provision for the postponed payment that will take place at year-end 2015. The provision amounts to 198 kEUR and was calculated based on the parameters on 30 June 2015. The following interim adjustment will be processed in the interim financial statements on 30 September 2015.

There are no other important risks or uncertainties to report.