WIRECARD SINGAPORE PTE. LTD.

Registration Number: 199906900E

FINANCIAL STATEMENTS

Year ended 31 December 2016

This document contains no signatures as it is system-generated from the full set of Financial Statements filed in XBRL by company with ACRA.

Company Registration No. 199906900E

Wirecard Singapore Pte. Ltd.

Annual Financial Statements
31 December 2016

Wirecard Singapore Pte. Ltd.

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Wirecard Singapore Pte. Ltd.

Directors' statement

The directors present their statement to the member together with the audited financial statements of Wirecard Singapore Pte. Ltd. (the "Company") for the financial year ended 31 December 2016.

Opinion of the directors

In the opinion of the directors,

(i) the accompanying balance sheets, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) 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.

Directors

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

Jeffry Ho Kok Hoong
Ng Fook Sun

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

No directors 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, Chapter 50, an interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Auditors

Ernst & Young LLP, has expressed its willingness to accept re-appointment as auditors.

Jeffry Ho Kok Hoong
Director

Ng Fook Sun
Director

18 June 2018

Independent Auditor's Report to the member of Wirecard Singapore Pte. Ltd.

Report on the Financial Statements

Opinion

We have audited the financial statements of Wirecard Singapore Pte. Ltd. (the "Company"), which comprise the balance sheets as at 31 December 2016, the statement of comprehensive income statement, the statement of changes in equity and the statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial positions of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independent Auditor's Report to the member of Wirecard Singapore Pte. Ltd.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report to the member of Wirecard Singapore Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

18 June 2018

Wirecard Singapore Pte. Ltd.

Statement of Comprehensive Income
For the financial year ended 31 December 2016

	Note	2016 $	2015 $
Revenue	4	56,958,889	68,046,022
Cost of sales		(44,670,360)	(45,107,173)
Gross profit		12,288,529	22,938,849
Other items of income			
Interest income	5	51,828	26,259
Other income	6	249,570	186,493
Other items of expense			
Administrative expenses	7	(16,938,381)	(11,537,877)
Other expenses		(11,613,950)	(5,964,610)
Finance costs		(288,268)	(117,732)
(Loss)/profit before tax	8	(16,250,672)	5,531,382
Income tax	9	–	10,232
(Loss)/profit for the year, representing total comprehensive income for the year		(16,250,672)	5,541,614

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

Wirecard Singapore Pte. Ltd.

Balance Sheets
As at 31 December 2016

	Note	2016	2015
		$	$
Non-current assets			
Plant and equipment	10	284,278	3,623,500
Goodwill	11	19,237,964	19,237,964
Intangible assets	12	18,512,600	20,313,092
Investment in subsidiary companies	13	186,290	–
		38,221,132	43,174,556
Current assets			
Inventories	14	245,950	441,697
Trade and other receivables	15	36,662,952	25,747,850
Prepayments		565,453	799,526
Cash and bank balances	16	10,456,039	8,882,808
		47,930,394	35,871,881
Current liabilities			
Trade and other payables	19	17,594,849	7,564,644
Obligations under finance lease	18	739,512	594,127
Provision for income tax		234,069	–
Loans and borrowings	20	9,022,568	–
Deferred income	22	226,970	–
		27,817,968	8,158,771
Net current assets		20,112,426	27,713,110
Non-current liabilities			
Loans and borrowings	20	8,403,560	4,530,649
Obligations under finance lease	18	633,277	909,676
Deferred tax liabilities		254,020	213,007
Deferred income	22	83,834	–
		9,374,691	5,653,332
Net assets		48,958,867	65,234,334
Equity attributable to owner of the Company			
Share capital	17	58,196,111	58,196,111
Merger Reserve	21	6,678,758	6,703,553
(Accumulated losses)/Retained earnings		(15,916,002)	334,670
Total equity		48,958,867	65,234,334

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

Wirecard Singapore Pte. Ltd.

Statement of Changes in Equity
For the financial year ended 31 December 2016

	Share capital (Note 17) $	**Merger reserve (Note 21)** $	**(Accumulated losses)/ Retained earnings** $	**Total equity** $
Opening balance at 1 January 2016	58,196,111	6,703,553	334,670	65,234,334
Amalgamation of related companies	–	(24,795)	–	(24,795)
Total comprehensive income for the year	–	–	(16,250,672)	(16,250,672)
Closing balance at 31 December 2016	58,196,111	6,678,758	(15,916,002)	48,958,867
Opening balance at 1 January 2015	31,196,111	–	(5,206,944)	25,989,167
Amalgamation of related companies	–	6,703,553	–	6,703,553
Total comprehensive income for the year	–	–	5,541,614	5,541,614
Shares issued	27,000,000	–	–	27,000,000
Closing balance at 31 December 2015	58,196,111	6,703,553	334,670	65,234,334

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

Wirecard Singapore Pte. Ltd.

Statement of Cash Flows
For the financial year ended 31 December 2016

	Note	2016 $	2015 $
Cash flow from operating activities			
(Loss)/profit before tax		(16,250,672)	5,531,382
Adjustments for:			
Unrealised foreign exchange gain		(283,333)	(139,877)
Depreciation of plant and equipment	10	1,736,826	1,400,401
Amortisation of intangible assets	12	2,127,587	1,746,053
Interest income	5	(51,828)	(26,259)
Interest expenses	8	288,268	117,732
Impairment loss on plant and equipment	8	2,882,638	–
Impairment loss on intangible asset	12	30,134	
Gain on disposal of plant and equipment	8	–	(3,075)
Gain on disposal of subsidiary		–	(135,500)
Write-off of inventories	14	248,976	–
Operating (loss)/profit before working capital changes		(9,271,404)	8,490,857
Changes in working capital			
Decrease in inventories		400,912	212,833
Increase in trade and other receivables		(210,004)	(11,855,094)
Decrease/(increase) in prepayments		251,119	(568,536)
Decrease in trade and other payables		(4,183,956)	(982,072)
Cash flows used in operations		(13,013,333)	(4,702,012)
Interest received		51,828	26,259
Interest paid		(68,301)	(41,312)
Net cash flows used in operating activities		(13,029,806)	(4,717,065)
Cash flow from investing activities			
Acquisition of plant and equipment	10	(596,407)	(1,905,817)
Disposal of plant and equipment		–	64,587
Disposal of subsidiary	13	–	431,643
Acquisition of software	12	(179,034)	(156,023)
Acquisition of VPS business	11	–	(19,990,708)
Net cash inflow on amalgamation of related companies	21	687,747	1,777,022
Net cash flows used in investing activities		(87,694)	(19,779,296)
Cash flow from financing activities			
Payments of obligations under finance lease		(541,356)	(778,522)
Proceeds from issuance of shares		–	27,000,000
Placement of deposit with licensed bank		(150,000)	(2,900,000)
Loans from related company		12,670,515	4,051,735
Net cash flows generated from financing activities		11,979,159	27,373,213
Net (decrease)/increase in cash and cash equivalents		(1,138,341)	2,876,852
Cash and cash equivalents at beginning of year		4,834,446	1,957,594
Cash and cash equivalents at end of year	16	3,696,105	4,834,446

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

1. Corporate information

Wirecard Singapore Pte. Ltd. (the “Company”) is a private limited liability company domiciled and incorporated in Singapore and is a wholly-owned subsidiary of WireCard Sales International GmbH. The ultimate holding company is WireCard AG, a company incorporated and domiciled in the Federal Republic of Germany and listed on the Deutsche Börse Frankfurt (Frankfurt Stock Exchange, FSE), Prime Standard.

The registered office and the 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 the provision of multi-channel payment processing 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 “$”).

Consolidated financial statements have not been presented as the Company is a wholly owned subsidiary of Wirecard AG, a company incorporated in the Federal Republic of Germany, which prepares and publishes a set of consolidation accounts available for public use.

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 that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards 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*

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 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 Leases	1 January 2019
Improvements to FRSs (December 2016)	
Amendments to *FRS 28 Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Improvements to FRSs (March 2018)	
- Amendments to FRS 12 *Income Taxes*	1 January 2019
- Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 109, 115 and FRS 116, the directors expect that the adoption of the other standards 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 FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Company is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

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

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

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of ‘low value’ assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 *Business combination and goodwill*

Business combination involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity ‘acquired’ is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

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

2.4 Business combination and goodwill (cont'd)

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually, and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Foreign currency

The 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 the statement of comprehensive income.

2.6 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant, equipment and furniture and fixtures are measured at cost less accumulated depreciation and any 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 for borrowing costs is set out in Note 2.14. 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.

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

2.6 *Plant and equipment (cont'd)*

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:

Office equipment	-	3 to 5 years
Furniture and fittings	-	5 years
Computer and electronic equipment	-	2 to 5 years
Terminal assets	-	2 to 5 years
Renovation	-	5 years
Motor vehicle	-	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 residual value, 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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

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

2.7 *Intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) ***Intellectual property***

The intellectual property was acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Company.

(ii) ***Customer relationships***

Customer relationships were acquired separately and are amortised on a straight line basis over its finite useful life of 20 years.

(iii) ***Development and software***

Development activities involve a plan or design for the productions of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred. Development costs have a finite useful life and are amortised over the period of expected usage from the related project on a straight line basis over its finite useful life of 5 years.

Capitalised development expenditure is transferred to software once the system process is completed.

Software is carried at cost less accumulated amortisation and any accumulated impairment losses. Software have a finite useful life and are amortised over the period of expected usage (ranging from 2 to 5 years) on a straight line basis.

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

2.8 *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 such indication exists, or when 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 costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognised in profit or loss.

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.

2.9 *Subsidiaries*

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

2.10 *Financial instruments*

(a) *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.

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

2.10 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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.

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.

(b) *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. The Company determines the classification of its financial liabilities at initial recognition.

All 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.

De-recognition

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. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets*

The Company assesses at each end of the reporting date 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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 discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has 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.

2.12 *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 subjected to an insignificant risk of changes in value.

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

2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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.

2.15 *Provision*

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, the 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 provision due to the passage of time is recognised as finance cost.

2.16 *Employee benefits*

(a) ***Defined contribution plans***

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

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

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

2.17 *Leases*

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.

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.

As lessor

Leases in which the company does not transfer 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 2.18(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.18 *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 following specific recognition criteria must also be met before revenue is recognised:

(a) ***Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Service income***

Revenues arising from customisation and integration services are recognised as services which are rendered and accepted by the customers.

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

2.18 *Revenue (cont'd)*

(b) ***Service income (cont'd)***

Revenues from post-contract customer support are recognised proportionately on a time basis over contract period.

Revenues from payment processing services are recognised as services are rendered.

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Rental income***

Rental income arising from rental of credit card terminal is accrued on a time-apportioned basis.

2.19 *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 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;

– 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; and

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

2.19 *Taxes (cont'd)*

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

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.

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 recovered.

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.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

2.20 *Share capital and share issuance expenses*

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.

2.21 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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 *Judgements made in applying accounting policies*

In the process of applying the Company's accounting policies, management is of the opinion that there are no areas of judgements that are expected to have a significant effect on the amounts recognised in the financial statements.

3. Significant accounting judgments and estimates (cont'd)

3.2 *Key sources of estimation uncertainty*

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

Impairment of loans and receivables

The Company assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor 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 amounts of the Company's trade and other receivables are disclosed at Note 15 to the financial statements.

Impairment of goodwill

As disclosed in Note 11 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to be determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 11 to the financial statements.

The carrying amount of the goodwill as at 31 December 2016 is $19,237,964 (2015: $19,237,964)

4. Revenue

	2016 $	2015 $
Service income	52,071,703	63,743,246
Rental income	1,648,416	910,476
Sale of goods	3,238,770	3,392,300
	56,958,889	68,046,022

5. Interest income

	2016 $	2015 $
Interest income from fixed deposits	51,828	26,259

6. Other income

	2016 $	2015 $
Wage Credit Scheme	105,508	14,947
Temporary Employment Credit	67,714	18,349
Productivity and Innovation Scheme	60,000	–
Special Employment Credit	6,578	1,391
Gain on disposal of a subsidiary	–	135,500
Others	9,770	16,306
	249,570	186,493

7. Administrative expenses

	2016 $	2015 $
Staff salaries and wages	11,220,642	7,352,792
Staff defined contribution plan	1,073,031	620,615
Directors' salaries and wages	226,608	156,000
Directors' defined contribution plan	19,955	12,851
Depreciation and amortisation expenses	3,864,413	3,146,454
Other short-term benefit	289,934	109,566
Others	243,798	139,599
	16,938,381	11,537,877

8. (Loss)/profit before tax

The following items were included in arriving at (loss)/profit before tax:

	2016 $	2015 $
Entertainment expenses	71,353	89,342
Foreign exchange differences, net	260,616	167,766
Legal and professional fees	584,372	637,871
Marketing expenses	29,118	106,422
Rental expenses	1,236,990	901,963
Subscription expenses	123,555	50,104
Telecommunication expenses	205,446	219,372
Travelling and transportation expenses	656,728	590,757
Upkeep of office equipment and premises	367,972	109,902
Impairment loss on plant and equipment	2,882,638	–
Impairment loss on intangible asset	30,134	–
Gain on disposal of plant and equipment	–	(3,075)
Consultation fees	2,013,365	1,266,644
Write-off of inventories	248,976	–
Database maintenance fees	672,774	872,045
Interest expenses	288,268	117,732

9. Income tax expense

Relationship between tax benefit and accounting (loss)/profit

The reconciliation between tax benefit and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

	2016 $	2015 $
(Loss)/Profit before tax	(16,250,672)	5,531,382
Tax at domestic rate of 17% (2015: 17%)	(2,762,614)	940,335
Expenses not deductible for tax purposes	707,295	588,316
Income not subject to taxation	(8,811)	(4,464)
Benefits from previously unrecognised tax losses	–	(1,513,955)
Deferred tax assets not recognised	2,064,130	–
Income tax expense recognised in profit or loss	–	10,232

Unrecognised tax losses

At the end of the reporting period, the Company has unutilised tax losses brought forward amounting to a total of $16,646,637, for which no deferred tax assets is recognised due to uncertainty of its recoverability.

As at 31 December 2015, unutilised tax losses brought forward from Card Techno Pte. Ltd., Wirecard Singapore Pte. Ltd. and Trans Infotech Pte. Ltd. is $1,524,127, $2,980,278 and $Nil respectively, amounting to a total of $4,504,405, for which no deferred tax assets is recognised due to uncertainty of its recoverability.

10. Plant and equipment

	Office equipment $	Computer and electronic equipment $	Terminal assets $	Furniture and fittings $	Renovation $	Motor vehicle $	Total $
Cost:							
At 1 January 2015	56,147	1,227,925	–	–	–	–	1,284,072
Additions due to amalgamation (Note 21)	125,343	2,431,829	5,095,194	14,487	52,379	–	7,719,232
Addition due to acquisition of VPS business (Note 11)	–	46,521	–	–	–	–	46,521
Additions	256,418	1,506,827	1,004,298	1,983	352,464	288,300	3,410,290
Disposal	–	–	(416,986)	–	–	–	(416,986)
At 31 December 2015 and 1 January 2016	437,908	5,213,102	5,682,506	16,470	404,843	288,300	12,043,129
Additions due to amalgamation (Note 21)	31,941	653,515	1,526,084	17,639	236,854	–	2,466,033
Additions	2,870	782,327	35,982	2,515	183,055	–	1,006,749
Write-off	–	–	(2,264,023)	–	(290)	–	(2,264,313)
At 31 December 2016	472,719	6,648,944	4,980,549	36,624	824,462	288,300	13,251,598
Accumulated depreciation and impairment loss:							
At 1 January 2015	47,387	537,211	–	–	–	–	584,598
Additions due to amalgamation (Note 21)	106,576	2,365,909	4,258,341	12,479	46,799	–	6,790,104
Charge for the year	72,592	711,642	552,577	2,269	61,321	–	1,400,401
Disposal	–	–	(355,474)	–	–	–	(355,474)
At 31 December 2015 and 1 January 2016	226,555	3,614,762	4,455,444	14,748	108,120	–	8,419,629
Additions due to amalgamation (Note 21)	31,939	528,243	1,379,386	16,118	236,854	–	2,192,540
Charge for the year	92,953	863,091	642,116	2,259	93,162	43,245	1,736,826
Write-off	–	–	(2,264,023)	–	(290)	–	(2,264,313)
Impairment loss	121,272	1,358,570	767,626	3,499	386,616	245,055	2,882,638
At 31 December 2016	472,719	6,364,666	4,980,549	36,624	824,462	288,300	12,967,320
Net carrying amount:							
At 31 December 2015	211,353	1,598,340	1,227,062	1,722	296,723	288,300	3,623,500
At 31 December 2016	–	284,278	–	–	–	–	284,278

10. Plant and equipment (cont'd)

The carrying amount of plant and equipment of the Company in respect to computer and electronic equipment held under finance lease at the end of the reporting period amounted to $284,278 (2015: $1,419,985).

During the year, the Company acquired plant and equipment with an aggregate cost of $410,342 (2015: $1,504,473) by means of finance lease. The cash outflow on acquisition of plant and equipment amounted to $596,407 (2015: $1,905,817).

11. Goodwill

(a) ***Acquisition of VPS business***

The Company had entered into Asset Purchase Agreement dated 17 November 2014 with Visa International Singapore Holdings Pte. Limited ("VISH"), Visa Processing Service Pte. Limited ("VPS"), Visa Worldwide Pte. Limited ("VWPL") and Inovant LLC ("Inovant" and together with VISH, VPS, VWPL, "Seller Group") to acquire certain assets of VPS for US$14.9 million (equivalent S$19,990,708).

The transactions were completed on 23 February 2015. The fair value of the net assets acquired are as shown below.

	Fair value $
Purchase consideration paid	19,990,708
Less: Fair value of net assets acquired	
Plant and equipment (Note 10)	46,521
Intangible assets (Note 12)	1,313,165
Trade and other payables	(383,703)
Net asset before deferred tax liability	975,983
Deferred tax liability	(223,239)
Net assets acquired	752,744
Goodwill on consideration	19,237,964

As at 31 December 2015, the deferred tax liability amounted to $213,007. This is due to the tax effect from the amortisation of the customer relationship.

11. Goodwill (cont'd)

(b) *Allocation of goodwill to cash-generating units*

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2016	**2015**
Growth rate	13%	9-13%
Pre-tax discount rate	10.8%	9.3%

Key assumptions used in value in use calculations

The calculations of value in use for the CGU is most sensitive to the following assumptions:

Pre-tax discount rate- The discount rate reflect specific risks of the underlying asset which have not been incorporated in the cash flow estimates

Sales growth- Sales growth is based on past performance and expectations of market development. Included in management's assumption is a services agreement entered into between the Company and a related party on the issuing processing business. The agreement allows for a fixed fee to be charged per quarter, subject to a review on an annual basis. Management has assumed that this agreement will not be terminated.

Attrition rate- Attrition rate refers to the proportion of contractual customers who leave a supplier during a given timeframe due to dissatisfaction, based on past performance and expectations of market development

Decline in expenses- Rate of decline is based on past performance and expectations of market development

Sensitivity to changes in assumption

With regards to the assessment of value in use, the management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value to materiality exceed its recoverable amount.

12. Intangible assets

	Intellectual property $	Customer-relationships $	Development in progress $	Development in use $	Software $	Total $
Cost:						
At 1 January 2015	375,000	22,151,174	–	–	–	22,526,174
Additions due to amalgamation (Note 21)	–	–	43,785	66,834	3,191,087	3,301,706
Addition due to Acquisition of VPS business (Note 11)	–	1,313,165	–	–	–	1,313,165
Addition/Transfer to use	–	–	147,674	–	435,281	582,955
At 31 December 2015 and 1 January 2016	375,000	23,464,339	191,459	66,834	3,626,368	27,724,000
Additions due to amalgamation (Note 21)	–	–	–	–	3,742,759	3,742,759
Additions	–	–	–	–	179,034	179,034
Reclassification	–	–	(191,459)	–	191,459	–
At 31 December 2016	375,000	23,464,339	–	66,834	7,739,620	31,645,793
Accumulated depreciation and impairment loss:						
At 1 January 2015	375,000	2,522,250	–	–	–	2,897,250
Additions due to amalgamation (Note 21)	–	–	–	26,734	2,740,871	2,767,605
Charge for the year	–	1,449,620	–	13,367	283,066	1,746,053
At 31 December 2015 and 1 January 2016	375,000	3,971,870	–	40,101	3,023,937	7,410,908
Additions due to amalgamation (Note 21)	–	–	–	–	3,564,564	3,564,564
Charge for the year	–	1,455,095	–	13,367	659,125	2,127,587
Impairment loss	–	–	–	–	30,134	30,134
At 31 December 2016	375,000	5,426,965	–	53,468	7,277,760	13,133,193
Net carrying amount:						
At 31 December 2015	–	19,492,469	191,459	26,733	602,431	20,313,092
At 31 December 2016	–	18,037,374	–	13,366	461,860	18,512,600

Customer relationship have an average remaining amortisation period of twelve years (2015: thirteen years).

13. Investment in subsidiary companies

	2016 $	2015 $
Shares, at cost	394,193	207,903
Impairment losses	(207,903)	(207,903)
	186,290	–

Details of the subsidiaries are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost 2016 $	Cost 2015 $	Equity held by Company 2016 %	Equity held by Company 2015 %
Wirecard (Vietnam) Company Limited (Vietnam) (Note 21)	Provides software solution and sales of computer related products (Vietnam)	186,290	–	100	–
Trans Infotech (Laos) Ltd (*) (Laos) (Note 21)	Provides software solution and sales of computer related products (Laos)	–	–	100	–
Systems@Work (M) Sdn Bhd (#) (Malaysia)	Provision of multi-channel payment processing services (Malaysia)	207,903	207,903	100	100

(#) Struck-off on 20 October 2017 in the country of incorporation
(*) Struck-off on 9 May 2018 in the country of incorporation

14. Inventories

	2016 $	2015 $
Cards	82,020	441,697
Electronic data capture terminals	163,930	–
	245,950	441,697

The cost of inventories (cost of cards and terminals) recognised as expenses and included in “Cost of sales” amounts to $1,644,486 (2015: $1,453,387). Included in “Cost of sales” is inventories written-off of $248,976.

15. Trade and other receivables

	2016 $	2015 $
Trade receivables:		
Third party	7,501,726	7,322,788
Less: Allowance for impairment	(74,684)	(14,668)
	7,427,042	7,308,120
Subsidiary	–	782,057
Less: Allowance for impairment	–	(733,160)
	–	48,897
Related companies	19,189,652	13,368,848
	26,616,694	20,725,865
Other receivables:		
Deposits	609,684	558,420
Other debtors	277,158	48,196
Accrued revenue	9,159,416	4,206,377
GST receivables	–	208,992
	10,046,258	5,021,985
Total trade and other receivables	36,662,952	25,747,850
Add: Cash and cash equivalents (Note 16)	3,696,105	4,834,446
Less: GST receivables	–	(208,992)
Total loans and receivables	40,359,057	30,373,304

Receivables that are past due but not impaired

The Company has trade receivables amounting to $5,375,770 (2015: $6,070,590), respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of the aging at the end of the reporting period is as follows:

	2016 $	2015 $
Trade receivables past due:		
Less than 30 days	1,090,485	640,122
31 to 60 days	407,728	384,417
61 and above	3,877,557	5,046,051
	5,375,770	6,070,590

15. Trade and other receivables (cont'd)

Receivables that are impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2016 $	2015 $
Trade receivables – nominal amounts	74,684	1,047,366
Less: Allowance for impairment	(74,684)	(747,828)
	–	299,538
Movement in allowance accounts:		
At 1 January	747,828	747,828
Written off	(673,144)	–
Additional provision	–	–
At 31 December	74,684	747,828

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. The outstanding third party receivables, accrued revenue, and amounts due from related companies have been guaranteed in a form of a deed of guarantee by the ultimate holding company, WireCard AG.

At the end of the reporting period, the Company has provided an allowance of nil (2015: $733,160) for impairment of the trade amount due from the subsidiary companies with a nominal amount of nil (2015: $782,057).

Trade and other receivables are denominated in the following foreign currencies:

	2016 $	2015 $
United States Dollar	6,305,490	2,654,465
Australian Dollar	1,166,459	738,089
Euro	8,151,707	8,503,383
Others	89,312	81,352

16. Cash and bank balances

	2016 $	2015 $
Operating accounts	3,004,417	4,144,448
Settlement accounts	3,709,934	1,148,362
Fixed deposits	3,741,688	3,589,998
Total cash and bank balances	10,456,039	8,882,808
Less: Fixed deposits with original maturity of more than 3 months when acquired	(3,050,000)	(2,900,000)
Less: Settlement accounts	(3,709,934)	(1,148,362)
Cash and cash equivalents	3,696,105	4,834,446

Settlement accounts are operated exclusively for the settlement of payment and top-up transaction amounts with merchants and card issuers respectively. There is a clear separation of the settlement accounts from the operating accounts and consequently, there is no commingling of funds from both groups of accounts.

Fixed deposits bear interest rates ranging from approximately 0.10% to 0.74% (2015: 0.10% to 1.10%) per annum.

Fixed deposits comprise security deposits over the settlement accounts and collaterals for the Company's bank guarantee facilities.

Cash and bank balances are denominated in the following foreign currencies:

	2016 $	2015 $
United States Dollar	524,842	183,955
Euro	991,615	166,233
Hong Kong Dollar	79,707	35,140
Australian Dollar	195,152	169,281
Japanese Yen	9,769	3,431
New Zealand Dollar	205,332	119,348
Sterling Pound	1,971	–

17. Share capital

	Company			
	2016		2015	
	No. of Shares	$	No. of shares	$
Balance at beginning of financial year	182,909,943	58,196,111	154,303,239	31,196,111
Issued during the financial year	–	–	28,606,704	27,000,000
Balance at end of financial year	182,909,943	58,196,111	182,909,943	58,196,111

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.

18. Obligations under finance lease

As at 31 December 2016, the Company had obligations under finance lease that are repayable as follows:

	Minimum lease payments $	Present value of payment $
2016		
Within 1 year	781,933	739,512
After 1 year but within 5 years	652,042	633,277
Total minimum lease payments	1,433,975	1,372,789
Less: Amounts representing finance charges	(61,186)	–
Present value of minimum lease payments	1,372,789	1,372,789
2015		
Within 1 year	644,474	594,127
After 1 year but within 5 years	944,405	909,676
Total minimum lease payments	1,588,879	1,503,803
Less: Amounts representing finance charges	(85,076)	–
Present value of minimum lease payments	1,503,803	1,503,803

Finance obligations at the balance sheet date have a maturity of within 1 year from the end of the financial year with effective interest rate of 2.1%-2.8% (2015: of 2.1%-2.8%) per annum.

19. Trade and other payables

	2016 $	2015 $
Trade payables	5,072,429	2,217,949
Other payables:		
Accruals	1,688,262	2,020,861
Other payables	1,496,601	559,712
Advance billing to customers	1,084,886	180,165
Deposits from customers	1,392,684	799,144
Amount due to ultimate holding company	62,145	54,739
Amount due to related companies	6,797,842	1,732,074
	12,522,420	5,346,695
Total trade and other payables	17,594,849	7,564,644
Add: Obligation under finance lease (Note 18)	1,372,789	1,503,803
Less: Advance billing to customers	(1,084,886)	(180,165)
Less: Deposits from customers	(1,392,684)	(799,144)
Less: GST Payables	(23,160)	–
Total financial liabilities carried at amortised cost	16,466,908	8,089,138
Non-trade related	62,145	54,739
Amount due to ultimate holding company	62,145	54,739
Trade related	1,627,732	222,403
Non-trade related	5,170,110	1,509,671
Amount due to related companies	6,797,842	1,732,074

The amounts due to ultimate holding company and related companies are unsecured, interest free and repayable on demand. These amounts are to be settled in cash.

Trade and other payables are denominated in the following foreign currencies:

	2016 $	2015 $
United States Dollar	1,266,791	1,718,674
Euro	80,807	346,142
Australian Dollar	40,028	18,089
Malaysian Ringgit	80,463	27,487

20. Loans and borrowings

	2016 $	2015 $
Current liabilities:		
2.0% p.a. fixed rate term loan	9,022,568	–
Non-current liabilities:		
2.0% p.a. fixed rate term loan	8,403,560	4,530,649

20. Loans and borrowings (cont'd)

This loan facility due to Wirecard Sales International GmbH is repayable on 31 March 2018. The repayment date of the loan was subsequently extended to 31 March 2019 with no change in the terms of the loan.

21. Merger reserve

(a) ***2015 amalgamation***

With effect from 1 Jan 2015, System@Works Pte. Ltd. ("S@W"), Korvac Payment Services Pte. Ltd. and Paymentlink Pte. Ltd. (collectively known as the "amalgamated entities") were amalgamated and renamed to Wirecard Singapore Pte. Ltd. The amalgamation was accounted for using the pooling of interest method with S@W being the surviving entity. The amalgamated entities are under common control by Wirecard AG.

The carrying amounts of the identifiable assets and liabilities of the amalgamated entities as at the amalgamation date are shown below.

	Carrying amounts $
Cost of plant and equipment	7,719,232
Less: Accumulated depreciation	(6,790,104)
Plant and equipment (Note 10)	929,128
Intangible assets	534,101
Investment in a subsidiary	296,143
Inventories	654,530
Trade and other receivables	8,365,279
Cash and cash equivalents	1,777,022
	12,556,203
Trade and other payables	(5,447,150)
Loan and borrowings	(405,500)
	(5,852,650)
Merger reserve arising from amalgamation	6,703,553
Purchase consideration	–

As the transaction is between related companies of the Company, i.e. under common control, the difference between the purchase consideration and the carrying amounts of the net assets is taken to an equity account as merger reserve.

21. Merger reserve (cont'd)

(b) *2016 amalgamation*

With effect from 1 April 2016, and 1 May 2016, Trans Infotech Pte. Ltd. and Card Techno Pte. Ltd. (collectively known as the "amalgamated entities") were amalgamated respectively with Wirecard Singapore Pte. Ltd. The amalgamation was accounted for using the pooling of interest method with Wirecard Singapore Pte. Ltd. being the surviving entity. The amalgamated entities are under common control by Wirecard AG.

The carrying amounts of the identifiable assets and liabilities of the amalgamated entities as at the amalgamation date are shown below.

	Carrying amounts $
Cost of plant and equipment	2,466,033
Less: Accumulated depreciation	(2,192,540)
Plant and equipment (Note 10)	273,493
Intangible assets	178,195
Investment in a subsidiary	186,290
Inventories	454,142
Trade and other receivables	10,398,613
Prepayment	17,044
Cash and cash equivalents	687,747
	12,195,524
Trade and other payables	(11,707,994)
Provision for income tax	(222,907)
Deferred income	(237,242)
Deferred tax liabilities	(52,176)
	(12,220,319)
Merger reserve arising from amalgamation	(24,795)
Purchase consideration	–

As the transaction is between related companies of the Company, i.e. under common control, the difference between the purchase consideration and the carrying amounts of the net assets is taken to an equity account as merger reserve.

21. Merger reserve (cont'd)

	2016 $	2015 $
Movement in merger reserve:		
At 1 January	6,703,553	–
Amalgamation of related companies under common control	(24,795)	6,703,553
At 31 December	6,678,758	6,703,553

22. Deferred income

	2016 $	2015 $
Current	226,970	–
Non-current	83,834	–
	310,804	–

Deferred income comprised unearned rental income on unexpired period of lease contracts.

23. Related party transactions

(a) ***Sale and purchase of goods and services***

Significant related party transactions entered into by the Company and the related parties took place at terms agreed between the parties concerned during the financial year:

	2016 $	2015 $
Sales to related companies	1,211,649	12,166,796
Management fee received from related company	3,904,400	194,159
Transfer of plant and equipment to related company	–	94,852
Transfer of plant and equipment from subsidiary	–	(160,212)
Interest charged from immediate holding company	(217,786)	(73,414)
Purchase from related company	(42,951)	–
Lease expenses charged by related company	(768,578)	(619,454)
Office shared service fee charged by related company	(2,058,945)	(1,274,288)
Staff costs recharged by subsidiary	–	(69,376)
Service fee charged by related company	(1,439,496)	(222,403)
Royalties fees paid		
– Related company	(18,861)	(128,985)
– Ultimate holding company	(55,349)	(47,769)

23. Related party transactions (cont'd)

(b) ***Compensation of key management personnel***

	2016 $	2015 $
Short-term employee benefits	226,608	156,000
Central Provident Fund contribution	12,240	9,600
	238,848	165,600
Comprise amounts paid to:		
Directors of the Company	238,848	165,600
Other key management personnel	–	–
	238,848	165,600

23. Operating lease commitments

At the end of the financial year, commitments in respect of non-cancellable operating leases for office premises are as follows:

	2016 $	2015 $
Within one year	1,640,759	1,428,433
After one year but within five years	1,124,415	2,210,764
	2,765,174	3,639,197

24. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***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 which include cash and cash equivalents, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

(a) ***Credit risk (cont'd)***

Exposure to credit risk

The carrying amount of intercompany balances, trade and other receivables and cash and cash equivalents represents the Company's maximum exposure to credit risk. No other financial asset carries a significant exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with a reputable financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

(b) ***Liquidity risk***

In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

	One year or less	**One to five years**	**Total**
	$	$	$
2016			
Financial liabilities			
Trade and other payables*	(15,094,119)	–	(15,094,119)
Obligations under finance lease	(781,933)	(652,042)	(1,433,975)
Loans and borrowings	(9,195,964)	(8,777,174)	(17,973,138)
Total undiscounted financial liabilities	(25,072,016)	(9,429,216)	(34,501,232)
2015			
Financial liabilities			
Trade and other payables*	(6,585,335)	–	(6,585,335)
Obligations under finance lease	(644,474)	(944,405)	(1,588,879)
Loans and borrowings	–	(4,629,518)	(4,629,518)
Total undiscounted financial liabilities	(7,229,809)	(5,573,923)	(12,803,732)

*Excluding advance billing to customers, deposits from customers and GST payables

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

(c) *Foreign currency risk*

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Company entities, primarily SGD and Malaysian Ringgit (Ringgit). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD), Australian dollar (AUD) and Euro. The Company's trade receivable balances at the end of the reporting period 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 currency balances are mainly in USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's Profit/(loss) before tax to a reasonably possible change in the AUD, EUR and USD exchange rate against the SGD, with all other variables held constant.

		2016 (Loss)/Profit before tax	**2015 Profit/(loss) before tax**
AUD/SGD	- strengthened 3% (2015: 3%)	39,647	26,678
	- weakened 3% (2015: 3%)	(39,647)	(26,678)
EUR/SGD	- strengthened 3% (2015: 3%)	271,875	249,705
	- weakened 3% (2015: 3%)	(271,875)	(249,704)
USD/SGD	- strengthened 3% (2015: 3%)	166,906	33,592
	- weakened 3% (2015: 3%)	(166,906)	(33,592)

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from its loans and borrowings.

The Company's policy is to manage interest cost using fixed rate debts.

25. Fair values of financial assets and financial liabilities

(a) ***Fair Value Hierarchy***

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2: Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurement that use inputs of different hierarchy levels are categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) ***Assets and liabilities not measured at fair value, for which fair value is disclosed***

<u>*Determination of fair value*</u>

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of current trade receivables, other receivables, due from related parties, cash and cash equivalents, creditors and due to related parties, based on their notional amounts, are reasonable approximation of fair values either due to their short-term nature or they are floating rate instruments that are re-priced to market rates on or near the end of the reporting period.

Financial instrument by classes that is not carried at fair value, for which fair value is disclosed

The fair value of financial liability by classes that is not carried at fair value, for which fair value is disclosed as follows:

	2016		**2015**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities:				
Loan and borrowings	17,426,128	17,154,649	4,530,649	4,336,655
Finance lease liabilities	1,372,789	1,021,211	1,503,803	936,144

The fair value of fixed rate bank loan is determined using market observable inputs such as prevailing term loan interest rates (Level 2 of the fair value hierarchy).

26. 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 shareholders' 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 financial years ended 31 December 2016 and 31 December 2015.

27. Comparative figures

Certain adjustments have been made to the previous year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the notes to the financial statements and Statement of Cash Flows as follows:

Notes to the financial statements as at 31 December 2015	**As previously reported**	**Adjustment**	**Restated**
Cash and bank balances (Note 16)			
- Cash and cash equivalents	5,982,808	(1,148,362)	4,834,446
Trade and other receivables (Note 15)			
- Total loans and receivables	31,521,666	(1,148,362)	30,373,304

The adjustment relates to settlement accounts due to merchant and card issuers which have been reclassed to trade and other payables in the Statement of Cash Flows.

Notes to the financial statements as at 31 December 2015	**As previously reported**	**Adjustment**	**Restated**
Trade and other payables (Note 19)			
- Advance from customers	10,190	(10,190)	–
Trade and other payables (Note 19)			
- Deposits from customers	788,954	10,190	799,144

The adjustment relates to advance from customers that are deposits in nature which have been reclassed to deposits from customers in note 19 to the financial statements.

28. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 18 June 2018.