

Report of the statutory auditor

with consolidated financial statements as of 31 December 2014 of

Sandpiper Digital Payments AG (formerly Logan Capital AG), St. Gallen

To the General Meeting of

Sandpiper Digital Payments AG (formerly Logan Capital AG), St. Gallen

Zurich, 25 June 2015

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Sandpiper Digital Payments AG (formerly Logan Capital AG), which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes on pages 36 to 54, for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Other Matter

As of 31 December 2014, consolidated financial statements were presented for the first time. With respect to the 2013 comparative figures, we refer to the notes to the consolidated financial statements under "Change in accounting policy" on page 41.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

During our audit performed in accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of consolidated financial statements, designed in accordance with the instructions of the Board of Directors, has not been documented in all material respects.

In our opinion, the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

Additionally, we point out that, contrary to the requirements of article 699 paragraph 2 CO, the ordinary general meeting of shareholders will not be held within six months after the balance sheet date.

Ernst & Young Ltd



Michael Bugs
Licensed audit expert
(Auditor in charge)



Marco Casal
Licensed audit expert

Enclosure

- Consolidated financial statements page (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

Financial Review

Consolidated balance sheet of SANDPIPER Digital Payments AG

Assets

EUR	Notes	31.12.2014	31.12.2013	Change
Cash and cash equivalents		4'582'367	33'062	13'759.9%
Trade receivables	2	2'331'583	0	100.0%
Other short term receivables	3	891'695	387'592	130.1%
Inventories	4	654'751	0	100.0%
Prepayments and accrued income		248'551	13'865	1'692.7%
Total current assets		8'708'946	434'519	1'904.3%
Property, plant and equipment	5	2'207'496	0	100.0%
Financial assets	7	1'392'781	28'596'744	-95.1%
Intangible assets	6	984'409	0	100.0%
Total non-current assets		4'584'685	28'596'744	-84.0%
TOTAL ASSETS		13'293'632	29'031'263	-54.2%

Equity and liabilities

EUR	Notes	31.12.2014	31.12.2013	Change
Financial debts	10	258'182	0	100.0%
Trade payables	8	3'323'918	34'906	9'422.5%
Other liabilities	9	4'680'816	5'169	90'455.5%
Provisions	11	2'272'069	1'718'483	32.2%
Accrued expenses		897'995	430'477	108.6%
Total current liabilities		11'432'980	2'189'035	422.3%
Financial debts	10	1'037'538	0	100.0%
Provisions	11	4'041'552	0	100.0%
Total non-current liabilities		5'079'090	0	100.0%
Total liabilities		16'512'070	2'189'035	654.3%
Share capital		11'087'226	7'146'965	55.1%
Capital reserves		29'416'740	23'604'221	24.6%
Retained earnings and translation differences		-39'792'541	-3'548'431	1'021.4%
Net loss		-3'532'101	-360'527	879.7%
Equity of the SANDPIPER Digital Payments shareholders		-2'820'676	26'842'228	-110.5%
Minority shareholders		-397'764	0	100.0%
Total equity		-3'218'439	26'842'228	-112.0%
Total equity and liabilities		13'293'632	29'031'263	-54.2%

Financial Review

Consolidated income statement of SANDPIPER Digital Payments AG

EUR	Notes	2014	2013	Change
Revenue	13	2'880'000	2'400'515	20.0%
Other operating income		208'930	563'365	-62.9%
Total operating income		3'088'930	2'963'880	4.2%
Direct portfolio expenses		-1'219'628	-407'075	199.6%
Material expenses		-998'422	0	100.0%
Personnel expenses		-2'919'970	0	100.0%
Depreciation on tangible assets	5	-134'098	0	100.0%
Amortization of intangible assets	6	-40'770	0	100.0%
Other operating expenses		-1'936'686	-3'042'291	-36.3%
Total operating expenses		-7'249'574	-3'449'366	117.0%
Operating result		-4'160'644	-485'486	757.0%
Financial expenses		-129'007	-21'717	494.0%
Financial income		360'837	146'676	146.0%
Financial result		231'830	124'959	85.5%
Ordinary result		-3'928'815	-360'527	989.7%
Non-operating income		393'289	0	100.0%
Non-operating expenses		-48'637	0	100.0%
Non-operating result		344'652	0	100.0%
Loss before taxes		-3'584'163	-360'527	894.1%
Income taxes	14	1'574	0	100.0%
Net loss		-3'582'588	-360'527	893.7%
Attributable to:				
Shareholders of SANDPIPER Digital Payments AG		-3'532'101	-360'527	879.7%
Minority shareholders		-50'487	0	100.0%

Earnings per share (EPS) – expressed in EUR per share:

Basic earnings per share	-0.02	-0.00
Diluted earnings per share	-0.02	-0.00
Shares outstanding	151'294'892	103'201'875

Financial Review

Consolidated statement of cash flows of SANDPIPER Digital Payments AG

EUR	Notes	2014	2013	Change
Net loss		-3'582'588	-360'527	893.7%
Depreciation and amortization of non-current assets	5/6	174'868	377'611	-53.7%
Loss/profit on sale of fixed assets	5/6	0	-1'938'784	100.0%
Changes in provisions	11	4'595'138	1'718'483	167.4%
Share of result from associates		0	0	0.0%
Changes in trade receivables	2	-2'331'583	0	-100.0%
Changes in inventories		-654'751	0	-100.0%
Changes in other receivables and accrued income	3	-738'789	898'786	-182.2%
Changes in trade payables	8	3'289'012	-1'526'925	315.4%
Changes in other liabilities and accrued expenses		5'143'165	182'735	2'714.5%
Cash flow from operating activities		5'894'472	-648'621	1'008.8%
Investments in property, plant and equipment	5	-2'341'594	0	-100.0%
Investments in financial assets	7	-1'367'807	-706'596	-93.6%
Proceeds from sale of financial assets	7	0	1'005'842	-100.0%
Investments in intangible assets	6	-1'025'179	0	-100.0%
Investments in subsidiaries		-36'228'881	0	-100.0%
Divestments of financial assets		28'571'770	0	+100.0%
Cash flow from investing activities		-12'391'690	299'246	-4'241.0%
Capital increase (incl. agio)		9'752'780	0	100.0%
Change in current financial debts	10	258'182	0	100.0%
Change in non-current financial debts	10	1'037'538	0	100.0%
Cash flow from financing activities		11'048'501	0	100.0%
Net impact of foreign exchange rate differences on cash		-1'977	-6'905	71.4%
Change in cash and cash equivalents		4'549'305	-356'280	1'376.9%
Verification:				
At beginning of year		33'062	389'342	-91.5%
At end of year		4'582'367	33'062	13'759.9%
Change in cash and cash equivalents		4'549'305	-356'280	1'376.9%

Financial Review

Consolidated statement of changes in equity of SANDPIPER Digital Payments AG

EUR	Share capital	Capital reserves	Retained earnings	Equity attributable to SDP shareholders	Minority shareholders	Total equity
Balance at 31.12.2012 (as reported, according to IFRS)	7'146'965	23'604'221	-3'548'431	27'202'755	0	27'202'755
Reconciliation from IFRS to Swiss GAAP FER	0	0	0	0	0	0
Balance at 31.12.2012 (as restated, according to Swiss GAAP FER)	7'146'965	23'604'221	-3'548'431	27'202'755	0	27'202'755
Net loss	0	0	-360'527	-360'527	0	-360'527
Dividends paid	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Transactions with treasury shares	0	0	0	0	0	0
Currency translation of foreign entities	0	0	0	0	0	0
Balance at 31.12.2013	7'146'965	23'604'221	-3'908'958	26'842'228	0	26'842'228
Net loss	0	0	-3'532'101	-3'532'101	-50'487	-3'582'588
Dividends paid	0	0	0	0	0	0
Capital increase	3'940'261	5'812'519	0	9'752'780	0	9'752'780
Acquisition / Goodwill offsetting	0	0	-35'881'605	-35'881'605	-347'276	-36'228'881
Transactions with treasury shares	0	0	0	0	0	0
Currency translation	0	0	-1'977	-1'977	0	-1'977
Balance at 31.12.2014	11'087'226	29'416'740	-43'324'641	-2'820'676	-397'764	-3'218'439

Share capital of SANDPIPER consists of 151'294'892 (prior year 103'201'875) 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 18 June 2013:

Authorized capital increase, maximum	CHF	5'160'094
thereof used		0
Conditional capital increase, maximum	CHF	3'440'063
thereof used		0

Financial Review

Notes to the consolidated financial statements of SANDPIPER Digital Payments AG as per 31 December 2014

Summary of significant accounting policies

Basis of preparation

The financial statements provide a true and fair view of the assets, financial positions and earnings of SANDPIPER Digital Payments AG 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. In previous years, the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements of the Group are based upon the financial statements of the Group companies as at 31 December 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 (see notes 1 and 23). 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 (see note 12).

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.

Financial Review

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

- for the assets and liabilities at the year-end exchange rates,
- for equity at historical exchange rates,
- and for the income statement and statement of cash flows at average annual exchange rates.
- 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

As of 31 December 2014 SANDPIPER Digital Payments AG (formerly Logan Capital AG) presents for the first time consolidated financial statements in accordance with Swiss GAAP FER. The comparative figures of 2013 are based on the stand alone IFRS financial statements as no consolidated financial statements needed to be prepared.

First time adoption of Swiss GAAP FER

The accounting principles under Swiss GAAP FER, which have been applied for the preparation and presentation of the financial statements for 2014, differ in the following respects from those applied for the financial statements for 2013 under IFRS:

- Goodwill from acquisitions is, in accordance with the option available under Swiss GAAP FER 30 on "Consolidated Financial Statements", recognized directly in equity at the time of purchase. Under IFRS, goodwill was capitalized and not amortized but tested annually for impairment. Separable intangible assets were capitalized under IFRS and amortized over their estimated economic useful lives. Under Swiss GAAP FER, any intangible assets not capitalized at acquisition are not separated and capitalized, but instead remain part of goodwill.

- Goodwill included in the acquisition costs of associated companies and joint ventures is determined separately and now also recognized directly in equity.

The changes to accounting principles according to Swiss GAAP FER were applied retrospectively from 1 January 2013. In the interests of comparability with the presentation of the current period, the previous period was restated. The change from IFRS to Swiss GAAP FER did not result in any valuation difference. Therefore shareholders equity and net income in 2012 and 2013 are unchanged.

EUR	31.12.2013	31.12.2012
Equity of the SANDPIPER shareholders according to IFRS and Swiss GAAP FER	26'842'228	27'202'755

EUR	2013
Net loss according to IFRS and Swiss GAAP FER	-360'527

Modification of segment reporting

In 2014, the SANDPIPER Group redefined and modified its segment reporting, introducing the "Polyright", "payment solutions" and "Multicard" segments, due to the acquisition of the corresponding companies. The assumption of a single segment reporting is no longer given. Segment reporting is disclosed in Note 13.

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 unre-

Financial Review

alized 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:

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

Other fixed assets:

→ Furniture	3-5 years
→ IT equipment	3-5 years
→ 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:

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

Financial Review

the Group.

- 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 (see note 12). 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:

- When the Group has a present legal or constructive obligation as a result of past events
- When it is probable that an outflow of resources will be required to settle the obligation

- 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

Financial Review

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 are consolidated in 2014 for the first time:

- Polyright AG, Sion, Switzerland (acquired as per 15 October 2014)
- payment solution AG, Hamburg, Germany (acquired as per 15 October 2014)
- Multicard NL B.V, Out-Beijerland, Netherlands (acquired as per 15 October 2014)
- Ergonomics AG, Zurich, Switzerland (acquired as per 31 October 2014)

The significant acquired balance sheet items of as per 15 October 2014 and 31 October are:

In KEUR	
Cash and cash equivalents	740
Trade receivables	2'043
Other current assets	1'657
Non-current assets	2'966
Current liabilities	6'990
Non-current financial liabilities	18'232

For the acquisition of the four companies the Group paid KEUR 31'330. Goodwill of KEUR 35'730 resulted from the transaction (see note 12).

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 balance sheet items (such as trade receivables etc.) are included in the consolidated cash flow statement in the corresponding balance sheet movements.

In 2014 the participation in the following company was disposed:

- Mountain Partners AG, St. Gallen

Financial Review

2. Trade receivables

EUR	31.12.2014	31.12.2013	Change
Trade receivables from third parties	2'403'987	0	100.0%
Allowance for impaired receivables	-72'404	0	100.0%
Total	2'331'583	0	100.0%

The individually impaired receivables mainly relate to amounts overdue more than 12 months and to customers with solvency risks. Based on past experience with the quality of trade receivables, no material increase in credit losses is expected.

3. Other receivables

EUR	31.12.2014	31.12.2013	Change
Receivables from related parties	6'441	304'762	-97.9%
Tax receivables	27'015	0	100.0%
Other receivables from third parties	858'238	82'830	936.1%
Total	891'694	387'592	130.1%

4. Inventories

EUR	31.12.2014	31.12.2013	Change
Raw material	289'232	0	100.0%
Operating supplies	37'617	0	100.0%
Finished goods	460'402	0	100.0%
Allowances	-132'502	0	-100.0%
Total	654'749	0	100.0%

Financial Review

5. Property, plant and equipment

EUR	Undeveloped land	Land and buildings	Technical equipment and machinery	Other fixed assets	Total
Historical cost 1.1.2013	0	0	0	0	0
Business combinations	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Translation differences	0	0	0	0	0
Historical cost 31.12.2013 / 1.1.2014	0	0	0	0	0
Business combinations	212'000	594'513	1'455'439	1	2'261'952
Additions	0	8'858	85'830	0	94'688
Disposals	0	0	-1	0	-1
Reclassifications	0	0	-15'000	0	-15'000
Translation differences	0	0	0	0	0
Historical cost 31.12.2014	212'000	603'371	1'526'268	1	2'341'640
Accumulated depreciation 1.1.2013	0	0	0	0	0
Business combinations	0	0	0	0	0
Annual depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
Depreciation on disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Translation differences	0	0	0	0	0
Accumulated depreciation 31.12.2013 / 1.1.2014	0	0	0	0	0
Business combinations	0	0	0	0	0
Annual depreciation	0	-17'041	-117'058	1	-134'098
Impairment	0	0	0	0	0
Disposals	0	0	0	-1	-1
Reclassifications	0	0	0	0	0
Translation differences	0	-20	-25	0	-45
Accumulated depreciation 31.12.2014	0	-17'061	-117'083	0	-134'143
Net book value 1.1.2013	0	0	0	0	0
Net book value 31.12.13/ 1.1.2014	0	0	0	0	0
Net book value 31.12.2014	212'000	586'310	1'409'185	1	2'207'496

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

The amount showed in the consolidated cash-flow statement for "Investments in property, plant and equipment" includes the property, plant and equipment acquired in the business combination and investments in property, plant and equipment after the acquisition.

Financial Review

6. Intangible assets

EUR	Licenses	Development Costs	Trademarks	Total
Historical cost 1.1.2013	0	0	0	0
Business combinations	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Translation differences	0	0	0	0
Historical cost 31.12.2013 / 1.1.2014	0	0	0	0
Business combinations	117'317	587'539	1	704'857
Additions	1	304'094	0	304'095
Disposals	0	0	0	0
Reclassifications	15'000	0	0	15'000
Translation differences	0	1'229	0	1'229
Historical cost 31.12.2014	132'318	892'862	1	1'025'180
Accumulated Amortization 1.1.2013	0	0	0	0
Business combinations	0	0	0	0
Annual amortization	0	0	0	0
Impairment	0	0	0	0
Amortization on disposals	0	0	0	0
Reclassifications	0	0	0	0
Translation differences	0	0	0	0
Accumulated amortization 31.12.2013 / 1.1.2014	0	0	0	0
Business combinations	0	0	0	0
Annual amortization	-7'420	-33'350	0	-40'770
Impairment	0	0	0	0
Amortization on disposals	0	0	0	0
Reclassifications	0	0	0	0
Translation differences	-1	0	0	-1
Accumulated amortization 31.12.2014	-7'421	-33'350	0	-40'771
Historical costs 1.1.2013	0	0	0	0
Net book value 31.12.13 / 1.1.2014	0	0	0	0
Net book value 31.12.14	124'897	859'512	1	984'409

The additions of 304'094 in development costs are self-generated intangible assets.

The amount showed in the consolidated cash-flow statement for "Investments in intangible assets" includes intangible assets acquired in the business combination and investments in intangible assets including capitalization of intangibles after the acquisition.

Financial Review

7. Financial assets

EUR	31.12.2014	31.12.2013	Change
Investments in associates	1'367'807	698'543	95.8%
Other investments	1'527'022	29'070'787	-94.7%
Non-current financial receivables from associates	0	483'091	-100.0%
Other non-current financial receivables from third parties	0	257'698	-100.0%
Allowance on non-current financial assets	-1'502'048	-1'913'374	21.5%
Total	1'392'781	28'596'744	-95.1%

Other investments in associates contain the 25% investment in InterCard AG. InterCard AG's main balance sheet positions are:

EUR	31.12.2014	EUR	31.12.2014
Licenses and other rights	569'444	Equity	5'512'457
Goodwill	3'295'742	Provisions	465'700
Prepayments	215'946	Short term liabilities	1'981'342
Property, plant and equipment	592'168		
Inventory	1'435'559		
Receivables and other assets	1'521'011		
Cash	329'629		
Total assets	7'959'499	Total liabilities and equity	7'959'499

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. In prior year, other investments contained the investment in the company's main shareholder Mountain Partners AG of KEUR 28'243.

Allowance on non-current financial assets refer to loans to third parties with solvency risks.

8. Trade payables

EUR	31.12.2014	31.12.2013	Change
Trade payables from third parties	3'323'918	34'906	9'422.5%
Trade payables from associates	0	0	0.0%
Total	3'323'918	34'906	9'422.5%

9. Other liabilities

EUR	31.12.2014	31.12.2013	Change
Other liabilities to third parties	2'594'638	5'169	50'096.1%
Other liabilities to shareholders	2'075'103	0	100.0%
Other liabilities to related parties	11'075	0	100.0%
Total	4'680'816	5'169	90'455.5%

Financial Review

10. Financial liabilities

EUR	31.12.2014	31.12.2013	Change
Bank debts	258'182	0	100.0%
Total current financial liabilities	258'182	0	0.0%

The bank debts reflect the overdraft of Multicard B.V. and SANDPIPER.

EUR	31.12.2014	31.12.2013	Change
Loans	1'037'538	0	100.0%
Bank debts	0	0	0.0%
Loans from pension plans	0	0	0.0%
Other financial liabilities	0	0	0.0%
Total non-current financial liabilities	1'037'538	0	100.0%

There are no non-current financial liabilities with a duration of more than 5 years.

Total loans of KEUR 1'038 contain a bank loan of KEUR 464 and KEUR 574 from shareholders.

11. Provisions

EUR	Taxes	Retirement benefit obligations	Restructurings	Fan deposits	Other	Total
Provisions 1.1.2013	0	0	0	0	0	0
Translation differences	0	0	0	0	0	0
Business combinations	0	0	0	0	0	0
Additional provisions	0	0	0	0	1'718'483	1'718'483
Provisions used	0	0	0	0	0	0
Reversal of provisions	0	0	0	0	0	0
Provisions 31.12.2013 / 1.1.2014	0	0	0	0	1'718'483	1'718'483
Translation differences	0	0	0	0	0	0
Business combinations	0	0	0	4'919'538	963'883	5'883'421
Additional provisions	0	0	0	36'462	879'653	916'115
Provisions used	0	0	0	0	-2'204'358	-2'204'358
Reversal of provisions	0	0	0	0	0	0
Provisions 31.12.2014	0	0	0	4'956'000	1'357'661	6'313'661
thereof current provisions	0	0	0	2'137'223	134'886	2'272'109

Other provisions mainly refer to sign-on bonuses.

Financial Review

12. 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	31.12.2014	31.12.2013
Reported equity including minority shareholders	-3'582'588	26'842'228
Equity financing	n/a	92.5%
Historical cost goodwill		
At the beginning of the financial year	0	0
Additions	35'881'605	0
Disposals	0	0
At the end of the financial year	35'881'605	0
Accumulated amortization		
At the beginning of the financial year	0	0
Additions	1'474'738	0
Disposals	0	0
At the end of the financial year	1'474'738	0
Theoretical net book value of goodwill	34'406'867	0
Theoretical equity including minority shareholders and goodwill	30'824'279	26'842'228
Theoretical equity financing	64.6%	92.5%

Impact of the theoretical amortization of goodwill on net income:

Income statement in EUR	2014	2013
Reported net loss	-3'582'588	-360'527
Theoretical amortization of goodwill	-1'474'738	0
Net loss after amortization of goodwill	-5'057'326	-360'527

Financial Review

13. Segment information

Net revenue in the operating segments (in EUR):

2013	Polyright	Multicard	Payment Solutions	Investing activities	Elimination	Total
Third parties	0	0	0	2'400'515	0	2'400'515
Group	0	0	0	0	0	0
Net sales	0	0	0	2'400'515	0	2'400'515
Net loss	0	0	0	-360'527	0	-360'527

2014	Polyright	Multicard	Payment Solutions	Investing activities	Elimination	Total
Third parties	564'404	824'317	1'464'099	27'180	0	2'880'000
Group	0	0	106'354	182'105	-288'459	0
Net sales	564'404	824'317	1'570'454	209'285	-288'459	2'880'000
Net loss	-454'521	-80'963	-615'949	-2'431'156	0	-3'582'588

Net revenue in the regional markets:

EUR	2014	2013	Change
Switzerland	1'422'041	310'583	357.9%
Germany	856'154	2'089'932	-59.0%
Netherlands	824'137	0	100.0%
United Kingdom	25'281	0	100.0%
Other	40'847	0	100.0%
Eliminations	-288'459	0	-100.0%
Total	2'880'000	2'400'515	20.0%

With the acquisitions in October 2014, the Group's business model changed from an investment company to an industrial company. Therefore, segment information was completely revised.

Financial Review

14. Income taxes

EUR	2014	2013	Change
Current income taxes	1'574	0	100.0%
Deferred taxes	0	0	0.0%
Total	1'574	0	100.0%

Reconciliation of the Group's effective tax rate:

EUR	2014	2013	Change
Net loss before taxes	-3'584'163	-360'527	894.1%
Expected income taxes rate	16.2%	7.9%	
Total expected income taxes	-580'575	-28'482	1'938.4%
Use of unrecognized tax losses from prior years	0	-390'328	100.0%
Non-taxable income / Non-tax-deductible expenses	582'150	418'810	39.0%
Adjustments recognized for current taxes in prior years	0	0	0.0%
Change in the applicable tax rate on temporary differences	0	0	0.0%
Total income taxes	1'574	0	100.0%
Effective tax rate	0.0%	0.0%	

SANDPIPER has unused taxable loss carry forwards of EUR 20.3 million for which no deferred tax asset is capitalized. Based on a tax rate of 16.2%, the potential deferred tax asset amounts to EUR 3.3 million (prior year: EUR 1.7 million).

15. Contingencies

Sureties and Guarantees

As in prior year, no guarantees to third parties were given.

Pledged Assets

Total assets pledged by group companies to guarantee their commitments amounted to KEUR 3'437 (prior year: KEUR 0).

Pledged assets:

EUR	31.12.2014
Cash and cash equivalents	2'053'088
Trade receivables	348'423
Other short term receivables	29'197
Inventories	306'898
Prepayments and accrued income	53'144
Property, plant and equipment	647'180
Total	3'437'930

16. Treasury shares

As in prior year, the Group does not hold treasury shares.

Financial Review

17. Leasing and other commitments

EUR	31.12.2014	31.12.2013	Change
Purchase commitments	0	0	0%
Investments in property, plant and equipment	0	0	0%
Operating lease commitments	1'003'121	0	100%
Duration			
Less than 1 year	381'798	0	
Between 1 and 5 years	621'323	0	
Over 5 years	0	0	

18. Derivative financial instruments

As in prior year, there are no outstanding derivatives.

19. Related party transactions

In December 2014, the Group acquired a participation in InterCard AG. There were no other transactions with InterCard AG.

EUR	31.12.2014
Carrying Amounts	
Investments in associates	1'367'807
Goodwill (directly recognized in equity)	151'493

There were several transactions with Mountain Capital Management AG, a subsidiary of Mountain Partners AG. All transactions were at arm's length. Main transaction was the consideration transferred amounting to KEUR 2'063 which was partially provided for in prior year. Management Fees for 2014 amounted to KEUR 83.

Cost of KEUR 29 were invoiced to Mountain Partners AG. In prior year, several investments were sold to Mountain Partners AG. The transaction amounted to KEUR 28'242.

Certain members of the Board of Directors are employed by Mountain Capital Management AG. The Mountain Capital Management AG is not charging any fee to SANDPIPER Digital Payments AG for these specific service provided.

20. Retirement benefit obligations

The Group has no employer contribution reserves. The pension plans in which the Group participates have no surpluses or deficits. The Group's economic share is unchanged to prior year zero. The pension benefits expenses are as following:

Pension benefit expenses	Contributions concerning the business period	Pension costs within personnel expense	
in EUR	2014	2014	2013
Pension plans without surplus/ deficit	88'807	88'807	0
Total	88'807	88'807	0

Potential surpluses in the pension plan are not intended to be economically used by the Group. The Group has no additional funding obligation towards the plans.



Financial Review

21. Stock option plan

There are currently no stock option plans.

22. Events after the balance sheet date

Investors in a former participation claim USD 8.5 million for indemnity. The management considers the claim as not justified. Therefore no provision is recorded.

The financial statements 2014 were approved by the board of directors on 23 June 2015, subject to the approval of the shareholders meeting dated 27 July 2015.

23. 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	I	USD 50	15	15	B
AZEGO TS Ltd.	UK	Reading	I	GBP 400	10	10	B
Carbon Equity AG	Switzerland	Zurich	I	CHF 1'199	32	32	E
E24 AG	Switzerland	Zurich	PS	CHF 250	51	51	V
Ergonomics AG	Switzerland	Zurich	PS	CHF 800	51	51	V
hattrick GmbH	Germany	Hamburg	PS	EUR 13	94	94	V
Herrenschmiede GmbH	Germany	Berlin	I	EUR 50	34	34	E
InterCard AG Informationssysteme	Germany	Villingen-Schwenningen	I	EUR 1'450	25	25	E
Kuponjo GmbH	Germany	Berlin	I	EUR 28	13	13	B
Multicard Nederland B.V.	Netherlands	Oud-Beijerland	M	EUR 18	100	100	V
payment solution AG	Germany	Hamburg	PS	EUR 595	94	94	V
payment solution services GmbH	Germany	Hamburg	PS	EUR 13	94	94	V
payment solution services Ltd.	UK	London	PS	GBP 2	94	94	V
Polyright AG	Switzerland	Sion	P	CHF 400	100	100	V
Prima Live Ltd.	Malta		I	EUR 7	17	17	B
Rumble Media GmbH	Germany	Karlsruhe	I	EUR 160	1	1	B
smava GmbH	Germany	Berlin	I	EUR 1'743	1	1	B

Consolidation method

V Full consolidation

Q Proportionate consolidation

E Equity method

B Current value

Segments

I Investing activities

P Polyright

PS Payment Solutions

M Multicard

The participations in E24 AG, Ergonomics AG, InterCard AG Informationssysteme, Multicard Netherlands B.V., payment solution AG, payment solution services GmbH, payment solution services Ltd. and Polyright AG were acquired during 2014.

The Group disposed its participation in Mountain Partners AG in 2014.