

Wirecard Asia Pte. Ltd. And Its Subsidiaries
(Previously known as E-Credit Plus Pte. Ltd.)
(Company Registration No. 200604351D)

Directors' Report and Financial Statements
Financial Year ended 31 December 2011

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WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2011

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WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
(COMPANY REGISTRATION NO. 200604351D)
DIRECTORS' REPORT

The directors are pleased to present their report to the member together with the audited consolidated financial statements of the Wirecard Asia Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2011.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Name of Directors

Wolf-ekkehard Frank Boettger
Jan Marsalek
Rafael Dazo Legaspi

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the beginning of the financial year, no directors has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act Cap. 50 by reason of a contract made by the Company or a related corporation with the directors or with a firm of which he is a member, or with a Company in which he has a substantial financial interest, except for those disclosed in the financial statements. The director received remuneration from related corporation in his capacity as director and or executive of those related corporation.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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DIRECTORS' REPORT

5. SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company.
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

6. AUDITORS

Kong, Lim & Partners LLP, have expressed their willingness to accept re-appointment as Auditors.

On behalf of the Board of Directors,



Wolf-ekkehard Frank Boettger
Director



Jan Marsalek
Director

Singapore, 15 JUN 2012

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

(COMPANY REGISTRATION NO. 200604351D)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

STATEMENT BY DIRECTORS


We state that, in the opinion of the board of directors,

- (a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statements together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group and the Company for the year ended on that date;
- (b) at the date of this statement there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due because the shareholder has undertaken not to recall the amount due to it until such time the Group and the Company is in a position, and to provide continuing financial support to the Group and the Company to enable it to meet its obligations as and when they fall due.

On behalf of the Board of Directors,



Wolf-ekkehard Frank Boettger
Director



Jan Marsalek
Director

Singapore, 15 JUN 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES**

We have audited the accompanying financial statements of Wirecard Asia Pte. Ltd. (the "Company") and its subsidiaries. (collectively, the "Group") which comprise the balance sheet of the Group and the Company as at 31 December 2011, the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management' Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provision of the Singapore Companies Act, Cap 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



(Cont'd)

Opinion

Basis for Qualified Opinion

In performing the audit for the period, we draw your attention to the following matters:

License Fee Receivables

We performed alternative procedure of checking subsequent receipts of license fee receivables after period end, and we were unable to identify any amount had been collected subsequently. As a result, we were unable to ascertain the profit derived from this license fee receivable of approximately SGD 650,000 that been reported during the financial year ended 31 December 2011, which comprises of revenue against its license fee expenses of approximately SGD 7,250,000 and SGD 6,600,000, respectively.

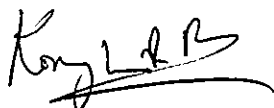
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

We draw your attention to Note 2.15 to the financial statements. As of 31 December 2011, the Group and Company's current liabilities exceed its current assets by S\$ 474,868 and S\$ 314,890 (2010: current assets exceed its current liabilities by S\$ 3,795,968 and S\$ 1,673,828) respectively and its total liabilities exceed its total assets by S\$323,784 and S\$ 86,969 (2010: total assets exceed its total liabilities by S\$ 3,827,632 and S\$ 1,778,012) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern. The ability of the Group and the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Group and the Company to continue as a going concern. Our opinion is not qualified in this matter.



KONG, LIM & PARTNERS LLP
Public Accountants and
Certified Public Accountants

Singapore, 15 JUN 2012



WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
(COMPANY REGISTRATION NO. 200604351D)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	Group		Company	
		2011	2010	2011	2010
		S\$	S\$	S\$	S\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	291,809	31,664	263,940	2,286
Investment in subsidiaries	4	-	-	101,898	101,898
Total Non-Current Assets		291,809	31,664	365,838	104,184
Current Assets					
Trade and other receivables	5	7,253,250	14,827,446	6,581,099	6,588,786
Income tax recoverable		649	-	-	-
Prepayments		2,500	1,332	1,250	-
Cash and cash equivalents	7	1,761,268	7,998,573	700,134	1,797,420
Total Current Assets		9,017,667	22,827,351	7,282,483	8,386,206
TOTAL ASSETS		9,309,476	22,859,015	7,648,321	8,490,390
EQUITY AND LIABILITIES					
Equity					
Share capital	8	50,000	50,000	50,000	50,000
Reserves		(373,784)	3,777,632	(136,969)	1,728,012
Total Equity		(323,784)	3,827,632	(86,969)	1,778,012
Non-Current Liabilities					
Deferred tax liabilities		2,808	-	-	-
Hire purchases	11	137,917	-	137,917	-
Total Non-Current Liabilities		140,725	-	137,917	-
Current Liabilities					
Trade and other payables	9	1,821,320	14,222,373	626,214	2,861,311
Amount due to related parties	10	6,699,130	3,643,848	6,950,445	3,643,848
Hire purchases	11	20,714	-	20,714	-
Provision for income tax	12	951,371	1,165,162	-	207,219
Total Current Liabilities		9,492,535	19,031,383	7,597,373	6,712,378
Total Liabilities		9,492,535	19,031,383	7,597,373	6,712,378
TOTAL EQUITY AND LIABILITIES		9,309,476	22,859,015	7,648,321	8,490,390

The accompanying notes to financial statements are an integral part of the financial statement.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
 (COMPANY REGISTRATION NO. 200604351D)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Notes	Group	
		2011 S\$	2010 S\$
Revenue	13	1,333,280	9,394,506
<u>Other items of income</u>			
Gateway fee	14	262,026	1,295,638
License fees income	15	7,244,269	3,541,950
Transaction fees		14,128	18,607
Chargeback fees		524	9,363
		7,520,947	4,865,558
<u>Item of expenses</u>			
Commissions	16	(668,258)	(5,520,877)
Depreciation of property, plant and equipment	3	(24,087)	(9,579)
Staff and related cost	17	(973,477)	(515,906)
License fees expense	15	(6,614,202)	(3,541,950)
Other expenses	19	(4,675,248)	(887,558)
		(12,955,272)	(10,475,870)
Profit before tax		(4,101,045)	3,784,194
Taxation	12	(28,816)	(1,320,878)
Profit after tax and		(4,129,861)	2,463,316
<u>Other comprehensive income</u>			
Exchange differences arising on translation of foreign foreign operations		(21,555)	(192,680.00)
(Loss)/profit after tax and total comprehensive (loss)/income for the year		(4,151,416)	2,270,636

The accompanying notes to financial statements are an integral part of the financial statements.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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**STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

<u>Group</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Translation Reserve</u>	<u>Total Reserve</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$
As at 1 January 2010	50,000	1,506,996	-	1,506,996	1,556,996
Total comprehensive income for the year	-	2,463,316	(192,680)	2,270,636	2,270,636
Balance as at 31 December 2010	50,000	3,970,312	(192,680)	3,777,632	3,827,632
Total comprehensive loss for the year	-	(4,129,861)	(21,555)	(4,151,416)	(4,151,416)
Balance as at 31 December 2011	50,000	(159,549)	(214,235)	(373,784)	(323,784)

<u>Company</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	S\$	S\$	S\$
As at 1 January 2010	50,000	432,219	482,219
Total comprehensive income for the year	-	1,295,794	1,295,794
Balance as at 31 December 2010	50,000	1,728,013	1,778,013
Total comprehensive loss for the year	-	(1,864,982)	(1,864,982)
Balance as at 31 December 2011	50,000	(136,969)	(86,969)

The accompanying notes to financial statements are an integral part of the financial statements.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Group	
	2011	2010
	SS	SS
Cash flows from operating activities		
(Loss)/profit before taxation	(4,101,045)	3,784,194
Adjustments for:		
Depreciation of property, plant and equipment	24,087	9,579
Currency realignment	(21,023)	(192,680)
Interest income	997	-
Operating profit before working capital changes	<u>(4,096,984)</u>	<u>3,601,093</u>
Working capital changes:		
Investment held for sale	-	314,463
Trade and other receivables	7,572,946	(10,681,424)
Prepayments	82	(984)
Trade and other payables	(12,401,053)	5,558,141
Amount due to related parties	3,055,282	3,437,661
Cash flows generated from operations	<u>(5,869,727)</u>	<u>2,228,950</u>
Interest received	-	-
Tax paid	(240,448)	(178,066)
Net cash flows (used in)/generated from operating activities	<u>(6,110,175)</u>	<u>2,050,884</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(284,764)	(29,400)
Net cash flows used in investing activities	<u>(284,764)</u>	<u>(29,400)</u>
Cash flows from financing activities		
Fixed deposit pledge for banking facilities	137,204	26,489
Hire purchase entered	162,000	-
Payment for hire purchase	(3,369)	-
Interest paid	(997)	-
Net cash flows generated from financing activities	<u>294,838</u>	<u>26,489</u>
Net increase in cash and cash equivalent	(6,100,101)	2,047,973
Cash and cash equivalent at beginning of year	<u>7,840,833</u>	<u>5,792,860</u>
Cash and cash equivalent at end of year (Note 7)	<u><u>1,740,732</u></u>	<u><u>7,840,833</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Wirecard Asia Pte. Ltd. (the Company) is a private limited company domiciled and incorporated in the Republic of Singapore. The address of the Company's registered office is 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906.

The principal activity of the Company is to earn commission by providing e-payment solution and settlement services.

The Company's immediate and ultimate holding Company is Wirecard AG, a company incorporated in the Federal Republic of Germany.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost bases except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$).

The Group have adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

2.2 Standards issued but not yet effective

The Group have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and business combinations

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and business combinations (cont'd)

Basis of consolidation (cont'd)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

2.4 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation of uncertainty

The key assumptions concerning the future and other key sources of estimation of uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the property, plant and equipment's useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 10 years. These are common life expectancies applied in the similar industry. The carrying amount of the Group and Company's property, plant and equipment at 31 December 2011 was S\$ 291,809 and S\$ 263,940 respectively (2010: S\$31,664 and S\$ 2,286 respectively).

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
(COMPANY REGISTRATION NO. 200604351D)
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgments cont'd)

Depreciation of property, plant and equipment

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2.5 Functional and foreign currency

a) Functional currency

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be SGD. Revenue and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet are recognized in profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When assets are sold or retired, their cost or valuation and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (cont'd)

Depreciation is calculated on a straight-line basis so as to write off the costs of the assets over their estimated useful lives. The estimated useful lives used are as follows:

	<u>Useful life</u>
Computer	5 years
Furniture and fittings	5 years
Motor Vehicles	5 years
Office equipment	10 years
Signboard	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodies in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Financial assets

Initial recognition and measurement

Financial assets are recognized on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loan and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Derecognition

A financial asset is derecognized where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2.9 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

The carrying amount of the asset is reduced through the use of an allowance amount. The amount of the loss is recognised in the profit and loss. If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.10 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 Related parties

A party is considered to be related to the Group if:

- (a) The party, directly or indirectly through one or more intermediaries,
 - (i) controls, is controlled by, or is under common control with, the Group;
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- (b) The party is an associate;
- (c) The party is a jointly- controlled entity;
- (d) The party is a member of the key management personnel of the Group or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Commission earned is recognised upon the service been rendered.

2.14 Income taxes

a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Income taxes (cont'd)

b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax income asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Going concern concept

The Group and Company's current liabilities exceed its current assets by S\$ 474,868 and S\$ 314,890 (2010: current assets exceed its current liabilities by S\$ 3,795,968 and S\$ 1,673,828) respectively and its total liabilities exceed its total assets by S\$323,784 and S\$ 86,969 (2010: total assets exceed its total liabilities by S\$ 3,827,632 and S\$ 1,778,012) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern. The ability of the Group and the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Group and the Company to continue as a going concern.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

3. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Computers</u>	<u>Furniture and fittings</u>	<u>Motor vehicle</u>	<u>Office equipment</u>	<u>Signboard</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At 01.01.2010	23,232	5,184	-	18,978	-	47,394
Addition	14,734	5,317	-	6,899	-	26,950
Disposal	(3,699)	-	-	-	-	(3,699)
Currency realignment	336	102	-	44	-	482
At 31.12.2010	34,603	10,603	-	25,921	-	71,127
Addition	27,140	2,581	230,500	20,721	3,822	284,764
Currency realignment	(625)	(226)	-	(552)	-	(1,403)
At 31.12.2011	61,118	12,958	230,500	46,090	3,822	354,488
Accumulated Depreciation						
At 01.01.2010	12,044	2,639	-	18,418	-	33,101
Charge for the year	6,214	1,060	-	2,305	-	9,579
Disposal	(3,699)	-	-	-	-	(3,699)
Currency realignment	164	52	-	266	-	482
At 31.12.2010	14,723	3,751	-	20,989	-	39,463
Charge for the year	9,863	1,302	7,683	4,772	468	24,088
Currency realignment	(165)	(86)	-	(621)	-	(872)
At 31.12.2011	24,421	4,967	7,683	25,140	468	62,679
Net Book Value						
At 31.12.2010	36,697	7,991	222,817	20,950	3,354	291,809
At 31.12.2010	19,880	6,852	-	4,932	-	31,664

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer	Motor Vehicle	Office equipment	Signboard	Total
	S\$	S\$	S\$	S\$	S\$
Company					
Cost					
At 1.01.2010	3,699	-	-	-	3,699
Addition	2,799	-	-	-	2,799
Disposal	(3,699)	-	-	-	(3,699)
At 31.12.2010	2,799	-	-	-	2,799
Addition	25,043	230,500	16,689	3,822	276,054
At 31.12.2011	27,842	230,500	16,689	3,822	278,853
Accumulated Depreciation					
At 1.01.2010	3,699	-	-	-	3,699
Charge for the year	513	-	-	-	513
Disposal	(3,699)	-	-	-	(3,699)
At 31.12.2010	513	-	-	-	513
Charge for the year	4,291	7,683	1,958	468	14,400
At 31.12.2011	4,804	7,683	1,958	468	14,913
Net Book Value					
At 31.12.2011	23,038	222,817	14,731	3,354	263,940
At 31.12.2010	2,286	-	-	-	2,286

Assets held under finance leases

During the financial year, the Group acquired motor vehicle with an aggregate cost of S\$ 230,500 (2010: \$ Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to \$3,369 (2010: \$Nil).

The carrying amount of the motor vehicle held under finance leases at the end of the reporting period were \$222,817 (2010: S\$ Nil).

Leased assets are pledged as security for the related finance lease liabilities. (Note 11)

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

4. INVESTMENT IN SUBSIDIARY

	Company	
	2011	2010
	S\$	S\$
Unquoted shares at cost	101,898	101,898

The details of the subsidiary are as follows:

Name	Country of incorporation and operation	Principal activities	% of equity held by the group and the company	
			2011	2010
			%	%
E-Payment Singapore Pte Ltd *	Singapore	solution and settlement services	100	100
Wirecard Malaysia Sdn Bhd**	Malaysia	E-Commerce	100	100
E-Credit Plus Corporation***	Philippines	Broker or dealer in securities	100	100

* The Company is audited by Kong, Lim & Partners LLP

* The Company is audited by YPK & Associates, Malaysia

***Unaudited account

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Trade receivables	707,009	8,130,255	60,571	1,073,172
Add:				
Deposits	-	5,839	77,381	1,750
License fee receivable	6,132,218	3,541,950	6,132,218	3,541,950
Gateway fee receivable	-	477,251	-	477,251
Commission receivable	100,768	400,000	100,768	400,000
Other receivables	247,633	1,371,701	161,499	194,213
Amount due from related parties (Note 6)	65,622	900,450	48,662	900,450
Total trade and other receivables	7,253,250	14,827,446	6,581,099	6,588,786
Add:				
Cash and cash equivalents (Note 7)	1,761,268	7,998,573	700,134	1,797,420
Total loans and receivables	10,775,786	30,824,592	7,981,367	10,183,626

Trade receivables are non-interest bearing and are settled on mutually agreed credit terms.

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition. The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate the fair values.

The Company's trade receivables are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Singapore Dollar	141,694	2,803,129	126,043	1,820,178
Japanese Yen	604,810	4,585,077	291,780	645,213
United States Dollar	303,413	3,739,359	31,058	427,959
Macau Pataca	62,362	153,486	-	153,486
Malaysian Ringgit	8,753	4,445	-	-
European Euro	6,132,218	3,541,950	6,132,218	3,541,950
	7,253,250	14,827,446	6,581,099	6,588,786

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5. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group and the Company has trade receivables amounting to S\$4,753,398 and S\$ 4,349,041 (2010: S\$ 2,934,041 and S\$ 259,307) respectively that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Trade receivables past due but not impaired				
Lesser than 30 days	78,943	229,207	-	94,290
31 to 60 days	1,812,213	189,204	1,758,400	44,718
More than 60 days	2,862,242	2,515,630	2,591,121	120,299
	<u>4,753,398</u>	<u>2,934,041</u>	<u>4,349,521</u>	<u>259,307</u>

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Trade receivables	3,138,234	8,130,255	60,571	1,073,172
Less: Allowance for impairment	(2,431,225)	-	-	-
	<u>707,009</u>	<u>8,130,255</u>	<u>60,571</u>	<u>1,073,172</u>

Movement in allowance accounts:

At 1 January	-	-	-	-
Charge for the year	2,431,225	-	-	-
At 31 December 2011	<u>2,431,225</u>	<u>-</u>	<u>-</u>	<u>-</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables that are impaired

At the end of the reporting period, the Group have provided an allowance of \$2,431,225 (2010: \$Nil) for impairment of the trade receivables to a fellow subsidiary company. This related party has been dormant and no activities of collecting its debts during the financial years.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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6. AMOUNT DUE FROM RELATED PARTIES

The amount due from related parties is non-trade in nature, unsecured, interest-free, repayable on demand and to be settle in cash.

7. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Cash and bank balances	1,740,732	7,840,833	679,598	1,776,976
Term deposit	20,536	157,740	20,536	20,444
	1,761,268	7,998,573	700,134	1,797,420
Fixed deposit pledge for banking facilities	(20,536)	(157,740)	(20,536)	(20,444)
Cash and cash equivalents	1,740,732	7,840,833	679,598	1,776,976

The bank has the right to set-off amounts owing against fixed deposit of the Group and the Company up to S\$ 20,536 and S\$ 20,536 (2010: S\$ 157,740 and S\$20,444) respectively.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Singapore Dollar	734,746	512,746	482,746	104,721
Japanese Yen	418,155	5,172,841	82,434	1,375,028
United States Dollar	589,174	2,286,482	134,954	317,671
Malaysian Ringgit	17,079	24,259	-	-
European Euro	2,114	2,245	-	-
	1,761,268	7,998,573	700,134	1,797,420

8. SHARE CAPITAL

	2011		2010	
	No. of shares	S\$	No. of shares	S\$
At beginning and at end of financial year	50,000	50,000	50,000	50,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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9. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Trade payables	1,113,645	11,168,268	65,809	1,140,870
Other payables	707,675	3,054,105	560,405	1,720,441
Total trade and other payables	1,821,320	14,222,373	626,214	2,861,311
Add:				
parties				
parties (Note 10)	6,699,130	3,643,848	6,950,445	3,643,848
Hire purchase (Note 11)	158,631	-	158,631	-
Total financial liabilities carried at amortised cost	8,679,081	17,866,221	7,735,290	6,505,159

Trade and other payables are non-interest bearing and are normally settled on 30-180 days terms.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	S\$	S\$	S\$	S\$
Singapore Dollar	655,520	1,361,671	565,643	109,298
Japanese Yen	808,253	11,715,047	29,513	2,441,128
United States Dollar	309,116	1,076,759	31,058	310,885
Malaysian Ringgit	48,431	68,896	-	-
	1,821,320	14,222,373	626,214	2,861,311

10. AMOUNT DUE TO RELATED PARTIES

The amount due to related parties are non-trade in nature, unsecured, interest-free, repayable on demand and to be settle in cash.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES
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 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

11. HIRE PURCHASE

<u>Group</u>	2011		2010	
	Minimum lease payments	Present value of minimum lease	Minimum lease payments	Present value of minimum lease
	S\$	S\$	S\$	S\$
Amounts payable under finance leases:				
Within one year	26,196	20,714	-	-
More than one year but less than five years	104,784	91,455	-	-
More than five years	47,973	46,462	-	-
	178,953	158,631	-	-
Less: Future finance charges	(20,322)	-	-	-
Present value of lease obligations	158,631	158,631	-	-

As at balance sheet date, the Group has a finance lease for items in property, plant and equipment which will mature in November 2018 with borrowing interest rate 3.66% per annum.

Interest rates are fixed at the contract date, and thus not exposed the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the lease obligations approximates their carrying amount. The leases are secured by the Group's title to leased assets. (Note 3)

12. TAXATION

(a) Major components of Income tax for the year ended 31 December are as follows:

	Group	
	2011	2010
	S\$	S\$
Current year:		
Current income tax	14,582	813,609
Deferred tax	2,808	-
	17,390	813,609
Under provision in prior year		
Current income tax	11,426	507,269
	11,426	507,269
Total income tax expense	28,816	1,320,878

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12. TAXATION (CONT'D)

The reconciliation of the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate are as follows:

	Group	
	2011	2010
	S\$	S\$
(Loss)/profit before tax	(1,646,034)	3,784,194
Tax at domestic rates applicable to profits in the countries where the Group operates	(283,087)	926,966
Effect of partial tax exemption	(14,621)	(116,123)
Non-deductible expenses	1,612	3,517
Under provision of prior year	11,426	507,269
Unutilised/(utilised) tax loss	313,486	(751)
	<u>28,816</u>	<u>1,320,878</u>

13. REVENUE

Revenue representing commission income upon providing e-payment solution and settlement services.

14. GATEWAY FEES

In 2010, the Group had entered into ECP Relationship Management Partner Agreement with Ugrand Universal Limited, Infotop Singapore Pte Ltd, Credence Macau Ltd, Manboo UK Limited and E-Credence UK Limited (Reseller). They agreed on the following matters:

- Reseller shall pay the Company 95% of its monthly net income in respect of every referred merchant/ business successfully accepted by ECP.
- Reseller shall pay the monthly net income upon receipt and verification of an invoice from the Company

15. LICENSE FEES INCOME/(EXPENSE)

In 2010, The Group entered into a license agreement with Ashazi Services Co. W.L.L. (Ashazi), a company incorporated in the Kingdom of Bahrain, to license the Elastic Platform software and the related intellectual and industry property rights for a period of 3 years effective 4 August 2010. The fee per quarter is EUR 1,000,000 (annually EUR 4,000,000). The software and services are provided by Wirecard Technologies AG, the holding company, which will charge the Company at the same amount of fee that the Company charges to Ashazi. As a result, no profit will be made by the Company on this deal.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

16. COMMISSIONS

Commissions represent commission express paid to collecting agents upon providing e-payment solution and settlement services.

The Company entered into a license agreement with Ashazi Servies Co. W.L.L. (Ashazi), a company incorporated in the Kingdom of Bahrain, to license the Elastic Platform software and the related intellectual and industry property rights for a period of 3 years effective 4 August 2010. The fee per quarter is EUR 1,000,000 (annually EUR 4,000,000). The software and services are provided by Wirecard Technologies AG, the holding company, which will charge the Company at the same amount of fee that the Company charges to Ashazi. As a result, no profit will be made by the Company on this deal.

17. STAFF AND RELATED COST

	<u>2011</u>	<u>2010</u>
	S\$	S\$
<u>Director's remuneration</u>		
Director's fee	310,015	164,650
Director's salary and wages	197,553	-
	<u>507,568</u>	<u>164,650</u>
<u>Staff and related costs</u>		
Salaries and wages	405,425	310,710
EPF/CPF/SOSCO/SDL	60,484	40,546
	<u>465,909</u>	<u>351,256</u>
Total staff and related costs	<u>973,477</u>	<u>515,906</u>

Key Management Compensation

Directors' remuneration is disclosed in the note above. There are no other key management personnel in the Company other than the director.

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 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

18. RELATED PARTY TRANSACTIONS

	GROUP	
	<u>2011</u>	<u>2010</u>
	S\$	S\$
Revenue		
Related party	62,362	794,781
Commission		
Holding Company	118,651	198,166
Gateway fee	<u>261,565</u>	<u>1,271,978</u>

Related parties comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close members.

19. OTHER EXPENSES

The following items have been included in arriving at other expenses:

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Audit fee	13,148	53,048
Allowance for doubtful debts	3,229,233	170,681
Consultant fee	111,927	24,438
Loss on sale of investment held for sale	-	169,124
Gateway fee/merchant set up fee payment	158,562	102,030
Travel expenses	<u>523,127</u>	<u>308,319</u>

20. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group is exposed to financial risk such as foreign exchange risk, credit risk and liquidity risk. The Company's overall risk management approach is to minimise the effects of such volatility on its financial performance. The directors review and agree policies for managing each of these risks and they are summarised below. It does not hold derivative financial instruments for trading purposes.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group and the Company is exposed to the Japanese Yen (YEN), United States Dollars (USD), Euro (EUR), Macau Pataca (MOP) and Malaysia Ringgit (MYR) in relation to its Cash, Receivables and Payables.

Sensitivity analysis for foreign currency

At 31 December 2011, if the JPY, USD, EURO, MOP and MYR had strengthened/weakened against the SGD with all other variables including tax rate being held constant, the Group and the Company's profit after tax for the financial year would have been affected as follows as a result of currency translation gains/losses on the remaining foreign currency-denominated financial instruments:

		<u>2011</u>	<u>2010</u>
		S\$	S\$
		Profit net of	Profit net of
		tax	tax
JPY/SGD	-strengthened 12% (2010:9%)	(1,802)	(146,197)
	-weakened 12% (2010: 9%)	1,802	146,197
USD/SGD	-strengthened 5% (2010:5%)	24,214	205,387
	-weakened 4% (2010: 5%)	(24,214)	(205,387)
EURO/SGD	-strengthened 4% (2010:9%)	(18,751)	168
	-weakened 3% (2010: 9%)	18,751	(168)
MOP/SGD	-strengthened 5% (2010: 5%)	2,588	6,370
	-weakened 5% (2010: 5%)	(2,588)	(6,370)
MOP/SGD	-strengthened 5% (2010:3%)	(938)	(1,001)
	-weakened 5% (2010: 3%)	938	1,001

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amount owing to the Group and the Company, resulting in a loss to the Group and the Company. The Group and the Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

The carrying amounts of financial assets as presented on the balance sheet represent the Company's maximum exposure to credit risk.

WIRECARD ASIA PTE. LTD. AND ITS SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, approximately:

- 93% (2010: 69%) of the Group's trade and other receivables were due from 3 (2010: 6) major customers who are located in Germany, Philippines and Kingdom of Bahrain.
- 8% (2010: 15%) of the Company's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impair with creditworthy debtors with good payment record with the Group and the Company. Cash and short-term deposits, that are neither past due nor impaired are placed with or entered with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the support from its shareholders.

The table below summaries the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	On demand	Within 1 year	More than 1 year	Total
	S\$	S\$	S\$	S\$
<u>The Group</u>				
<u>As at 31 December 2011</u>				
Financial assets:				
Trade and other receivables	65,622	7,187,628	-	7,253,250
Cash and cash equivalents	1,761,268	-	-	1,761,268
Total undiscounted financial assets	1,826,890	7,187,628	-	9,014,518
Financial liabilities:				
Trade and other payables	-	1,821,320	-	1,821,320
Amount due to related parties	6,699,130	-	-	6,699,130
Hire purchase	-	20,714	137,917	158,631
Total undiscounted financial liabilities	6,699,130	1,842,034	137,917	8,679,081
Net undiscounted financial liabilities	(4,872,240)	5,345,594	(137,917)	335,437

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 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	On demand	Within 1 year	More than 1 year	Total
	S\$	S\$	S\$	S\$
The Group				
As at 31 December 2010				
Financial assets:				
Trade and other receivables	900,450	13,926,996	-	14,827,446
Cash and cash equivalents	7,998,573	-	-	7,998,573
Total undiscounted financial assets	8,899,023	13,926,996	-	22,826,019
Financial liabilities:				
Trade and other payables	-	14,222,373	-	14,222,373
Amount due to related parties	3,643,848	-	-	3,643,848
Total undiscounted financial liabilities	3,643,848	14,222,373	-	17,866,221
Net undiscounted financial liabilities	5,255,175	(295,377)	-	4,959,798

The table below summaries the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	On demand	Within 1 year	More than 1 year	Total
	S\$	S\$	S\$	S\$
The Company				
As at 31 December 2011				
Financial assets:				
Trade and other receivables	48,662	6,532,437	-	6,581,099
Cash and cash equivalents	700,134	-	-	700,134
Total undiscounted financial assets	748,796	6,532,437	-	7,281,233
Financial liabilities:				
Trade and other payables	-	626,214	-	626,214
Amount due to related parties	6,950,445	-	-	6,950,445
Hire purchase	-	20,714	137,917	158,631
Total undiscounted financial liabilities	6,950,445	646,928	137,917	7,735,290
Net undiscounted financial liabilities	(6,201,649)	5,885,509	(137,917)	(454,057)

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 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	On demand	Within 1 year	More than 1 year	Total
	S\$	S\$	S\$	S\$
<u>The Company</u>				
<u>As at 31 December 2010</u>				
Financial assets:				
Trade and other receivables	900,450	5,688,336	-	6,588,786
Cash and cash equivalents	1,797,420	-	-	1,797,420
Total undiscounted financial assets	<u>2,697,870</u>	<u>5,688,336</u>	<u>-</u>	<u>8,386,206</u>
Financial liabilities:				
Trade and other payables	-	2,861,311	-	2,861,311
Amount due to related parties	3,643,848	-	-	3,643,848
Total undiscounted financial liabilities	<u>3,643,848</u>	<u>2,861,311</u>	<u>-</u>	<u>6,505,159</u>
Net undiscounted financial liabilities	<u>(945,978)</u>	<u>2,827,025</u>	<u>-</u>	<u>1,881,047</u>

Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value due to their short-term nature.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. The shareholders of the Company have agreed to provide continuing financial support and adequate funds to enable the Company to meet its liabilities as and when they fall due. No changes were made in the objectives, policies or processes for the financial year ended 31 December 2011 and 2010.

The Company is not subjected to externally imposed capital requirements.

21. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the directors on date of the Statement by Directors.