

Sandpiper Digital Payments AG

Interim Financial Statements

as per 30 June 2017



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 provides payment systems and services and focuses on hard-to-reach industries with long term cooperation effects, e.g. sports, events, retail, ticketing and education industry.

We aim to be market leader in each of these segments by international growth, corporate acquisitions and realizing synergy and cross-selling potentials within the group.

SANDPIPER is a global platform provider of closed loop digital payment, proximity marketing and loyalty on mobile. We provide mobile commerce solutions to financial institutions, sport- and event, publisher- and ad networks, retailers and brands.

Our technology platform delivers proximity engagement and loyalty solutions for retailers, media owners and brands by utilizing technologies such as NFC, Bluetooth LE, geo-fencing and QR codes. Pulsopay® is our mobile contactless payment platform that enables banks to transition their card portfolio onto mobile, for mobile contactless payments.

Business year

After the rapid growth in the last years, SANDPIPER entered into a phase of consolidation and restructuring. Operational measures were taken to significantly improve the company's operating result towards the end of 2017 as a basis for a continued positive development in 2018.

As a matter of fact, SANDPIPER will concentrate its investment activities exclusively on successful business models. Thus, SANDPIPER invested in the capital increase of InterCard AG Informationssysteme (issued 83'000 new shares and raised EUR 0.5 million of new capital) and kept 50.4% of the voting rights. Also, SANDPIPER participated in the convertible loan of Playpass NV to fund the growth in 2017.

SANDPIPER, as the majority shareholder of payment solution ag, also decided that financing will be discontinued after the Board of Directors could no longer be convinced of the sustainability of the presented future concepts. Consequently, payment solution ag had to apply for insolvency. Due to the lack of control, the company is no longer consolidated.

Key figures:

EUR	30.06.2017	31.12.2016	Change
Total assets	14'816'979	15'736'889	-5.8%
Shareholders equity attributable to SDP shareholder	-8'110'861	-13'195'792	38.5%
Shares outstanding	210'923'057	210'345'451	0.3%
NAV per share	-0.04	-0.06	38.7%

EUR	01.01.2017	01.01.2016	Change
	30.06.2017	30.06.2016	
Operating income	16'421'670	11'164'807	47.1%
Earnings before interests and taxes (EBIT)	3'154'654	-2'131'380	48.0%
Net profit (prior year loss) attributable to SDP shareholder	5'489'464	-3'584'255	253.2%
Basic earnings per share	0.03	-0.02	221.1%
Diluted earnings per share	0.02	-0.02	227.4%

The deconsolidation of payment solution ag and its subsidiaries impacted significantly the income statement. Payment solution contributed EUR 1.6 million revenue in prior year but also a net loss of EUR 0.6 million. The deconsolidation of net liabilities of payments solutions AG led to a positive net effect of EUR 3.7 million.

InterCard AG Informationssysteme is being consolidated since 30 June 2016. InterCard AG Informationssysteme is contributing EUR 6.2 million of revenue and a net loss of EUR 0.4 million the consolidated accounts.

The annual meeting on 30 June 2017 decided a share capital reduction of 90%. Nominal value is decreased from CHF 0.1 to CHF 0.01. In addition, authorized capital of CHF 1.1 million has newly been approved.

Outlook

The board of directors realized a modification of a purchase price for an acquisition in prior years. The execution of said modification will increase net equity by CHF 7.5 million.

In addition liabilities of CHF 6 million are reduced by CHF 3 million. The remaining CHF 3 million are ceded to a new creditor and converted to a subordinated loan.

In July two companies were sold which underlines the focus on profitable growth segments. 85% Sandpiper Digital Payments Asia Private Ltd were sold to the management. Also 100% of Polyright SA are sold to a related party. InterCard AG Informationssysteme is given the option to purchase 52% of the company in the first semester 2018.

Consolidated balance sheet of Sandpiper Digital Payments AG

Assets

EUR	30.06.2017	31.12.2016	Change
Cash and cash equivalents	884'481	2'029'196	-56.4%
Marketable Securities	18'892	18'892	0.0%
Trade receivables	3'535'303	4'258'605	-17.0%
Other short term receivables	1'267'371	780'966	62.3%
Inventories	3'515'828	3'016'010	16.6%
Prepayments and accrued income	677'497	652'192	3.9%
Total current assets	9'899'371	10'755'861	-8.0%
Property, plant and equipment	1'298'370	1'372'675	-5.4%
Financial assets	503'735	891'552	-43.5%
Intangible assets	3'115'503	2'716'801	14.7%
Total non-current assets	4'917'608	4'981'028	-1.3%
TOTAL ASSETS	14'816'979	15'736'889	-5.8%

Equity and liabilities

EUR	Notes	30.06.2017	31.12.2016	Change
Financial debts		8'262'034	8'548'040	-3.3%
Trade payables		2'870'282	3'352'261	-14.4%
Other liabilities		2'501'949	3'032'085	-17.5%
Provisions		894'223	2'558'875	-65.1%
Accrued expenses		1'984'287	2'304'791	-13.9%
Total current liabilities		16'512'774	19'796'053	-16.6%
Financial debts		4'386'201	2'304'749	90.3%
Provisions		1'075'781	6'435'959	-83.3%
Total non-current liabilities		5'461'982	8'740'708	-37.5%
Total liabilities		21'974'757	28'536'761	-23.0%
Share capital		16'615'540	16'615'540	0.0%
Capital reserves		32'851'008	33'266'072	-1.2%
Treasury shares		-76'806	-280'325	-72.6%
Retained earnings and translation differences		-62'975'249	-54'522'289	15.5%
Net profit (prior year loss)		5'489'464	-8'274'789	-166.3%
Equity of the Sandpiper Digital Payments AG shareholders		-8'096'043	-13'195'792	-38.6%
Non-controlling interests		938'266	395'921	100.0%
Total equity		-7'157'777	-12'799'872	-44.1%
Total equity and liabilities		14'816'979	15'736'889	-5.8%

Consolidated income statement of Sandpiper Digital Payments AG

EUR	Notes	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016	Change
Revenue		16'039'514	11'077'644	44.8%
Other operating income		382'156	87'163	338.4%
Total operating income		16'421'670	11'164'807	47.1%
Material expenses		-5'673'685	-5'203'775	9.0%
Personnel expenses		-8'217'709	-5'541'161	48.3%
Depreciation on tangible assets		-282'095	-240'250	17.4%
Amortization of intangible assets		-332'507	-290'861	14.3%
Other operating expenses		-2'591'982	-2'020'157	28.3%
Total operating expenses		-17'097'978	-13'296'204	28.6%
Operating result		-676'308	-2'131'397	-68.3%
Share of result from associates		-106'322	-15'849	570.8%
Financial expenses		-218'174	-1'600'991	-86.4%
Financial income		2'570'034	222'791	1053.6%
Financial result		2'245'538	-1'394'049	-261.1%
Ordinary result		1'569'230	-3'525'446	-144.5%
Non-operating income		3'909'833	225	1734100.1%
Non-operating expense		-78'871	-208	37785.9%
Non-operating result		3'830'962	17	22179151%
Profit before taxes		5'400'192	-3'525'429	-253.2%
Income taxes		-68'540	-44'533	53.9%
Net profit (prior year loss)		5'331'653	-3'569'962	-249.3%
Attributable to:				
Shareholders of Sandpiper Digital Payments AG		5'489'464	-3'584'255	-253.2%
Non-controlling interests		-157'812	14'293	-1204.1%
Earnings per share (EPS) – expressed in EUR per share:				
Basic earnings per share		0.03	-0.02	221.1%
Diluted earnings per share		0.02	-0.02	227.4%
Shares outstanding		210'923'057	166'440'030	

Consolidated statement of cash flows of Sandpiper Digital Payments AG

EUR	Notes	01.01.2017 30.06.2017	01.01.2016 30.06.2016	Change
Net profit (prior year loss)		5'331'653	-3'569'962	-249.3%
Depreciation and amortization of non-current assets		614'602	531'111	15.7%
Share-based compensation		-415'064	215'719	-292.4%
Changes in provisions		-7'024'830	816'105	-960.8%
Changes in trade receivables		723'303	-1'605'526	-145.1%
Changes in inventories		-499'818	-3'352'349	-85.1%
Changes in other receivables and and accrued income		-511'710	-818'811	-37.5%
Share of result from associates		106'322	15'849	570.8%
Changes in trade payables		-481'980	1'476'092	-132.7%
Changes in other liabilities and accrued expenses		-850'640	1'784'931	-147.7%
Cash flows from operating activities		-3'008'163	-4'506'841	-33.3%
Investments in property, plant and equipment		-207'791	-686'187	-69.7%
Investments in financial assets		281'495	2'631'383	-89.3%
Investments in intangible assets		-731'209	-1'132'391	-35.4%
Investments in subsidiaries		0	-4'680'838	-100.0%
Cash flow from investing activities		-657'504	-3'868'033	-83.0%
Capital increase (incl. agio)		240'881	0	49159360.2%
Deconsolidation of payment solution ag (net)		288'621	0	100.0%
Purchase/sale of treasury shares		203'519	281'201	-27.6%
Change in current financial debts		-286'006	22'407	-1376.4%
Change in non-current financial debts		2'081'452	6'298'943	-67.0%
Cash flow from financing activities		2'528'467	6'602'552	-61.7%
Net impact of foreign exchange rate differences on cash		-7'516	-22'651	-66.8%
Change in cash and cash equivalents		-1'144'716	-1'794'972	-36.2%
Verification:				
At beginning of year		2'029'196	2'950'123	-31.2%
At end of year		884'481	1'155'151	-23.4%
Change in cash and cash equivalents		-1'144'715	-1'794'972	-36.2%

Consolidated statement of changes in equity of Sandpiper Digital Payments AG

EUR	Share capital	Capital reserves	Treasury shares	Retained earnings	Equity attributable to SDP share-holders	Minority share-holders	Total equity
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	-3'529'365	-3'529'365	-40'597	-3'569'962
Share-based compensation	0	215'719	0	0	215'719	0	215'719
Acquisition / Goodwill offsetting	0	0	0	-5'333'954	-5'333'954	653'116	-4'680'838
Transactions with treasury shares	0	489'631	-208'430	0	281'201	0	281'201
Currency translation	0	0	0	-22'651	-22'651	0	-22'651
Balance at 30.06.2016	12'641'288	33'849'231	-408'430	-57'721'863	-11'639'773	253'886	-11'385'887
Net loss	0	0	0	-4'745'424	-4'745'424	124'774	-4'620'650
Share-based compensation	0	-26'320	0	0	-26'320	0	-26'320
Capital increase	3'974'252	-67'209	0	0	3'907'043	0	3'907'043
Acquisition / Goodwill offsetting	0	0	0	-360'214	-360'214	14'533	-345'681
Transactions with treasury shares	0	-489'631	128'104	0	-361'527	0	-361'527
Currency translation	0	0	0	30'423	30'423	2'728	33'151
Balance at 31.12.2016	16'615'540	33'266'072	-280'325	-62'797'079	-13'195'792	395'921	-12'799'871
Net profit	0	0	0	5'489'464	5'489'464	-157'812	5'331'653
Share-based compensation	0	-415'064	0	0	-415'064	0	-415'064
Capital increase InterCard	0	0	0	0	0	240'881	240'881
Deconsolidation payment solutions group	0	0	0	-179'863	-179'863	468'483	288'621
Transactions with treasury shares	0	0	203'519	0	203'519	0	203'519
Currency translation	0	0	0	1'692	1'692	-9'208	-7'516
Balance at 30.06.2017	16'615'540	32'851'008	-76'806	-57'485'785	-8'096'043	938'266	-7'157'777

Share capital of Sandpiper Digital Payments AG consists of 211'695'028 (prior year 166'440'030) registered shares with a nominal value of CHF 0.10 each (prior year CHF 0.10).

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

The shareholders decided on the shareholders' meeting on 30 June 2017:

Authorized capital increase, maximum	CHF	1'058'475.14
thereof used	CHF	0.00

Further, the shareholders' meeting on 30 June 2017 decided to decrease the nominal value of the shares from CHF 0.10 to CHF 0.01 and to net the loss carry-forward with the capital reserves. Based on this decision the bylaws were updated and the changes registered in the commercial register in July 2017.

Notes to the consolidated interim financial statements of Sandpiper Digital Payments AG as per 30 June 2017

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 "SANDPIPER") 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.

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 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 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

In 2017 no new subsidiaries were purchased. SANDPIPER participated in the capital increase of InterCard AG Informationssysteme and kept its stake at 50.4%.

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 19 April 2016)

SANDPIPER increased its stake in the following entities:

- λ InterCard AG Informationssysteme, Villingen-Schwenningen, Germany (from 40.1% to 50.4%)
- λ Ergonomics AG, Zurich, Switzerland (from 51% to 100%)
- λ Playpass NV, Antwerp, Netherlands (from 22.75% to 35.3%)

IDpendant GmbH was purchased 100% in January 2016. Sandpiper Digital Payments Asia Private Limited was founded in April 2016 to enter the Asian market with GoGorilla. 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 five companies the Group paid KEUR 4'213. Goodwill of KEUR 5'334 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 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	30.06.2017	31.12.2016	Change
Investments in associates	38'596	144'918	-73.4%
Other investments	11'984'970	726'711	1549.2%
Other non-current financial receivables from third parties	10'521'268	593'428	1673.0%
Allowance on non-current financial assets	-22'041'098	-573'505	3743.2%
Total	503'735	891'552	-43.5%

Investments in associates contain the 36% in Playpass NV. The decrease is due to the net loss of the period.

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. New is the deconsolidated and fully impaired payment solution ag of EUR 11.3 million.

Other non-current financial receivables from third parties contain loans and deposits. The significant change of EUR 10.2 million is due to the fully impaired loans to payment solution ag.

Allowances increased by EUR 21.5 million due to the deconsolidation of payment solution ag.

3. Financial debts

EUR	30.06.2017	31.12.2016	Change
Bank debts	1'331'839	1'155'815	15.2%
Loans from related parties	1'456'310	2'212'685	-34.2%
Convertible Loan	4'742'000	4'742'000	0.0%
Other financial liabilities	731'885	437'540	67.3%
Total current financial liabilities	8'262'034	8'548'040	-3.3%

EUR	30.06.2016	31.12.2015	Change
Loans	28'733	19'550	47.0%
Bank debts	2'306'451	2'285'199	0.9%
Convertible Loans	2'051'017	0	100.0%
Total non-current financial liabilities	4'386'201	2'304'749	90.3%

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	30.06.2017	31.12.2016
Reported equity including minority shareholders	-7'157'777	-12'799'872
Equity financing	n/a	n/a
Historical cost goodwill		
At the beginning of the financial year	43'085'166	37'390'998
Additions	0	5'694'168
Disposals	-15'434'397	0
At the end of the financial year	27'650'769	43'085'166
Accumulated amortization		
At the beginning of the financial year	29'501'173	12'675'760
Additions	2'700'741	8'129'789
Impairments	0	8'695'624
Disposals	-15'434'397	0
At the end of the financial year	16'767'517	29'501'173
Theoretical net book value of goodwill	10'883'252	13'583'993
Theoretical equity including minority shareholders and goodwill	3'725'475	784'121
Theoretical equity financing	14.5%	2.7%
Impact of the theoretical amortization of goodwill on net income:		
Income statement in EUR	01.01.2017	01.01.2016
	31.12.2017	30.06.2016
Reported net profit (prior year loss)	5'331'653	-3'569'962
Theoretical amortization of goodwill	-2'700'741	-3'824'249
Net profit (prior year loss) after amortization of goodwill	2'630'912	-7'394'211

The goodwill from the acquisition of payment solution ag of EUR 15.4 million was amortized and impaired in prior periods. The derecognition of the goodwill consequently has no effect on net equity. If the goodwill from the payment solutions ag acquisition was fully impaired only in 2017, net profit after amortization of goodwill of EUR 2.6 million turned into a net loss of EUR 12.8 million.

5. Segment information

Net revenue in the operating segments (in EUR):

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	6'209'300	0	-140'152	11'077'644
Net income	-757'400	-462'825	126'480	-2'476'216	0	-3'569'962

01.01.2017 30.06.2017	Sport & Events	Campus & corporate	Security & Services	Investing activities	Elimination	Total
Third parties	955'440	8'673'973	6'410'101	0	0	16'039'514
Group	0	0	65'995	0	-65'995	0
Net Sales	955'440	8'673'973	6'476'096	0	-65'995	16'039'514
Net income	3'675'569	-129'360	260'315	1'525'129	0	5'331'653

Net revenue in the regional markets:

EUR	01.01.2017 30.06.2017	01.01.2016 30.06.2016	Change	
Switzerland		6'272'186	6'467'755	-3.0%
Germany		8'490'663	3'328'702	155.1%
Netherlands		955'440	1'275'565	-25.1%
United Kingdom		18'150	29'386	-38.2%
Other		369'071	116'389	217.1%
Eliminations		-65'995	-140'152	-52.9%
Total		16'039'514	11'077'644	44.8%

6. Earnings per share

Basic earnings per share

EUR	01.01.2017 31.06.2017	01.01.2016 31.06.2016
Net income attributable to shareholders of SANDPIPER	5'489'464	-3'584'255
Number of shares outstanding	210'923'057	166'440'030
Basic earnings per share	0.03	-0.02

Diluted earnings per share

EUR	01.01.2017 31.06.2017	01.01.2016 31.06.2016
Net income attributable to shareholders of SANDPIPER	5'489'464	-3'584'255
Interest on convertible loans	40'617	81'234
Adjusted net income	5'530'081	-3'503'021

EUR	30.06.2016	30.06.2015
Number of shares issued	211'695'028	168'406'344
Treasury shares	-771'971	-1'966'314
Potential number of shares from convertible loans	17'906'247	17'906'247
Potential number of shares outstanding	228'829'304	184'346'277

Diluted earnings per share	0.02	-0.02
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7. Treasury shares

In 2016 the company purchased 5.8 million shares which were used as part of the purchase price of Ergonomics AG and the purchase of additional SmartLoyalty shares.

In 2017 9 million share were purchased at nominal value. They were used for the settlement of the liabilities resulting from the Playpass and Ergonomics acquisitions in prior year.

	Number	Value	Volume
Opening balance 1.1.2016	1'000'000	0.2	200'000
Disposals	-5'390'003	0.21	-1'131'901
Acquisitions	5'739'580	0.21	1'212'226
Closing balance 31.12.2016	1'349'577	0.21	280'325
Disposals	-757'606	0.21	-157'364
Acquisitions	9'000'000	0.09	831'374
Disposals	-8'820'000	0.10	-877'529
Closing balance 30.06.2017	771'971	0.10	76'806

8. Events after the balance sheet date

The board of directors realized a modification of a purchase price for an acquisition in prior years. The execution of said modification will increase net equity by CHF 7.5 million.

In addition liabilities of CHF 6 million are reduced by CHF 3 million. The remaining CHF 3 million are ceded to a new creditor and converted to a subordinated loan.

In July two companies were sold which underlines the focus on profitable growth segments. 85% Sandpiper Digital Payments Asia Private Ltd were sold to the management. Also 100% of Polyright SA are sold to a related party. InterCard AG Informationssysteme is given the option to purchase 52% of the company in the first semester 2018.

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
AZEGO Technology Services (US) Inc.	USA	Ramsey	IA	USD 50	15	15	B
AZEGO TS Ltd.	UK	Reading	IA	GBP 400	10	10	B
Control Systems GmbH & Co. KG	Germany	Villingen-Schwenningen	CC	EUR 15	26	26	V
COSMO.ID GmbH	Germany	Villingen-Schwenningen	CC	EUR 25	25	25	V
E24 AG	Switzerland	Zurich	SS	CHF 250	100	100	V
Ergonomics AG	Switzerland	Zurich	SS	CHF 800	100	100	V
hattrick GmbH	Germany	Hamburg	SE	EUR 13	97	97	B
IDpendant GmbH	Germany	Unterschleißheim	SS	EUR 25	54	54	V
InterCard AG Informationssysteme	Germany	Villingen-Schwenningen	CC	EUR 1'517	50	50	V
InterCard GmbH Kartensysteme	Germany	Villingen-Schwenningen	CC	EUR 1'600	50	50	V
IntraKey technologies AG	Germany	Dresden	CC	EUR 100	50	50	V
Mobile Services GmbH	Germany	Villingen-Schwenningen	CC	EUR 105	50	50	V
Multi-Access AG, Adliswil (CH)	Switzerland	Adliswil	CC	CHF 100	50	50	V
Multicard GmbH	Germany	Villingen-Schwenningen	CC	EUR 30	50	50	V
Multicard Netherland B.V.	Netherlands	Oud-Beijerland	SE	EUR 18	100	100	V
PAIR Solutions GmbH	Germany	Elmshorn	CC	EUR 25	100	100	V
payment solution ag	Germany	Hamburg	SE	EUR 1'190	97	97	B
payment solution services GmbH	Germany	Hamburg	SE	EUR 13	97	97	B
payment solution services Ltd.	UK	London	SE	GBP 2	97	97	B
Playpass NV	Belgium	Antwerp	SS	EUR 131	36	36	E

Polyright AG	Switzerland	Sion	CC	CHF 400	100	100	V
Prima Live Ltd.	Malta		IA	EUR 7	17	17	B
Professional Services GmbH Datentechnik	Germany	Villingen-Schwenningen	CC	EUR 60	35	35	V
Rumble Media GmbH	Germany	Karlsruhe	IA	EUR 160	1	1	B
Sandpiper Digital Payments Asia Private Ltd	Singapore	Singapore	SS	SGD 150	100	100	V
SmartLoyalty AG	Germany	Wiesbaden	IA	EUR 190	15	15	B
smava GmbH	Germany	Berlin	IA	EUR 1'743	1	1	B

Consolidation method

Segments

V Full consolidation	E Equity Method	IA Investing activities	SE Sport & Events
Q Proportionate consolidation	B Current Value	CC Corporate & Campus	SS Security & Services

In 2017 the consolidation method for payment solution ag and its subsidiaries changed from full consolidation to current value. The investment is fully impaired.

In prior year SANDPIPER increased its stake in Antwerp based PlayPass NV from 23% to 36%. The purchase of 64% of IDpendant could be announced in February. Subsequently 10% could be sold for that SANDPIPER holds a stake of 54%. The foundation auf Sandpiper Digital Payments Asia Private Ltd and the acquiring the assets of Singapore-based cashless payment startup, GoGORILLA, enhanced SANDPIPER's footstep in Asia. End of June SANDPIPER increased its stake in InterCard AG Informationssysteme from 40% to 50.4%. The stake in payment solution ag was increased from 94% to 97%.