WIRECARD ASIA PTE. LTD.

Registration Number: 200604351D

FINANCIAL STATEMENTS

Year ended 31 December 2012

Wirecard Asia Pte. Ltd.

Annual Financial Statements
31 December 2012

Directors

Wolf- Ekkehard Frank Boettger
Jan Marsalek
Rafael Dazo Legaspi (Resigned on 1 August 2012)

Company Secretary

Wolf- Ekkehard Frank Boettger (Appointed on 31 January 2012)
Leong Yoke Leng (Resigned on 16 November 2011)

Registered Office

8 Marina View
#40-01 Asia Square Tower 1
Singapore 018960

Auditor

Ernst & Young LLP

Bankers

Citibank N.A.
DBS Bank Ltd

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The directors present their report to the member together with the audited financial statements of Wirecard Asia Pte. Ltd. (the "Company") for the financial year ended 31 December 2012.

Directors

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

Wolf- Ekkehard Frank Boettger
Jan Marsalek

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in share of the Company as stated below:

	Direct interest		**Deemed interest**	
Name of the director and company in which shares are held	**At the beginning of financial year/ appointment date**	**At the end of financial year**	**At the beginning of financial year/ appointment date**	**At the end of financial year**
The holding company Wirecard AG – Ordinary shares of EUR 1 each				
Wolf- Ekkehard Frank Boettger	240	240	240	240

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company or related corporations, either at the beginning or end of the financial year.

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Auditor

Ernst & Young LLP have expressed their willingness to accept appointment as auditor.

Wolf- Ekkehard Frank Boettger
Director

Jan Marsalek
Director

28 March 2014

Statement by Directors

We, Wolf- Ekkehard Frank Boettger and Jan Marsalek, being the directors of Wirecard Asia Pte. Ltd., do hereby state that,

(a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity, and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and the results of the business, changes in equity and cash flows of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the immediate and ultimate holding company has agreed to provide financial support to the Company to enable it to meet its obligations for the next 12 months so that the Company will continue as a going concern in the foreseeable future.

Wolf- Ekkehard Frank Boettger
Director

Jan Marsalek
Director

28 March 2014

Independent Auditor's Report
To the member of Wirecard Asia Pte. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Wirecard Asia Pte. Ltd. (the "Company") set out on pages 5 to 32, which comprise the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's 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 provisions of the Singapore Companies Act, Chapter 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 unauthorised use or disposition; and transactions are properly authorised 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.

Auditor's 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 the 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.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Other matter

The financial statements as at 31 December 2011 were audited by other auditors, whose report dated 15 June 2012 expressed an emphasis of matter on the going concern of the Company and a qualified opinion on the financial statements.

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.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
28 March 2014

Statement of Comprehensive Income for the financial year ended 31 December 2012

	Note	2012 $	2011 $
Revenue	4	1,373,851	520,081
Other items of income			
Gateway fee	5	–	124,119
License fees income	6	–	7,244,266
Other income	7	61,472	4,916
		61,472	7,373,301
Items of expense			
Commissions	8	(104,280)	(427,714)
Depreciation of plant and equipment	12	(58,590)	(14,400)
Staff and related costs	9	(1,373,404)	(713,150)
License fees expense	6	–	(6,614,202)
Other expenses		(708,471)	(1,966,848)
		(2,244,745)	(9,736,314)
Loss before taxation	10	(809,422)	(1,842,932)
Income tax expense	11	–	(22,050)
Loss for the year		(809,422)	(1,864,982)
Other comprehensive income		–	–
Total comprehensive income for the year		(809,422)	(1,864,982)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheet as at 31 December 2012

	Note	2012 $	2011 $
Non-current assets			
Plant and equipment	12	466,101	263,940
Investment in subsidiaries	13	101,898	101,898
		567,999	365,838
Current assets			
Trade and other receivables	14	4,630,502	6,581,099
Prepayments		1,300	1,250
Cash and cash equivalents	15	2,147,062	700,134
		6,778,864	7,282,483
Current liabilities			
Trade and other payables	16	8,105,482	7,576,659
Hire purchase	17	21,643	20,714
		8,127,125	7,597,373
Net current liabilities		(1,348,261)	(314,890)
Non-current liability			
Hire purchase	17	116,129	137,917
Net liabilities		(896,391)	(86,969)
Equity attributable to owner of the Company			
Share capital	18	50,000	50,000
Accumulated losses		(946,391)	(136,969)
Total equity		(896,391)	(86,969)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Changes in Equity for the financial year ended 31 December 2012

	Share capital (Note 18) $	Retained earnings/ (accumulated losses) $	Total $
At 1 January 2011	50,000	1,728,013	1,778,013
Loss for the year	–	(1,864,982)	(1,864,982)
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	(1,864,982)	(1,864,982)
At 31 December 2011	50,000	(136,969)	(86,969)
Loss for the year	–	(809,422)	(809,422)
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	(809,422)	(809,422)
At 31 December 2012	50,000	(946,391)	(896,391)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Cash Flow Statement for the financial year ended 31 December 2012

	2012 $	2011 $
Cash flow from operating activities		
Loss before tax	(809,422)	(1,842,932)
Adjustments for:		
Depreciation of plant and equipment	58,590	14,400
Loss on disposal of plant and equipment	5,072	–
Interest income	(72)	(92)
Interest expense	5,336	997
Operating loss before working capital changes	(740,496)	(1,827,627)
Working capital changes:		
Decrease in trade and other receivables	1,950,597	7,687
Increase in prepayments	(50)	(1,250)
Increase in trade and other payables	528,823	1,071,500
Cash flows generated from/(used in) operations	1,738,874	(749,690)
Tax paid	–	(229,268)
Net cash flows generated from/(used in) operating activities	1,738,874	(978,958)
Cash flow from investing activities		
Purchase of plant and equipment	(270,823)	(114,054)
Proceeds from disposal of plant and equipment	5,000	–
Net cash flows used in investing activities	(265,823)	(114,054)
Cash flow from financing activities		
Fixed deposit pledged for banking facilities	(72)	(92)
Interest income	72	92
Repayment of hire purchase	(20,859)	(3,369)
Interest paid	(5,336)	(997)
Net cash flows (used in)/generated from financing activities	(26,195)	(4,366)
Net increase/(decrease) in cash and cash equivalents	1,446,856	(1,097,378)
Cash and cash equivalents at beginning of year	679,598	1,776,976
Cash and cash equivalents at end of year (Note 15)	2,126,454	679,598

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

1. Corporate information

Wirecard Asia Pte. Ltd. (the “Company”) is a private limited liability company incorporated and domiciled in Singapore. The Company’s immediate and ultimate holding company is Wirecard AG, a company incorporated in the Federal Republic of Germany.

The registered office and principal place of business of the Company is located at 8 Marina View, #40-01 Asia Square Tower 1, Singapore 018960.

The principal activity of the Company is to earn commission by providing e-payment solution and settlement services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

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

The financial statements are presented in Singapore Dollars (“SGD” or “$”).

During the year ended 31 December 2012, the Company incurred net losses of $809,422 (2011: $1,864,982). As at that date, the Company’s current liabilities exceeded their current assets by $1,348,261 (2011: net current liabilities of $314,890) and the total liabilities exceeded their total assets by $896,391 (2012: net liabilities of $86,969). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as going concern.

The financial statements have been prepared on a going concern basis as the holding company has confirmed their intention to provide continuing financial support so that the Company is able to pay its debts as and when they fall due.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has 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 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

The Company has 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 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013
Amendments to FRS 107 *Disclosure – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	
- Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
- Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
- Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 and FRS 112 are described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* (OCI) are effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 will change the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Company does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company when implemented in 2014.

2. Summary of significant accounting policies (cont'd)

2.4 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The accounting policy of borrowing costs is set out in Note 2.11. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Computers	-	5 years
Furniture and fittings	-	5 years
Motor vehicle	-	5 years
Office equipment	-	10 years

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

The useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

2.5 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

2. Summary of significant accounting policies (cont'd)

2.5 *Impairment of non-financial assets (cont'd)*

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.6 *Subsidiaries*

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In accordance with Section 201 (3BA) of the Singapore Companies Act, Chapter 50, since the Company is a wholly-owned subsidiary of Wirecard AG, which prepares consolidated financial statements, no consolidated financial statements are prepared. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

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, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial assets (cont'd)*

Derecognition

A financial asset is derecognised 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 recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.8 *Impairment of financial assets*

The Company assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses 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 Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of 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.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and deposits with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.10 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, all 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 *Borrowing costs*

Borrowing costs are capitalized, if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.12 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits 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. Summary of significant accounting policies (cont'd)

2.13 *Employee benefits*

Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

2.14 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) ***Rendering of services***

Commission earned is recognised upon the services rendered.

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Dividend income***

Dividend income is recognised when the Company's right to receive payment is established.

(d) ***Rental income***

Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.15 *Taxes*

(a) ***Current income 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 or substantively enacted by the end of the reporting period.

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 tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

– Where the deferred tax liability arises from the initial recognition 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 subsidiaries, associates and interests in joint ventures, 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 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 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 the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

2. Summary of significant accounting policies (cont'd)

2.15 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax asset is reviewed at the end of each reporting period 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred 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 end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.16 *Share capital*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.17 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (cont'd)

2.17 *Leases (cont'd)*

(a) ***As lessee (cont'd)***

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) ***As lessor***

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.14. Contingent rents are recognised as revenue in the period in which they are earned.

2.18 *Foreign currency*

The Company's financial statements are presented in Singapore Dollars, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the 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 end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.19 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies :

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgment made in applying accounting policies*

There is no significant judgment made by management in the application of accounting policies that has a significant effect on the financial statements.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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:

(a) ***Impairment of loans and receivables***

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables at the end of the reporting period is disclosed in Note 14 to the financial statements.

4. Revenue

Revenue represents commission income upon providing e-payment solutions and settlement services.

5. Gateway fees

In 2010, the Company had entered into a 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 the Company.
- Reseller shall pay the monthly net income upon receipt and verification of an invoice from the Company.

During the financial year, the Company has shifted the gateway processing services to its wholly-owned subsidiary, E-payment Singapore Pte Ltd.

6. License fees income/expense

The Company licenses the Elastic Platform software and the related intellectual and industry property rights to Ashazi Services Co. W.L.L ("Ashazi"), a company incorporated in the Kingdom of Bahrain. 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 related company.

During the financial year, the Company has shifted the gateway processing services to its wholly-owned subsidiary, E-payment Singapore Pte Ltd.

7. Other income

	2012 $	2011 $
Rental income	46,400	–
Consultancy fee income	15,000	–
Others	72	4,916
	61,472	4,916

8. Commissions

Commissions represent commission expenses paid to collecting agents upon providing payment solution and settlement services.

9. Staff and related costs

	2012 $	2011 $
Directors' remuneration:		
Directors' benefits	205,676	3,100
Directors' salaries	589,206	197,553
	794,882	200,653
Staff and related costs:		
Salaries, bonuses and allowances	526,249	488,757
Central Provident fund	27,073	23,740
Other staff costs	25,200	–
	578,522	512,497
Total staff and related costs	1,373,404	713,150

Key management compensation

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

10. Loss before taxation

The following items have been included in arriving at loss before taxation:

	2012 $	**2011** $
Bad debts written off	–	(63,008)
Consultancy fee	(182,402)	(85,336)
Travelling expenses	(250,664)	(288,969)
Gain/(loss) on foreign exchange	496,531	(128,073)
Legal and other professional fees	(58,200)	(125,995)
Loss on disposal of plant and equipment	(5,072)	–
Rental expenses	(289,080)	(108,614)
Marketing expenses	–	(935,000)

11. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	2012 $	**2011** $
Current income tax	–	–
Underprovision in respect of prior year	–	22,050
Income tax expense recognised in profit or loss	–	22,050

(b) ***Relationship between tax expense and accounting loss***

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 is as follows:

	2012 $	**2011** $
Loss before taxation	(809,422)	(1,842,932)
Tax at domestic rate of 17% (2011: 17%)	(137,602)	(313,298)
Non-deductible expenses	9,960	1,306
Underprovision in respect of prior year	–	22,050
Deferred tax assets not recognised	127,642	311,992
Income tax expense recognised in profit or loss	–	22,050

11. Income tax expense (cont'd)

(b) ***Relationship between tax expense and accounting profit (cont'd)***

Unrecognised tax losses

At the end of the reporting period, the Company has tax losses of approximately $2,570,000 (2011: $1,829,000) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation.

12. Plant and equipment

Company	**Computers** $	**Motor vehicle** $	**Office equipment** $	**Furniture and fittings** $	**Total** $
Cost					
At 1 January 2011	2,799	–	–	–	2,799
Additions	25,043	230,500	16,689	3,822	276,054
At 31 December 2011 and 1 January 2012	27,842	230,500	16,689	3,822	278,853
Additions	2,128	–	11,922	256,773	270,823
Disposals	–	–	(14,478)	–	(14,478)
At 31 December 2012	29,970	230,500	14,133	260,595	535,198
Accumulated depreciation					
At 1 January 2011	513	–	–	–	513
Charge for the year	4,291	7,683	1,958	468	14,400
At 31 December 2011 and 1 January 2012	4,804	7,683	1,958	468	14,913
Charge for the year	6,199	46,100	3,394	2,897	58,590
Disposal	–	–	(4,406)	–	(4,406)
At 31 December 2012	11,003	53,783	946	3,365	69,097
Net carrying amount					
At 31 December 2011	23,038	222,817	14,731	3,354	263,940
At 31 December 2012	18,967	176,717	13,187	257,230	466,101

12. Plant and equipment (cont'd)

Asset held under finance lease

In 2011, the Company acquired motor vehicle with an aggregate cost of $230,500 by means of finance lease.

The cash outflow on acquisition of the motor vehicle amounted to $20,859 (2011: $3,369).

The net carrying amount of the motor vehicle held under finance lease at the end of the reporting period was $176,717 (2011: $222,817).

Leased asset is pledged as security for the related finance lease liability.

13. Investment in subsidiaries

	2012	2011
	$	$
Unquoted shares at cost	101,898	101,898

Details of the subsidiaries are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
		2012	2011	2012	2011
		$	$	%	%
E-Payment Singapore Pte Ltd * (Singapore)	Solution and settlement services (Singapore)	100,000	100,000	100	100
Wirecard Malaysia Sdn Bhd ** (Malaysia)	E-Commerce (Malaysia)	1	1	100	100
E-Credit Plus Corporation *** (Philippines)	Broker or dealer in securities (Philippines)	1,897	1,897	100	100
		101,898	101,898		

* Audited by Ernst & Young LLP, Singapore in 2012
** Audited by YPK & Associates, Malaysia
*** Not required to be audited in the country of incorporation

14. Trade and other receivables

	2012 $	2011 $
Trade receivables*	1,384,988	–
Deposits	57,835	77,381
License fees receivable*	3,127,982	6,132,218
Commission receivable	–	100,768
Other receivables	7,267	161,499
Amount due from a related company	52,430	22,246
Amount due from a subsidiary	–	48,661
Amount due from holding company	–	38,326
Total trade and other receivables	4,630,502	6,581,099
Cash and cash equivalents (Note 15)	2,147,062	700,134
Total loans and receivables	6,777,564	7,281,233

Trade receivables

Trade receivables are non-interest bearing and settled on mutually agreed credit terms varied on a case by case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

* Wirecard Technologies GMBH had provided guarantee on the trade receivables of $1,384,988 and the license fees receivables of $3,127,982.

Related party balances

Amounts due from a related company, subsidiary and holding company are non-trade related, unsecured, non-interest bearing and there are no credit terms.

Trade and other receivables denominated in foreign currencies are as follows:

	2012 $	2011 $
Japanese Yen	–	291,780
United States Dollar	1,384,988	31,058
Euro	3,128,540	6,132,218

14. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Company has trade receivables amounting to $3,794,683 (2011: $4,349,521) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2012	**2011**
	$	$
Trade receivables past due but not impaired:		
Less than 30 days	–	–
31 to 60 days	–	1,758,400
More than 60 days	3,794,683	2,591,121
	3,794,683	4,349,521

Receivables that are impaired

At the end of the financial year, other receivables at a nominal value of $154,383 were impaired and fully provided for. There was no movement in this allowance account in the previous financial year.

15. Cash and cash equivalents

	2012	**2011**
	$	$
Cash and bank balances	2,126,454	679,598
Fixed deposit	20,608	20,536
	2,147,062	700,134
Fixed deposit pledged for banking facilities	(20,608)	(20,536)
Cash and cash equivalents	2,126,454	679,598
	–	

The bank has the right to set-off amounts owing against fixed deposit of the Company up to $20,608 (2011: $20,536) respectively.

Cash and cash equivalents denominated in foreign currencies are as follows:

	2012	**2011**
	$	$
Japanese Yen	19,966	82,434
United States Dollar	2,008,409	134,954

16. Trade and other payables

	2012 $	2011 $
Trade payable	5,238	65,809
Other payables	868,475	560,405
Amount due to a related company	6,122,797	6,692,462
Amount due to a subsidiary company	1,102,324	251,315
Amount due to holding company	6,648	6,668
Total trade and other payables	8,105,482	7,576,659
Hire purchase (Note 17)	137,772	158,631
Total financial liabilities carried at amortised cost	8,243,254	7,735,290

Trade payables

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

Trade and other payables denominated in foreign currencies are as follows:

	2012 $	2011 $
Japanese Yen	423,427	498,901
United States Dollar	1,114,210	263,221
Euro	6,405,092	6,712,839

Amounts due to a related company, subsidiary and holding company

The amount due to a related company is trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

The amounts due to a subsidiary and holding company are non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

A related company had provided a letter of undertaking not to recall the repayment of $6,122,797 within twelve months from the date of the signing of the financial statements of the Company.

17. Hire purchase

The Company has a finance lease for a motor vehicle which will mature in November 2018 with interest rate of 3.66% per annum. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments at the end of the reporting period are as follows:

	2012		2011	
	Minimum lease payments $	**Present value of minimum lease** $	**Minimum lease payments** $	**Present value of minimum lease** $
Amounts payable under finance lease:				
Within 1 year	26,196	21,643	26,196	20,714
More than 1 year but less than 5 years	104,784	94,712	104,784	91,455
More than 5 years	21,777	21,417	47,973	46,462
	152,757	137,772	178,953	158,631
Less: Future finance charges	(14,985)	–	(20,322)	–
	137,772	137,772	158,631	158,631

The fair value of the lease obligations approximates their carrying amount. The lease is secured by the Company's title to leased asset (Note 12).

18. Share capital

	Company			
	2012		2011	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January and 31 December	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.

19. Related party transactions

Sales and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year.

	2012 $	**2011** $
Rental income receivable from a related company	46,400	–
License fees payable to a related company	–	6,614,202

20. Financial risk management objectives and policies

The Company is exposed to financial risk such as foreign currency 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.

(a) ***Foreign currency risk***

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the Company's functional currency, SGD. The foreign currencies in which these transactions are denominated are mainly the Euro ("EUR"), the Japanese Yen ("JPY") and the United States Dollars ("USD"). The Company's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currencies balances are mainly in USD and JPY.

20. Financial risk management objectives and policies (cont'd)

(a) ***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible charge in the JPY, USD and EUR exchange rates against the SGD, with all other variables held constant.

			2012 $ Profit before tax	**2011** $ Profit before tax
JPY/SGD	-	strengthened 12% (2011: 12%)	(48,415)	41,364
	-	weakened 12% (2011: 12%)	48,415	(41,364)
USD/SGD	-	strengthened 5% (2011: 5%)	113,959	6,748
	-	weakened 5% (2011: 5%)	(113,959)	(6,748)
EUR/SGD	-	strengthened 4% (2011: 4%)	(131,062)	245,289
	-	weakened 4% (2011: 4%)	131,062	(245,289)

(b) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

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 Company. Cash and short- term deposits, that are neither past due nor, impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

20. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. 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 Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	One year or less $	**One to five years** $	**Over five years** $	**Total** $
2012				
Financial liabilities				
Trade and other payables	8,105,482	–	–	8,105,482
Hire purchase	21,643	94,712	21,417	137,772
Total undiscounted financial liabilities	8,127,125	94,712	21,417	8,243,254
2011				
Financial liabilities				
Trade and other payables	7,576,659	–	–	7,576,659
Hire purchase	20,714	91,455	46,462	158,631
Total undiscounted financial liabilities	7,597,373	91,455	46,462	7,735,290

21. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchange or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amounts approximate fair value

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

22. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

23. Comparative figures

Prior year's comparative figures were audited by a firm of Certified Public Accountants other than Ernst & Young LLP.The audit report had been qualified because the auditor was unable to ascertain the recoverability of the accounts receivable.

For the financial year ended 31 December 2011, the Company had elected to present consolidated financial statements comprising the Company and its subsidiaries, even though the Company was exempted under FRS 27 Consolidated and Separate Financial Statements from doing so. In accordance with the Singapore Companies Act, Cap. 50 (the "Act"), the Company did not present the statement of comprehensive income and cash flow statement of the Company for the year then ended. Accordingly, the statement of comprehensive income and cash flow statement for the year ended 31 December 2011 presented as comparatives in these financial statements were not audited.

24. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 28 March 2014.