

Sandpiper Digital Payments AG

Interim Financial Statements

as per 30 June 2016



Financial review

Environment

Sandpiper Digital Payments AG, www.sandpiper.ch, is a stock-listed technology holding based in St. Gallen, Switzerland. The company is focused on the consolidation of the fragmented payment landscape in Europe by pursuing a "buy & build" strategy in the area of digital cashless payments and access control. Sandpiper Digital Payment's shares are listed on Berne Stock Exchange.

Sandpiper Digital Payments is already today one of the largest providers of closed-loop payment systems in Europe. Sandpiper Digital Payments solutions provide safe and intuitive payment technologies based on RFID/NFC and mobile applications for the verticles sports & events, campus & corporate, retail & leisure and security & services.

Business year

In the first half of 2016, Sandpiper Digital Payments continued its international growth strategy. In January Sandpiper Digital Payments AG purchased IDpendant GmbH (www.idpendant.de). IDpendant GmbH specializes in IT security solutions, smart cards and USB tokens. It is independent of all manufacturers and offers a wide range of services, including authentication technology, client security products, single sign-on systems, encryption solutions, card and mobile device management systems as well as security hardware.

Sandpiper Digital Payments AG increased its stake in PlayPass from 23% to 38.9%. PlayPass NV, www.playpass.be, is the leading festival solution company providing contactless solutions for cashless payments, accreditation, access management and brand activation. PlayPass NV is executing their internationalization strategy and managed to secure market entry into the UK market. PlayPass equips the 2016 edition of the dance festival "Eastern Electric" at Hatfield House and has recently been nominated for Startup of the Year in Belgium.

By the end of June the residual shares of Ergonomics were purchased. Sandpiper Digital Payment owns now 100% of the shares (prior year 51%). Ergonomics AG is a leading Swiss IT solutions provider in the areas of electronic payment and IT security. For 25 years, Ergonomics has been implementing bespoke software solutions for financial institutions, government agencies, retail, trading companies and manufacturing.

Sandpiper Digital Payments AG increased its stake in InterCard AG Informationssysteme from 40% to 50.4%. InterCard is the market leader for multifunctional card systems for universities, institutions of higher education and other educational institutions in Germany. Over 150 universities, institutions of higher education and student services in Germany alone have put their trust in the high security standard and the reliability of the InterCard systems.

The full consolidation of InterCard AG Informationssysteme affected most balance sheet lines significantly. With total assets of EUR 6.9 million InterCard makes up around 40% of total assets of the Sandpiper Digital Payments' assets.

Key figures:

EUR	30.06.2016	31.12.2015	Change
Total assets	16'922'687	14'291'218	18.4%
Shareholders equity attributable to SDP shareholder	-11'685'993	-3'250'723	259.5%
Shares outstanding	166'440'030	147'454'488	12.9%
NAV per share	-0.07	-0.02	218.5%

EUR	1.1.2016	1.1.2015	Change
	30.6.2016	30.6.2015	
Operating income	11'164'807	9'909'215	12.7%
Earnings before interests and taxes (EBIT)	-2'131'380	-653'518	226.1%
Net loss attributable to SDP shareholder	-3'584'255	-613'379	484.3%
Basic earnings per share	-0.02	0.00	417.7%
Diluted earnings per share	-0.02	0.00	372.8%

The acquisitions and the loss boosted Sandpiper Digital Payments' indebtedness. Total liabilities increased from EUR 17.9 million to EUR 28.3 million.

Total equity reduced from EUR -3.6 million to EUR -11.4 million. Drivers were the loss of EUR 3.6 million and the offsetting of goodwill of EUR 5.4 million.

Even though operating income could be increased from EUR 9.9 million to EUR 11.2 million profitability is reduced.

Outlook

The market for digital payments is driven by innovations, such as value added services and mobile applications. SANDPIPER expects that the dynamics continue throughout 2016 offering great potential for the execution of SANDPIPER's buy & build strategy.

SANDPIPER's excellent client access, the large customer base of more than 6 million users, the modular solution offering and the dynamic market growth facilitates the future growth in the business segments for Sports & Events, Campus & Corporation, Retail & Leisure as well as Security & Services. Recently, Sandpiper has also launched mobile payment solution which is operational in soccer stadiums and multifunctional arenas in Germany.

SANDPIPER has secured market access to South America, China, South East Asia and Australia and expands its geographic footprint in 2016, with revenues materializing in the second half of the year.

The integration and harmonization of SANDPIPER's group companies continues while the SANDPIPER brand is strengthened.

Consolidated balance sheet of Sandpiper Digital Payments AG

Assets

EUR	30.06.2016	31.12.2015	Change
Cash and cash equivalents	1'155'151	2'950'123	-60.8%
Trade receivables	3'767'152	2'161'626	74.3%
Other short term receivables	1'551'897	876'748	77.0%
Inventories	4'447'587	1'095'238	306.1%
Prepayments and accrued income	532'485	388'823	36.9%
Total current assets	11'454'272	7'472'558	53.3%
Property, plant and equipment	2'367'411	1'921'474	23.2%
Financial assets	386'548	3'024'260	-87.2%
Intangible assets	2'714'456	1'872'926	44.9%
Total non-current assets	5'468'415	6'818'660	-19.8%
TOTAL ASSETS	16'922'687	14'291'218	18.4%

Equity and liabilities

EUR	30.06.2016	31.12.2015	Change
Financial debts	606'851	584'443	3.8%
Trade payables	3'802'305	2'326'212	63.5%
Other liabilities	2'880'032	2'451'771	17.5%
Provisions	3'466'006	1'393'765	148.7%
Accrued expenses	2'067'822	711'151	190.8%
Total current liabilities	12'823'015	7'467'342	71.7%
Financial debts	11'536'676	5'237'732	120.3%
Provisions	3'939'363	5'195'500	-24.2%
Total non-current liabilities	15'476'039	10'433'233	48.3%
Total liabilities	28'299'054	17'900'575	58.1%
Share capital	12'641'288	12'641'288	0.0%
Capital reserves	33'849'231	33'143'881	2.1%
Treasury shares	-408'430	-200'000	104.2%
Retained earnings and translation differences	-54'183'828	-44'807'339	20.9%
Net loss	-3'584'255	-4'028'553	-11.0%
Equity of the Sandpiper Digital Payments shareholders	-11'685'993	-3'250'723	259.5%
Minority shareholders	309'626	-358'634	100.0%
Total equity	-11'376'367	-3'609'357	215.2%
Total equity and liabilities	16'922'687	14'291'218	18.4%

Consolidated income statement of Sandpiper Digital Payments AG

EUR	1.1.2016 30.6.2016	1.1.2015 30.6.2015	Change
Revenue	11'077'644	9'776'240	13.3%
Other operating income	87'163	132'975	-34.5%
Total operating income	11'164'807	9'909'215	12.7%
Material expenses	-5'203'775	-3'327'715	56.4%
Personnel expense	-5'541'161	-4'979'854	11.3%
Depreciation on tangible assets	-240'250	-272'901	-12.0%
Amortization of intangible assets	-290'861	-143'975	102.0%
Other operating expenses	-2'020'157	-2'279'970	-11.4%
Total operating expenses	-13'296'204	-11'004'415	20.8%
Operating result	-2'131'397	-1'095'200	94.6%
Share of results from associates	-15'849	-126'346	-87.5%
Financial expense	-1'600'991	-427'162	274.8%
Financial income	222'791	595'318	-62.6%
Financial result	-1'394'049	41'810	-3434.2%
Ordinary result	-3'525'446	-1'053'390	234.7%
Non-operating income	225	441'910	-99.9%
Non-operating expense	-208	-228	-8.7%
Non-operating result	17	441'682	-100.0%
Loss before taxes	-3'525'429	-611'708	476.3%
Income taxes	-44'533	-4'739	839.7%
Net loss	-3'569'962	-616'447	479.1%
Attributable to:			
Shareholders of Sandpiper Digital Payments AG	-3'584'255	-613'379	484.3%
Minority shareholders	14'293	-3'068	-565.9%
Earnings per share (EPS) – expressed in EUR per share:			
Basic earnings per share	-0.02	0.00	417.7%
Diluted earnings per share	-0.02	0.00	372.8%
Shares outstanding	166'440'030	147'454'488	

Consolidated statement of cash flows of Sandpiper Digital Payments AG

EUR	1.1.2016 30.6.2016	1.1.2015 30.6.2015	Change
Net loss	-3'569'962	-616'447	479.1%
Depreciation and amortization of non-current assets	531'111	416'876	27.4%
Share based compensation	215'719	0	100.0%
Changes in provisions	816'105	407'774	100.1%
Changes in trade receivables	-1'605'526	-126'346	1170.7%
Changes in inventories	-3'352'349	-118'729	2723.5%
Changes in other receivables and accrued income	-818'811	-80'060	922.7%
Share of result from associates	15'849	-793'416	-102.0%
Changes in trade payables	1'476'092	-996'952	-248.1%
Changes in other liabilities and accrued expenses	1'784'931	-2'083'253	-185.7%
Cash flow from operating activities	-4'506'841	-3'990'553	12.9%
Investments in property, plant and equipment	-686'187	-209'700	227.2%
Investments in financial assets	2'621'863	-379'872	-790.2%
Investments in intangible assets	-1'132'391	-147'099	669.8%
Investments in subsidiaries	-4'698'577	0	100.0%
Cash flow from investing activities	-3'895'292	-736'671	428.8%
Purchase/sale of treasury shares	281'201	-442'653	-163.5%
Change in current financial debts	22'407	187'908	-88.1%
Change in non-current financial debts	6'298'943	2'590'362	143.2%
Cash flow from financing activities	6'602'552	2'335'617	182.7%
Net impact of foreign exchange rate differences on cash	4'609	-4'910	-193.9%
Change in cash and cash equivalents	-1'794'972	-2'396'517	-25.1%
Verification:			
At beginning of period	2'950'123	4'582'367	-35.6%
At end of period	1'155'151	2'185'850	-47.2%
Change in cash and cash equivalents	-1'794'972	-2'396'517	-25.1%

Consolidated statement of changes in equity of Sandpiper Digital Payments AG

EUR	Share capital	Capital reserves	Treasury shares	Retained earnings	Equity attributable to SDP shareholders	Minority shareholders	Total equity
Balance at 31.12.2014	11'087'26	29'416'740	0	- 43'324'641	- 2'820'676	397'764	3'218'439
Net loss	0	0	0	-613'379	-613'379	-3'068	-616'447
Capital increase	0	0	0	0	0	0	0
Transactions with treasury shares	0	-442'653	0	0	-442'653	0	-442'653
Currency Translation	0	0	0	-65'074	-65'074	60'164	-4'910
Balance at 30.06.2015	11'087'26	28'974'087	0	44'003'095	- 3'941'782	340'667	4'282'449
Net loss	0	0	0	-3'415'174	-3'415'174	3'182	-3'411'992
Share-based compensation	0	225'665	0	0	225'665	0	225'665
Capital increase	1'554'062	3'501'477	0	0	5'055'539	0	5'055'539
Acquisition / Goodwill offsetting	0	0	0	-1'509'393	-1'509'393	0	-1'509'393
Transactions with treasury shares	0	442'653	-200'000	0	242'653	0	242'653
Currency translation	0	0	0	91'769	91'769	-21'149	70'620
Balance at 31.12.2015	12'641'288	33'143'881	-200'000	48'835'893	- 3'250'723	358'634	3'609'357
Net loss	0	0	0	-3'584'255	-3'584'255	14'293	-3'569'962
Share-based compensation	0	215'719	0	0	215'719	0	215'719
Acquisition / Goodwill offsetting	0	0	0	-5'352'544	-5'352'544	653'967	-4'698'577
Transactions with treasury shares	0	489'631	-208'430	0	281'201	0	281'201
Currency translation	0	0	0	4'609	4'609	0	4'609
Balance at 30.06.2016	12'641'288	33'849'231	-408'430	57'768'083	- 11'685'993	309'626	11'376'367

Share capital of Sandpiper Digital Payments AG consists of 167'406'344 (prior year 151'294'892) registered shares with a nominal value of CHF 0.10 each.

There are no non-distributable, statutory or legal reserves (prior year EUR 0).

The shareholders decided on the shareholders' meeting on 27 July 2015:

Authorized capital increase, maximum	CHF	7'564'744.60
thereof used	CHF	1'711'145.20

Notes to the consolidated interim financial statements of Sandpiper Digital Payments AG as per 30 June 2016

Summary of significant accounting policies

Basis of preparation

The financial statements provide a true and fair view of the assets, financial position and earnings of Sandpiper Digital Payments AG's and its subsidiaries ("Group" or "SDP") and have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER 31. Swiss GAAP FER 31 permits condensations in presentation and disclosure compared to an annual financial statement.

The financial statements of the Group are based upon the financial statements of the Group companies as at 30 June and are established in accordance with the standardized reporting and accounting policies. The financial statements are based on the principle of historical acquisition costs (except for securities and derivative financial instruments recognized at fair value) and on the going concern principle. The statements are presented in Euro (EUR).

Consolidation policies

The Group includes all companies that are directly or indirectly controlled by Sandpiper Digital Payments AG. In this respect, control is defined as the power to control the financial and operating activities of the respective company, so as to obtain benefits from its operations. This control is normally evidenced by the holding of more than half of the voting rights of the share capital of an entity. Group companies are consolidated from the date on which control is transferred to the Group. Subsidiaries intended for disposal are excluded from the consolidation from the date on which control ceases.

Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of acquisition. The difference between the acquisition costs and the proportional revalued net assets is referred to as goodwill. Within the scope of acquisitions, potentially existing but until now not capitalized intangible assets such as brands, usage rights and client lists are not recognized separately, but instead remain part of goodwill. Goodwill may also arise from investments in associated companies and is defined as the difference between the acquisition costs of the investment and its proportional revalued net assets. The goodwill resulting from acquisitions is recognized directly in the Group's equity. The notes to the financial statements disclose the effects that a theoretical capitalization and amortization of the acquired goodwill would have.

In the event that shares of the Group or associated companies are sold, the difference between the proceeds from the sale and the proportional book value, including historical goodwill, is recognized as a gain or loss in the income statement. Non-controlling interests in equity and in net income are disclosed separately in the consolidated balance sheet and the consolidated income statement. Changes in ownership interests in subsidiaries are recognized as equity transactions, provided that control continues. Intercompany transactions, balances and unrealized gains and losses from transactions between group companies are eliminated in full.

Associates are all companies on which the Group exerts significant influence, but does not control. This is generally evidenced when the Group holds voting rights of 20% to 50% of a company. Representation on the

board of directors or access to the current financial information of a company are also indicators of significant influence. Investments in associated companies are accounted for using the equity method and are initially recognized at cost. Unrealized gains and losses from transactions with associated companies are eliminated to the extent of the Group's participation in the associated company. The accounting policies of associated companies are adjusted where necessary in order to ensure consistency with the policies observed by the Group.

Proportionate consolidation is applied for participations in joint ventures.

Participations in companies where the Group holds less than 20% of the voting rights and does not have significant influence are carried at the current value.

Foreign currency translation

The financial statements of the Group are presented in the reporting currency of Euro (EUR). The financial statements of the individual companies to be consolidated are translated into the Group's currency at the effective date with the current rate method. This currency translation is carried out

- λ for the assets and liabilities at the year-end exchange rates,
- λ for equity at historical exchange rates,
- λ and for the income statement and statement of cash flows at average annual exchange rates.
- λ Any translation differences are recognized in equity without affecting the income statement.

In the event that a foreign entity is sold, the cumulative translation differences recognized in equity, which are a result of the translation of the financial statements and intercompany loans, are reversed from the accounts and reported in the income statement as part of the gain or loss on the sale.

Change in accounting policies

Segment Reporting

Due to the rapid growth the management changed its reporting segments. The segments "Polyright", "Payment Solutions" and "Multicard" were replaced by "Sport & Events", "Campus & Corporate" and "Security & Services". The segment "Investing activities" is unchanged.

The note segment information is prepared by using the new structure. Prior year amounts were restated accordingly.

Accounting principles

The financial statements are based on the principle of historical acquisition costs. A separate valuation concept is applied for assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise petty cash, cash at banks and short-term deposits with an original maturity of three months or less. They are recorded at their nominal value.

Marketable securities

Purchases and sales of securities are recognized in accordance with the settlement date principle. The securities are initially measured at cost, and the transaction costs are charged to the income statement. Subsequently, the listed securities are recorded in the balance sheet at market value on the balance sheet date. All realized and unrealized gains and losses resulting from variations in market values and foreign currencies are recorded in the income statement.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. In the event of a resale at a later point in time, a gain or loss is recognized as an addition to or reduction of capital reserves.

Trade receivables

Trade receivables are recognized and carried at the original net invoice amount less an allowance for any specifically impaired receivables. Provision is made for balances overdue more than 12 months or for receivables where specific risks have been identified. Bad debts are written off when there is objective evidence that the Group will not be able to collect the receivables.

Other receivables

Other receivables are recognized and carried at nominal value less an allowance for any specifically impaired receivables.

Inventories

Inventories are valued at the lower of cost or net realizable value. Any discounts received are treated as cost reductions. Manufacturing costs comprise all costs directly attributable to material and production, as well as overhead costs incurred in building up the inventory at its current location and/or to its current condition. Acquisition costs are determined according to the weighted average method. Inventories with unsatisfactory inventory turnover are revalued accordingly.

Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at historical cost less accumulated depreciation and any impairments. Acquisition costs comprise the purchase price as well as the costs directly attributable to the utilization of the property, plant and equipment. Investments in existing property, plant and equipment are only capitalized if their value in use is sustainably increased or their useful life is extended considerably. Self-constructed assets are only capitalized if they are clearly identifiable and the costs can be reliably determined, and if the assets generate measurable benefits for the Group over a period of several years. Maintenance and repair costs that do not add value are charged directly to the result for the period.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

λ	Land	no depreciation
λ	Buildings	30-35 years
λ	Technical equipment, machines	8-12 years

Other fixed assets:

λ	Furniture	3-5 years
λ	IT equipment	3-5 years
λ	Vehicles	3-5 years

The Group does not capitalize any interest expenses incurred during the construction period.

Financial assets

Non-current financial loans to associates or third parties are recorded at historical costs less allowance for any specifically impaired loan. Investments in associated companies are accounted for using the equity method. Participations in companies where the Group does not have significant influence are carried at the current value.

Derivative financial instruments

Derivative financial instruments are only used for hedging risks from fluctuations in interest rates or foreign exchange rates. The valuation of derivative financial instruments is according to the same principles like the hedged items.

Intangible assets

Intangible assets comprise acquired licenses, capitalized development cost and trademarks. Intangible assets are recorded in the balance sheet at historical cost less accumulated amortization and any impairment. They are amortized on a straight-line basis over their useful life (max. 5 years).

Internally generated intangible assets are capitalized if all the following criteria are met:

- λ The self-generated intangible asset must be separately identifiable and is controlled by the Group.
- λ It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.
- λ The cost of the asset can be measured reliably.

Goodwill

The difference between the acquisition costs and the actual value of the net identifiable assets of the acquired company at the time of the purchase represents goodwill from business combinations. The goodwill resulting from acquisitions is recognized in Group equity at the time of the acquisition. The Notes to the financial statements disclose the effects that a theoretical capitalization and amortization of the goodwill would have. Goodwill may also arise from investments in associated companies, calculated as the difference between the acquisition costs of the investment and its proportional revalued net assets.

Impairment of assets

The recoverable value of non-current assets (including goodwill recognized in equity) is verified on every balance sheet date. If there are indications of a sustained impairment, the recoverable amount of the respective assets will be determined. The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the smallest group of assets to which the individual asset belongs. If the book value of an asset exceeds the recoverable amount, an impairment loss is recognized separately in the income statement. As the goodwill is already recognized in equity at the time at which it was acquired, a goodwill impairment would not result in a charge being recorded in the income statement, but leads to a disclosure in the notes to the financial statements. In the event that a Group company is sold, any goodwill acquired at an earlier point in time and recognized in equity is taken into consideration when determining the gain or loss in the income statement.

Liabilities

Liabilities are recognized at nominal values.

Provisions

Provisions are recognized:

- λ when the Group has a present legal or constructive obligation as a result of past events
- λ when it is probable that an outflow of resources will be required to settle the obligation, and
- λ when a reliable estimate of the amount of the obligation can be made.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate receivable, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted, using a current discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision in function of time is recognized as interest expense.

Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

Current 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 at the balance sheet date.

Deferred tax is recognized in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax regulations and rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply.

Deferred tax assets are recognized for all deductible temporary differences and tax credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is not intended that the temporary difference will reverse in the foreseeable future.

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

Pension obligations

Group companies participate in various pension schemes, which conform to the legal regulations and provisions in force in the respective countries. The actual economic effects of pension schemes on the Group are calculated at balance sheet date. An economic obligation is recognized as a liability if the requirements for the recognition of a provision are met. An economic benefit is capitalized provided that this can be used for future Group pension expenses. Freely available employer contribution reserves are capitalized.

Employees of the Swiss group companies are insured as part of the "Sammelstiftung BVG der Allianz Suisse Lebensversicherungsgesellschaft", which is a separate legal entity and is financed by contributions from both employers and employees. Surpluses or deficits are calculated based on the Pension Fund's financial statements, which have been drawn up in accordance with Swiss GAAP FER 26. The Group's pension costs include the employer contributions accrued in the period as well as any economic effects from the excess/shortfall and the change in employer contribution reserves.

There are subsidiaries outside Switzerland which participate in pension schemes. These funds are treated in the same way as the Swiss plan in terms of accounting, i.e. paid contributions as well as any effects from the excess/shortfall are recorded as expenses. In some countries, there are also pension plans that do not have own assets, whereby the corresponding benefit provisions are recognized directly in the balance sheet and any changes are recognized in the income statement.

Annotations to the consolidated financial statements

1. Business combinations

The following companies were consolidated in 2016 for the first time:

- λ IDpendant GmbH, Unterschleißheim, Germany, (acquired as per 4 January 2016)
- λ Sandpiper Digital Payments Asia Private Limited, Singapore (founded as per 29 March 2016)

Sandpiper Digital Payments increased its stake in the following entities:

- λ InterCard AG Informationssysteme, Villingen-Schwenningen, Germany (from 40.1% to 50.3%)
- λ Ergonomics AG, Zurich, Switzerland (from 51% to 100%)
- λ Playpass NV, Antwerp, Netherlands (from 22.75% to 38.9%)
- λ Payment solutions from 93% to 97% through capital increase

IDpendant GmbH was purchased 64% in January 2016. Sandpiper Digital Payments Asia Private Limited was founded in March 2016 to enter the Asian market with the acquisition of the GoGorilla Assets. InterCard AG Informationssysteme previously accounted for using the equity method is fully consolidated from the 30 June 2016. Ergonomics AG was already controlled in prior year. For Ergonomics AG the consolidation method is unchanged but shares from minority shareholders could be fully purchased. With the participation in the capital increase and the purchase of additional share the share in Playpass NV could be increased to 35.3%.

For the investments in the companies the Group paid KEUR 4'213. Goodwill of KEUR 5'353 resulted from the transactions.

InterCard AG Informationssysteme entered to the consolidation with the following balance sheet items as per 30 June 2016:

EUR	30.06.2016
Cash and cash equivalents	488'582
Trade receivables	1'160'674
Other short term receivables	1'114'495
Inventories	2'491'302
Property, plant and equipment	634'694
Financial assets	676
Intangible assets	971'892
Trade payables	960'314
Other liabilities	614'027
Financial debts	3'160'091
Provisions	395'357

In 2015, Sandpiper Digital Payments did not purchase any new subsidiary. In April 2015, the 100% subsidiary PAIR Solutions GmbH was founded.

In the consolidated statement of cash flows the Group discloses the excess of the purchase price over the net asset acquired, as "Investments in subsidiaries". The acquired balances sheet items (such as trade receivables etc.) are included in the consolidated cash flow statement in the corresponding balance sheet movements.

2. Financial assets

EUR	30.06.2016	31.12.2015	Change
Investments in associates	103'661	2'575'753	-96.0%
Other investments	748'142	726'711	2.9%
Other non-current financial receivables from third parties	286'587	386'886	-25.9%
Allowance on non-current financial assets	-751'842	-665'090	13.0%
Total	386'548	3'024'260	-87.2%

Investments in associates contain the 38.9% in Playpass NV (2015: 22.8%). InterCard AG. In previous year the position also included InterCard AG which is now fully consolidated.

Other investments contain fully impaired investments in companies in liquidation and participations in companies where the Group holds less than 20% of the voting rights and does not have significant influence.

Other non-current financial receivables from third parties contain loans and deposits.

3. Financial debts

EUR	30.06.2016	31.12.2015	Change
Bank debts	143'388	122'660	16.9%
Loans from related parties	0	294'272	-100.0%
Other financial liabilities	463'463	167'511	176.7%
Total current financial liabilities	606'851	584'443	3.8%

EUR	30.06.2016	31.12.2015	Change
Loans	2'803'596	0	0.0%
Bank debts	3'560'257	421'418	744.8%
Convertible Loans	5'000'361	4'742'000	5.4%
Other financial liabilities	172'462	74'314	132.1%
Total non-current financial liabilities	11'536'676	5'237'732	120.3%

The Loans result mainly from the purchase of the new investments. The increase in bank debts to KEUR 3'560 mainly derives from the consolidation of InterCard AG.

4. Goodwill accounting

Goodwill is recognized in equity at the time of purchase of a subsidiary or an investment in an associated company. The theoretical capitalization of goodwill, based on a useful life up to 5 years, would have the following impact:

Balance sheet in EUR	30.06.2016	31.12.2015
Reported equity including minority shareholders	-11'376'367	-3'609'357
Equity financing	n/a	n/a
Historical cost goodwill		
At the beginning of the financial year	37'390'998	35'881'605
Additions	5'352'544	1'509'393
Disposals	0	0
At the end of the financial year	42'743'542	37'390'998
Accumulated amortization		
At the beginning of the financial year	3'824'249	7'251'791
Additions	0	3'949'232
Disposals	0	0
At the end of the financial year	16'500'010	12'675'761
Theoretical net book value of goodwill	26'243'532	24'715'237
Theoretical equity including minority shareholders and goodwill	14'867'165	21'105'880
Theoretical equity financing	34.4%	54.1%
Impact of the theoretical amortization of goodwill on net income:		
Income statement in EUR	1.1.2015 30.6.2015	1.1.2014 30.6.2014
Reported net loss	-3'569'962	-616'447
Theoretical amortization of goodwill	-3'824'249	-3'588'161
Net loss after amortization of goodwill	-7'394'211	-4'204'608

5. Segment information

Net revenue in the operating segments (in EUR):

01.01.2015 30.06.2015	Sport & Events	Campus & Corporate	Security & Services	Investing activities	Elimination	Total
Third parties	4'097'141	1'941'050	3'629'900	108'149	0	9'776'240
Group	431'822	0	0	0	-431'822	0
Net Sales	4'528'963	1'941'050	3'629'900	108'149	-431'822	9'776'240
Net income	-355'629	-523'350	7'775	-237'161	491'918	-616'447

01.01.2016 30.06.2016	Sport & Events	Campus & Corporate	Security & Services	Investing activities	Elimination	Total
Third parties	2'851'743	2'136'450	6'089'452	0	0	11'077'644
Group	0	20'305	119'848	0	-140'152	0
Net Sales	2'851'743	2'156'754	6'209'299	0	-140'152	11'077'644
Net income	-757'400	-462'825	126'480	-2'476'216	0	-3'569'962

Net revenue in the regional markets:

EUR	01.01.2016 30.06.2016	01.01.2015 30.06.2015	Change
Switzerland	6'467'755	5'497'836	17.6%
Germany	3'328'702	2'551'983	30.4%
Netherlands	1'275'565	1'418'155	-10.1%
United Kingdom	29'386	77'841	-62.2%
Other	116'389	662'248	-82.4%
Eliminations	-140'152	-431'822	-67.5%
Total	11'077'644	9'776'240	13.3%

6. Earnings per share

Basic earnings per share

EUR	01.01.2016 30.06.2016	01.01.2015 30.06.2015
Net income attributable to shareholders of Sandpiper Digital Payments AG	-3'584'255	-613'379
Number of shares outstanding	166'440'030	147'454'488
Basic earnings per share	-0.02	0.00

Diluted earnings per share

EUR	01.01.2016 30.06.2016	01.01.2015 30.06.2015
Net income attributable to shareholders of Sandpiper Digital Payments AG	-3'584'255	-613'379
Interest on convertible loans	81'234	22'835
Adjusted net income	-3'503'021	-590'544

EUR	30.06.2016	30.06.2015
Number of shares issued	168'406'344	151'294'892
Treasury shares	-1'966'314	-3'840'404
Potential number of shares from convertible loans	17'906'247	9'000'000
Potential number of shares outstanding	184'346'277	156'454'488

Diluted earnings per share	-0.02	0.00
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7. Treasury shares

	Number	Value	Volume
Opening balance 1.1.2016	1'000'000	0.2	200'000
Disposals	-469'670	0.20	-93'934
Acquisitions	5'739'580	0.21	1'194'876
Disposals	-4'303'596	0.21	-892'513
Closing balance 30.06.2016	1'966'314	0.21	408'430

8. Events after the balance sheet date

There were no subsequent events with effect on the financial statements as per 30 June 2016.

9. Subsidiaries and participations

Company name	Country	Registered Office	Segment	Share capital in 1'000	Share of capital in %	Share of voting rights in %	Method
Sandpiper Digital Payments Asia Private Limited	Singapore	Singapore	SE	SGD 150	100	100	V
AZEGO Technology Services (US) Inc.	USA	Ramsey	IA	USD 50	15	15	B
AZEGO TS Ltd.	UK	Reading	IA	GBP 400	10	10	B
E24 AG	Switzerland	Zurich	SS	CHF 250	100	51	V
Ergonomics AG	Switzerland	Zurich	SS	CHF 800	100	51	V
hattrick GmbH	Germany	Hamburg	SE	EUR 13	97	97	V
IDpendant GmbH	Germany	Unterschleißheim	SS	EUR 25	64	64	V
InterCard AG	Germany	Villingen-Schwenningen	IA	EUR 1'450	50	50	V
Multicard Netherland B.V.	Netherlands	Oud-Beijerland	SE	EUR 18	100	100	V
payment solution AG	Germany	Hamburg	SE	EUR 595	97	97	V
payment solution services GmbH	Germany	Hamburg	SE	EUR 13	97	97	V
payment solution services Ltd.	UK	London	SE	GBP 2	97	97	V
PAIR Solutions GmbH	Germany	Elmshorn	CC	EUR 25	100	100	V
Playpass NV	Netherlands	Antwerp	SE	EUR 120	39	39	E
Polyright AG	Switzerland	Sion	CC	CHF 400	100	100	V
Prima Live Ltd.	Malta		IA	EUR 7	17	17	B
Rumble Media GmbH	Germany	Karlsruhe	IA	EUR 160	1	1	B
SmartLoyalty AG	Germany	Wiesbaden	IA	EUR 190	15	15	B
smava GmbH	Germany	Berlin	IA	EUR 1'743	1	1	B

Consolidation method

V Full consolidation

Q Proportionate consolidation

E Equity method

B Current value

Segments

SE Sport & Events

CC Campus & Corporate

SS Security & Services

IA Investing activities

The consolidation method for InterCard changed from the equity method to full consolidation. The new founded Sandpiper Digital Payments Asia Private Limited and the acquired IDpendant GmbH are fully consolidated.

Sandpiper Digital Payments also expanded its footprint in the event market by increasing the strategic investment in PlayPass from 23% to 38.9%.

In prior year Sandpiper Digital Payments extended its technological platform through an investment in Smart-Loyalty AG, Germany (15%).

In 2015 the investment in Carbon Equity AG was disposed. Kuponjo GmbH and Herrenschmiede GmbH filed for insolvency.