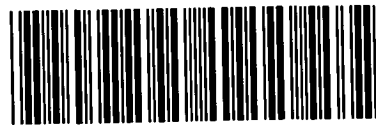


Registered Number: 06580786

KALIXA PAYMENTS GROUP LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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KALIXA PAYMENTS GROUP LIMITED

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KALIXA PAYMENTS GROUP LIMITED
COMPANY INFORMATION

Directors	K Hedjri G Lock K Woodhead
Company Secretary	Hackwood Secretaries Limited
Registered Number	6580786
Registered Office	The Corn Mill 1 Roydon Road Stanstead Abbots Hertfordshire SG12 8XL
Auditors	Price Bailey LLP Causeway House 1 Dane Street Bishops Stortford Hertfordshire CM23 3BT

KALIXA PAYMENTS GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Organisational Overview

Kalixa Payments Group Limited was a subsidiary of Kalixa Group Limited up until its sale on the 31st May 2017 to Senjo Payments Group Pte Limited, where it continues to be a subsidiary.

Kalixa Payments Group Limited consolidates all its subsidiaries.

Business model

Kalixa Payments Group Limited (The Group) is the holding company for various businesses and incorporates a number of subsidiaries within it, namely PXP Solutions Limited, PXP Solutions Inc, PXP Solutions PTY Ltd, Kalixa Services GmbH, Kalixa Accept Limited, Kalixa Payments GmbH, Kalixa Services Bulgaria GmbH and Kalixa (USA) Inc.

Kalixa Payments Group Limited is separated into two distinct businesses:

Kalixa Accept Limited and Kalixa Services GmbH are complete, end-to-end payment services that help businesses make and receive payments online globally. They give access to a wide variety of payment options including card payments and alternative payments and manage the entire payment flow in a secure environment for both their customers and their customers' customers. Kalixa Accept Limited is also a principal member of Visa, Maestro and MasterCard for card acquiring, to which it settles transactions in nine different currencies. It also offers settlement services where it processes transactions via direct connections to over 90 alternative payment methods, providing a single combined settlement to merchants to enable them to offer a wide variety of alternative payment methods to customers without the need to contract and reconcile with those providers individually.

PXP Solutions Limited provides a card focused technical payment gateway solution to merchants. The suite of solutions offered create added value for its merchants (and their customers), include the ability to pay in the native currency of their debit/credit card (Dynamic Currency Conversion), Tokenisation and Offline and Online PIN verification for processing local debit/credit cards in online PIN regions.

The group offers a robust technical solution that allows it to operate 24 hours a day, 365 days a year, safely, securely and continuously.

Strategy

Kalixa Accept Limited's aim is to be one of the largest providers of electronic payment services worldwide. It currently operates with a pan European license in 31 countries and our strategy provide the best service we can to our merchants whilst seeking opportunities to grow the business in as many ways as possible. Kalixa Accept has seen a large increase in the number of partners during 2017 and to assist in growing its business will continue to focus on collaborating with partners during 2018, hoping to grow on the relationships it has built during the year to further develop the partner network in 2018. Kalixa are continually developing the payments platform in order to achieve its goals and deliver and strengthen its position in the market and build a global footprint. Kalixa Accept also intends to continue its focus on providing excellent customer service with further automation and enhanced reporting for customers to be rolled out in 2018.

A key strategic focus for the PXP Solutions Limited side of the business was to focus on bringing Hospitality functionality to our flagship ANYpay platform. With features such as Pay at Table, Pay at Reception and Pay at Counter, the ANYpay platform is now relevant to both our existing PC-EFT clients and new clients across the globe. The company has cemented its relationship with the industry leading solution from Oracle by integrating with its OPI interface and becoming an Oracle Gold partner for Payment Gateway Services. Significant inroads into the Cruise sector have been achieved during 2017 having successfully won and implemented the business from the UK's largest cruise operator. As part of PXP's continued drive on efficiency we moved our offshore development capability from Spain to Vietnam. This has significantly reduced our development costs whilst increasing capacity and improving quality.

A change of ownership in 2017 occurred, following the sale of Kalixa Payments Group Limited and its Subsidiaries to Senjo Group Pte Ltd. This change in ownership should bring the stability and long term commitment to payments needed to further develop the PXP business and its products, for the benefit of customers and partners alike.

Performance assessment, financial review and key performance indicators

When evaluating the trading performance of the Group or individual Group entities, the Owners and Directors use an adjusted earning measure similar to EBITDA. This measure will therefore look at underlying trading performance having taken in to account interest, taxation, depreciation, amortisation and foreign exchange movements.

The adjusted trading performance earnings for the Group using this method for the year under review are:

	31-Dec 2017	31-Dec 2016
	€	€
Loss for the year	(3,418,576)	(9,201,561)
Interest	-	-
Taxation (refund)	(325,436)	2,195,473
Depreciation	1,058,807	1,105,864
Amortisation	6,294,946	5,302,212
Discontinued Operations	-	374,819
EBITDA	<u>3,609,741</u>	<u>(223,193)</u>
Exchange Rate Losses	1,991,421	490,855
Management EBITDA	<u>5,604,162</u>	<u>267,662</u>

Key revenue drivers for Kalixa Accept Limited are the value of transactions processed, which increased by 29% (2016: 19%).

KALIXA PAYMENTS GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effect of credit risk and liquidity risk, amongst others. Effective risk management is critical to achieving the Group's objectives. The Group has a comprehensive system of controls in place to manage risks. The Group has put in place a risk management framework to plan for and mitigate certain risks faced by the business including financial risk.

Given the size of the Group the directors have not delegated the responsibility for financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Price Risk

The Group is exposed to price risk due to normal inflationary increases in the purchase price of goods and services in purchases within the territories that it serves.

IT Risk

The Group, by virtue of its PXP side of the business, is exposed to significant IT risks through the processing of financial transactions through its payments gateway and The Group, by virtue of its Kalixa side of the business, is also exposed to significant IT risks through the operation of some of its trading activities on a proprietary e-payment platform which it licences from Kalixa Group Limited.

Credit Risk

Credit risk is the risk of financial loss to the Group that a customer will fail to meet their contractual obligations.

For a large amount of the Group's revenue stream, it has agreements with merchants to provide net settlements whereby charges are deducted before funds are settled. This helps to reduce the risk to the Group, however, there may be arrangements in place where the Group settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Group in order to reduce risk.

Another substantial portion of our revenues are due to support and maintenance contracts that are prepaid. For all other revenue streams internal policies require the finance department to monitor non-payment and consequently block any access to our platforms via a denial of service.

Foreign Exchange Risk

Kalixa Accept Limited aggregates and acquires transactions in multiple currencies for merchants in 28 European countries. Wherever possible the company will receive settlements from payment providers and card schemes in the same currency as the underlying transaction and will settle in this currency to its merchants. Some merchants may request settlement in a currency different from the underlying transaction and the company is able to generate foreign exchange income from providing this service.

Foreign exchange risk also occurs when transactions are entered into which are not denominated in the functional currency of the Company. The Group aims to mitigate against this risk by naturally hedging its assets and liabilities.

Liquidity Risk

The Group actively assesses a mixture of long-term and short-term debt finance that is required to ensure the Group has sufficient available funds for operations.

Corporate governance

As an FCA licenced payment institution, the Group, through Kalixa Accept Limited and Kalixa USA Inc, is obliged to abide by their regulations as well as the other group companies having to comply with PCI standards. The Kalixa Payments Group has established compliance and risk management processes through the use of workshops, committees and regular timely reporting to ensure that risks are identified, monitored and controlled on an on-going basis and that significant risks are escalated to the Board of directors when necessary. The Board considers that the Group companies, where applicable, have complied with these regulations throughout the year.

Approved by the Board of directors on 28.9.17 and signed on its behalf by:


K Hediri
Director

KALIXA PAYMENTS GROUP LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who held office during the year were as follows:

K Hedjri

G Lock (Appointed 31st May 2017)

K Woodhead (Appointed 15th October 2017)

T Johnstone (Appointed 31st May 2017 and Resigned 15th October 2017)

N Cotter (Resigned 31st May 2017)

R Hoskin (Resigned 31st May 2017)

Reporting Period

The reporting period for this and the prior year is to 31st December.

Principal activities

The principal activity of the Group in the year under review was to provide online payment services to merchants and customers. In order to provide some of these payment services, the company is authorised and regulated by the Financial Conduct Authority under the Payment Services Regulations 2009 and to issue electronic money as a principal member of MasterCard, as a prepaid card issuer, Kalixa Accept Limited is also a principal member of Visa and MasterCard for card acquiring. As a card acquirer for Visa and MasterCard, the Company can directly enter into contracts with merchants to offer merchant acquiring services. The Group through its PXP Solutions Limited business also provides software design with technical support and computer consultancy services.

Results and dividends

The loss for the year after tax was £1,014,665 (2016 - £9,201,561). Dividends of £5,495,000 have been paid (2016 - Nil).

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Political and charitable donations

There were no charitable donations during the current or prior year.

Directors' indemnities

The Group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2017 in relation to certain losses and liabilities which the directors may incur to third parties.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006

Approved by the Board on 28.9.17 and signed on its behalf by:


K Hedjri
Director

KALIXA PAYMENTS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KALIXA PAYMENTS GROUP LIMITED

Opinion

We have audited the financial statements of Kalixa Payments Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017, and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**KALIXA PAYMENTS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KALIXA PAYMENTS GROUP LIMITED**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Vass (Senior Statutory Auditor)

For and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House,
1 Dane Street,
Bishops Stortford
Hertfordshire
CM23 3BT

Date: 28th September 2018

KALIXA PAYMENTS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31-Dec 2017 €	31-Dec 2016 €
REVENUE	2	39,734,788	31,122,276
Cost of Sales		<u>(22,310,412)</u>	<u>(16,260,145)</u>
Gross profit		17,424,376	14,862,131
Non Trading Income		1,113,232	626,343
Administration expenses	3	<u>(22,281,620)</u>	<u>(20,265,854)</u>
Gain on available for sale recycled from other comprehensive income		-	-
LOSS FROM OPERATIONS	4	(3,744,012)	(4,777,380)
Interest payable and similar charges	9	-	<u>(1,853,889)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,744,012)	(6,631,269)
Tax charge	12	325,436	(2,195,473)
Loss from continued operations during the year		<u>(3,418,576)</u>	<u>(8,826,742)</u>
Loss from discontinued operations during the year	5	-	(374,819)
LOSS FOR THE YEAR	23	(3,418,576)	(9,201,561)
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit and loss			
Gain on available for sale recycled from other comprehensive income		-	5,698,554
Gain/(Loss) on Investment	10	2,403,911	<u>(940,241)</u>
TOTAL OTHER COMPREHENSIVE INCOME		2,403,911	4,758,313
TOTAL COMPREHENSIVE INCOME		(1,014,665)	(4,443,248)

The notes on pages 14 to 27 form part of these financial statements

KALXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 6580786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31-Dec 2017 €	31-Dec 2016 €	31-Dec 2015 €
Non-current assets				
Intangible assets	13	16,053,224	18,975,647	27,431,157
Property, plant and equipment	14	1,075,201	1,404,729	2,239,730
Deferred consideration	17	657,638	614,002	-
		17,786,063	20,994,378	29,670,887
Current assets				
Inventories		-	-	159,506
Available for sale investment	16	-	2,192,030	10,878,642
Trade and other receivables	18	63,030,815	36,867,105	26,423,831
Tax recoverable		29,438	-	-
Cash at bank and in hand		25,659,735	20,987,367	26,171,368
		88,719,988	60,046,502	63,633,347
Current liabilities				
Trade and other payables	19	(74,364,516)	(38,289,877)	(37,102,458)
Tax payable		-	(1,544,767)	(573,298)
NET CURRENT ASSETS		14,355,472	20,211,858	25,957,591
TOTAL ASSETS LESS CURRENT LIABILITIES		32,141,535	41,206,236	55,628,478
Amounts due after more than one year				
Deferred Tax	11	-	367,953	2,208,880
Loans from parent		-	-	54,774,870
Equity				
Called up Share capital	20	1,776,018	1,776,018	2,054,998
Own shares		-	-	702,528
Share premium account	23	479,277	479,277	554,733
Available for sale reserve	22	-	1,841,092	8,655,082
Capital contribution reserve	21	59,948,071	59,948,071	9,631,016
Accumulated loss	23	(30,061,831)	(23,206,175)	(22,953,630)
		32,141,535	40,838,283	(1,355,273)
		32,141,535	41,206,236	55,628,478

The notes on pages 14 to 27 form part of these financial statements

The financial statements were approved and authorised for issue by the board on 22.1 and signed on its behalf by:

K Hedjri
Director

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		31-Dec 2017	31-Dec 2016	31-Dec 2015
	Notes	€	€	€
Non-current assets				
Property, plant and equipment	14	321,370	-	-
Intangible assets	13	2,961,678	1,130,146	1,252,620
Investments	15			
Investments in subsidiary companies		33,134,629	32,634,158	39,170,547
Other investments and loans		811,521	1,333,683	1,301,270
		<u>33,946,150</u>	<u>33,967,841</u>	<u>40,471,816</u>
		37,229,198	35,097,987	41,724,436
Current assets				
Trade and other receivables	18	13,899,019	10,738,169	3,753,198
Cash at bank and in hand		84,218	-	1,315,125
		<u>13,983,237</u>	<u>10,738,169</u>	<u>5,068,323</u>
Current liabilities				
Trade and other payables	19	(9,201,070)	(7,511,551)	(728,134)
NET CURRENT ASSETS		<u>4,782,167</u>	<u>3,226,618</u>	<u>4,340,189</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,011,365</u>	<u>38,324,605</u>	<u>46,064,625</u>
Payables: amounts falling due after more than one year				54,774,870
Equity				
Called up Share capital	20	1,776,018	1,776,018	2,054,998
Share premium account	23	479,277	479,277	554,733
Capital contribution reserve	21	59,948,070	59,948,070	9,631,016
Accumulated loss	23	(20,192,000)	(23,878,760)	(20,950,992)
		<u>42,011,365</u>	<u>38,324,605</u>	<u>46,064,625</u>
		<u>42,011,365</u>	<u>38,324,605</u>	<u>46,064,625</u>

As permitted by Section 408 of the Companies Act 2006, Kalixa Payments Group Limited has not presented its own statement of comprehensive income. The result dealt with in the accounts of the company amounted to a profit of €9,117,559 (2016: loss €4,746,319). During the year an intra-group dividend of €6,758,132 (2016: €5,933,539) was received.

The notes on pages 14 to 27 form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 28.9 and signed on its behalf by:


K. Hedin
Director

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017

	Share Capital	Share Premium	Capital Contribution reserve	Stock option reserve	Available for Sale reserve	Accumulated Loss	Foreign exchange reserve	Total attributable to equity holders of parent €	Total equity €
01 January 2017	1,776,018	479,277	59,948,071	-	1,841,092	(23,667,702)	461,527	40,838,283	40,838,283
Loss for the year	-	-	-	-	-	(1,014,665)	-	(1,014,665)	(1,014,665)
Dividends	-	-	-	-	-	(5,395,000)	-	(5,395,000)	(5,395,000)
Other comprehensive income	-	-	-	-	(1,841,092)	-	(445,991)	(2,287,083)	(2,287,083)
31 December 2017	1,776,018	479,277	59,948,071	-	-	(30,077,367)	15,536	32,141,535	32,141,535
01 January 2016	1,775,472	479,277	8,320,983	606,968	7,477,797	(19,831,422)	-	(1,170,925)	(1,170,925)
Special resolution for	546	-	-	-	-	-	-	546	546
Other comprehensive income	-	-	-	-	(5,636,705)	-	461,527	(5,175,178)	(5,175,178)
Loss for the year	-	-	-	-	-	(4,443,248)	-	(4,443,248)	(4,443,248)
Capital contribution	-	-	51,627,088	-	-	-	-	51,627,088	51,627,088
Transfer to retained earnings	-	-	-	(606,968)	-	606,968	-	-	-
31 December 2016	1,776,018	479,277	59,948,071	-	1,841,092	(23,667,702)	461,527	40,838,283	40,838,283

A Dividend of €3.0377 per share was issued on the 31st May 2017.

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017

	Share Capital	Capital Contribution reserve	Share Premium	Accumulated Loss	Foreign exchange reserve	Total attributable to equity holders of parent €	Total equity €
01 January 2017	1,776,018	59,948,070	479,277	(23,878,760)	-	38,324,605	38,324,605
Profit for the year	-	-	-	9,117,559	-	9,117,559	9,117,559
Other comprehensive income	-	-	-	-	(35,799)	(35,799)	(35,799)
Dividends	-	-	-	(5,395,000)	-	(5,395,000)	(5,395,000)
31 December 2017	1,776,018	59,948,070	479,277	(20,156,201)	(35,799)	42,011,365	42,011,365
01 January 2016	1,775,472	8,320,984	479,277	(18,101,189)	-	(7,525,456)	(7,525,456)
Loss for the year	-	-	-	(5,777,572)	-	(5,777,572)	(5,777,572)
Special resolution for reissue of share capital	546	-	-	-	-	546	546
Capital contribution	-	51,627,086	-	-	-	51,627,086	51,627,086
31 December 2016	1,776,018	59,948,070	479,277	(23,878,760)	-	38,324,605	38,324,605

A Dividend of €3.0377 per share was issued on the 31st May 2017.

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: D6580786
CONSOLIDATED STATEMENT OF CASHFLOWS
AS AT 31 DECEMBER 2017

	31-Dec-17	31-Dec-16
	€	€
Loss for the year	(1,014,665)	(4,068,429)
Adjustments for:		
Depreciation	1,049,324	1,101,242
Amortisation	6,271,964	5,302,212
Gain on investment	(2,403,911)	-
Gain on available for sale recycled from other comprehensive income	-	(5,698,554)
Fair value adjustments on Available for sale asset	-	1,458,492
Release of deferred tax	(367,953)	(1,512,184)
Income tax expense	(325,436)	2,195,473
Interest paid	-	1,846,457
Operating cashflows before movements in working capital - continuing operations	<u>3,209,323</u>	<u>624,708</u>
Increase in trade and other receivables	(26,193,148)	(15,938,935)
Increase in trade and other payables	36,074,639	18,551,425
Decrease in inventories	-	8,282
Cash generated from operations - continued operations	<u>13,090,814</u>	<u>3,245,481</u>
Tax Paid	<u>(1,219,331)</u>	<u>(1,209,224)</u>
Net cash inflow from operating activities - continued operations	<u>11,871,483</u>	<u>2,036,257</u>
Investing activities		
Purchase of tangible assets	(762,599)	(482,690)
Cash proceeds on sale of Visa shares	2,403,911	5,784,951
Cash proceeds on sale of Kalixa Pay Limited	-	1
Disposal tangible assets	-	6,242
Purchases of Intellectual property rights	<u>(3,349,541)</u>	<u>(577,953)</u>
Net cash generated/(used) by investing activities - continued operations	<u>(1,708,229)</u>	<u>4,730,551</u>
Financing activities		
Capital contributions	-	51,627,088
Special resolution for reissue of share capital	-	546
Dividends paid	(5,395,000)	-
Loan from parent	-	-
Loan repayment	-	<u>(49,170,719)</u>
Net cash generated by financing activities - continued operations	<u>(5,395,000)</u>	<u>2,456,915</u>
Discontinued Operations:		
Operating cash flows	-	<u>(10,915,537)</u>
Net cash used/(generated) in discontinued operations	<u>-</u>	<u>(10,915,537)</u>
Net (decrease)/increase in cash and cash equivalents	4,768,254	(1,691,814)
Exchange differences	(95,886)	67,707
Cash and cash equivalents at beginning of the year	<u>20,987,367</u>	<u>22,611,474</u>
Cash and cash equivalents at end of the year	<u>25,659,735</u>	<u>20,987,367</u>

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
COMPANY STATEMENT OF CASHFLOWS
AS AT 31 DECEMBER 2017

	31-Dec-17	31-Dec-16
	€	€
Profit/(Loss) for the year	2,274,792	(11,711,131)
Adjustments for:		
Amortisation	1,518,009	524,109
Depreciation	36,389	..
Interest paid	-	1,846,457
Operating cashflows before movements in working capital	3,829,190	(9,340,565)
Increase in trade and other receivables	(3,160,850)	(7,495,490)
Increase in trade and other payables	1,689,518	6,882,460
Cash (utilised by)/generated from operations	2,357,859	(9,953,595)
Net cash outflow from operating activities	2,357,859	(9,953,595)
Investing activities		
Purchase of tangible assets	(357,759)	..
Additions in Subsidiaries	-	(38,258)
Prior year adjustment in Subsidiaries	-	(141,000)
Disposal of Subsidiaries	-	1,216,074
Purchase of Subsidiaries	(500,667)	-
Purchases of Intellectual property rights	(3,349,541)	(572,020)
Investment in Joint venture	-	-
Net cash generated/(used) by Investing activities	(4,207,967)	464,797
Financing activities		
Capital contributions	-	51,627,088
Dividends received	6,842,767	5,933,559
Dividends paid	(5,395,000)	-
Special resolution for reissue of share capital	-	546
Loan repayment	460,955	(49,170,719)
Net cash generated by financing activities	1,908,722	8,390,474
Net (decrease)/increase in cash and cash equivalents	58,613	(1,098,325)
Exchange differences	25,605	(37,914)
Cash and cash equivalents at beginning of the year	-	1,136,238
Cash and cash equivalents at end of the year	84,218	-

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The presentational currency is Euro.

1.2 General Information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its Registered Office is The Corn Mill, 1 Roydon Road, Stanstead Abbots, Hertfordshire, SG12 8XL.

1.3 Adoption of new and revised Standards and Interpretations

The following new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB), are effective for the first time in the current financial year and have been adopted by the Company and the Group with no effect on their consolidated financial statements:

IFRS 12 (Amended)	- Amendments resulting from Annual Improvements 2014-2016 (effective for annual periods beginning on or after 1 January 2017)
IAS 12 (Amended)	- Recognition of Deferred Tax Assets for Un-realised Losses (effective for annual period on or after 1 January 2017)
IAS 7 (Amended)	- Cash flows disclosure initiative (effective for annual periods on or after 1 January 2017)

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the 31 December 2017 year end:

IFRS 2 (Amended)	- Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018)
IFRS 7 (Amended)	- Financial Instruments Disclosures (effective date 1 January 2019) *
IFRS 9	- Financial Instruments (effective date 1 January 2019) *
IFRS 15	- Revenue Recognition (effective date 1 January 2018)
IFRS 16	- Leases (effective date 1 January 2019)
IAS 19 (Amended)	- Employee Benefits (effective date 1 January 2019) *
IAS 28 (Amended)	- Investments in Associates and Joint Ventures (effective date 1 January 2019) *
IFRIC 22	- Foreign Currency Transactions and Advance Consideration (effective date 1 January 2018)

The impact of these standards on the consolidated financial statements of the Group has not yet been fully assessed by the Board of Directors.

*Not yet endorsed by the EU

1.4 Critical accounting policies, estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Intangible assets and impairment of goodwill (note 13)
- Investments in subsidiaries (note 15)
- Available for sale asset (note 16)
- Royalty accrued income (note 18)

1.5 Going Concern

The Group has an accumulated loss of €30,061,831 (2016:€23,206,175) and incurred a net loss during the year ended 31 December 2017 of €1,014,665 (2016:€4,443,248). However the directors have considered that the accumulated loss position is not indicative of a going concern issue as the group has cash and cash equivalents of €25,659,735 (€2016: €20,987,367) and has a positive current assets position of €14,355,472 (2016:€20,211,858).

These accounts are prepared on a going concern basis. The Directors have prepared cash-flow forecasts for a period of 12 months from the date of approval of these financial statements which in the Directors' opinion are prepared based around prudent assumptions which clearly demonstrate that the Group is cash generative over this period.

The Directors' believe the Group has protection through a good spread of business over many clients with little dependency upon one, or a small number of clients. Similarly, the Group has over 70% of its business annually recurring and a significant number of clients remain on 12 months or longer contracts which they feel confident will be renewed and reinforce security to cash flow.

The Directors are therefore of the opinion that the Group has adequate resources to continue as a going concern for at least 12 months from date of approval of the accounts.

**KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1.6 Revenue

Revenue comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue derives from many different services within the group, with the main elements being:

- Services provided under software and support agreements, which comprise licence fees, set up fees, engineering consultancy fees, sale of hardware, support and maintenance charges for the term of the agreement.
- Fees from hosting, support and maintenance agreements, which are invoiced in advance of the services provided and an adjustment is made at each month end to account for the deferred income element. The revenue is recognised in the month or year in which the process or service took place.
- Payment gateway services, which offer the merchant a technical connection to many payment providers via the technical payment platform. This service may be charged on a fixed fee or per transaction with the revenue recognised as the service is provided and invoiced accordingly.
- Aggregation services, which offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the Company including a full cash management service. The revenue is recognised once the transaction has settled.
- Merchant acquiring services, where customers are charged a fee on a transactional basis and revenue is recognised once the transaction has settled.

Non trading income comprises administration and travel costs reclaimed from customers.

1.7 Basis of consolidation

The financial statements consolidate the accounts of Kalixa Payments Group Limited and all of its subsidiary undertakings ('subsidiaries') made up to 31st December 2017. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

1.8 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. This is subject to annual impairment reviews, with any impairment being written off directly to the consolidated statement of comprehensive income.

Other Intangibles and Acquired Intangibles are made up of intellectual property rights, which relate to patents, rights to inventions, copyright and related rights, moral rights, trademarks and service marks, trade names and domain names, rights in get-up, rights to sue for passing off or unfair competition, as well as rights in designs.

Development costs incurred internally or via a third party are capitalised when the cost can be clearly attributed to a project which is for intellectual property and are amortised once the project is complete.

Amortisation is provided at the following rates:

Other Intangibles	-	20% straight line
Acquired Intangibles	-	Term of the contract (between 3 and 5 years)

1.9 Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20% straight line
Computer equipment	-	33% straight line
Software	-	33% straight line

1.10 Functional currency

Following the acquisition by Senjo group the Kalixa Payments group reviewed the functional currency used by each of its companies. It was decided by the Directors of Kalixa Payments Group Limited that the functional currency most beneficial to it would be Euro. Kalixa Payments Group Limited therefore has changed the functional currency from Pound Sterling (GBP) to Euro (EUR). This has resulted in exchange differences and in line with IAS21 a currency translation reserve has been created.

The 2016 closing balances have also been translated from Pound Sterling (GBP) to Euro (EUR) in order to present comparative figures.

Transactions not in Euro are translated into Euro at the rate ruling on the date of the transaction.

1.11 Deferred consideration

The group will receive a deferred cash payment in the future. This is recorded as a non-current asset within the balance sheet with accrued interest is released to the profit and loss account on a monthly basis. The deferred consideration is measured at amortised cost.

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1.12 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.13 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period:

1.14 Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.15 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.16 Financial assets

Trade and other receivables

Trade and other receivables represent short term monetary assets which are recognised at amortised cost less impairment and other related provisions, which are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income as a bad debt. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Available for sale assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1.17 Financial Liabilities

Trade and other payables

Trade and other payables are generated through the normal means of trading and are recognised at amortised cost. All suppliers' terms and credit periods are adhered to by the Company. Other payables show balances which are due to be paid on behalf of employee related creditors.

Other financial liabilities

Loans from the parent company are in relation to preference shares issued and are initially recognised at fair value and they incur annual interest of Euro libor plus 4%. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation which is included in finance costs in the statement of comprehensive income.

2. REVENUE

An analysis of net revenue derived from sale of services by geographical location, is given below:

	2017 €	2016 €
Sales – UK	7,237,386	5,062,619
Sales – Europe	28,016,125	24,139,093
Sales – Rest of world	4,481,277	1,920,565
	<u>39,734,788</u>	<u>31,122,276</u>

3. ADMINISTRATIVE EXPENSES

An analysis of administrative expenses is given below:

	2017 €	2016 €
Staff Costs	7,301,346	6,812,118
Other Overheads	2,241,545	2,292,359
Outsourced Services	2,222,139	1,779,933
Webhosting And Technical Services	847,605	915,075
Depreciation	1,058,807	1,105,864
Amortisation	6,294,946	5,302,212
Management Fees	192,586	1,405,596
Marketing And Sponsorship	128,224	161,842
Exchange Rate Losses/(Gains)	1,994,421	490,855
	<u>22,281,620</u>	<u>20,265,854</u>

4. LOSS FROM OPERATIONS

The operating loss is stated after charging:

	2017 €	2016 €
Amortisation - Intangible fixed assets	6,294,946	5,302,212
Depreciation of tangible fixed assets	1,058,807	1,105,864
Other operating leases	250,002	199,551
Exchange rate loss/(gain)	<u>1,994,421</u>	<u>490,855</u>

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. DISCONTINUED OPERATIONS

Following a review of future business prospects, the Directors decided to discontinue the operations of Kalixa Pay Limited during the prior year. The Group subsequently sold Kalixa Pay Limited in 31st December 2016. The results from the discontinued operations are as follows:

	2017	2016
	€	€
Revenue	-	3,471,989
Cost of sales	-	(828,477)
Gross profit	-	2,643,512
Administrative expenses	-	(3,047,566)
Loss from operating activities	-	(404,054)
Interest payable and similar charges	-	12,945
Loss before tax	-	(391,109)
Tax on ordinary activities	-	-
Total comprehensive loss for the financial year	-	(391,109)

6. AUDITORS' REMUNERATION

	2017	2016
	€	€
Fees payable to the company's auditor for the audit of the Group's annual accounts	77,142	191,684

7. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	€	€
Wages and Salaries	6,420,624	6,304,992
Social security costs	867,885	785,110
Staff pension	12,837	18,079
	7,301,346	7,108,182

The average monthly number of employees during the year was as follows:

	2017	2016
Sales & Marketing	15	17
Development	49	43
Operations	36	40
Finance	5	6
Legal & Compliance	7	6
	112	112

8. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page 1.

	2017	2016
	€	€
Directors Remuneration (including benefits in kind)	748,124	1,041,628

9. INTEREST PAYABLE

	2017	2016
	€	€
On other loans	-	1,934,462
	-	1,934,462

Interest was on a loan that was settled in 2016.

10. (GAIN)/LOSS ON INVESTMENT

	2017	2016
	Total	Total
	€	€
Investment in Kalixa Pay Limited	-	935,778
Investment in Servebase Limited	-	117
Investment in Joint Venture	-	128,710
Gain realised on sale of Visa Shares	(2,403,911)	-
Available for Sale Assets - realised Gain	-	(124,364)
	(2,403,911)	940,241

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. DEFERRED TAX	2017	2016
	Total	Total
	€	€
As at 1 January	367,953	1,908,423
Prior year adjustment	-	(63,201)
At beginning of the year as restated	367,953	1,845,222
Release from deferred tax - Available for sale asset	(367,953)	(1,448,983)
Exchange movement	-	(28,285)
As at 31 December 2017	<u>367,953</u>	<u>367,953</u>

12. TAXATION	2017	2016
	€	€
Analysis of tax charge in the year		
Current Tax		
UK Corporation tax charge on losses in the year	-	2,459,926
Prior year adjustment	(421,060)	(202,236)
Foreign Corporation tax charge for the year	-	105,424
Foreign Corporation tax refund in the year	95,624	(104,439)
Corporation tax charge on profit for the year	<u>(325,436)</u>	<u>2,258,674</u>
Deferred tax	-	(63,201)
Tax charge for the year	<u>(325,436)</u>	<u>2,195,473</u>

The Group has an unrecognised UK deferred tax asset in relation to operating losses carried forward by the Group. The estimated deferred tax asset at the current tax rate is €1,550,201 (2016: €1,550,201). No deferred tax assets have been recognised by the Group due to the uncertainty around timing and the extent of future taxable profits available.

Factors affecting current tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2017	2016
	€	€
Loss on ordinary activities before tax	<u>(1,340,101)</u>	<u>(2,247,777)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(257,969)	(449,555)
Effects of:		
Expenses not deductible for tax purposes	379,668	2,620,206
Capital allowances in excess of depreciation	94,562	94,422
Difference in tax rate for overseas subsidiaries	27,673	61,376
Other permanent differences	-	(265)
Tax due on share sale	-	1,181,863
Prior year timing difference	-	(202,236)
Prior year losses utilised	(148,310)	-
Prior year adjustment	(421,060)	(104,439)
Gain on available for sale investment recycled from other comprehensive income	-	(1,139,711)
Tax due on deferred consideration	-	133,813
Tax charge for the year	<u>(325,436)</u>	<u>2,195,473</u>

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 19.25% (2016: 20%).

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. INTANGIBLE ASSETS

Group	Acquired Intangibles €	Other Intangibles €	Goodwill €	Total €
At 1 January 2016				
Cost or valuation	29,891,254	1,073,086	13,110,843	44,075,184
Accumulated amortisation	(12,187,535)	(71,613)	(4,384,879)	(16,644,027)
Net book amount	17,703,720	1,001,473	8,725,964	27,431,157
Year ended 31 December 2016				
Opening net book amount	17,703,720	1,001,473	8,725,964	27,431,157
Exchange differences	(2,408,102)	(136,223)	(1,186,926)	(3,731,251)
Additions	-	577,953	-	577,953
Amortisation charge	(4,994,076)	(308,135)	1,004,922	(4,297,290)
Closing net book amount	15,295,618	1,443,204	7,539,038	24,277,859
At 31 December 2016				
Cost or valuation	22,670,995	1,505,076	10,322,553	34,498,624
Accumulated amortisation	(12,369,454)	(370,008)	(2,783,515)	(15,522,977)
Net book amount	10,301,541	1,135,068	7,539,038	18,975,647
Year ended 31 December 2017				
Opening net book amount	10,301,541	1,135,068	7,539,038	18,975,647
Additions	1,890,114	1,459,427	-	3,349,541
Disposals	-	-	-	-
Amortisation charge	(5,778,662)	(493,302)	-	(6,271,964)
Closing net book amount	6,412,993	2,101,193	7,539,038	16,053,224
At 31 December 2017				
Cost or valuation	24,561,109	2,964,503	10,322,553	37,848,165
Accumulated amortisation	(18,148,116)	(863,310)	(2,783,515)	(21,794,941)
Net book amount	6,412,993	2,101,193	7,539,038	16,053,224

Company	Acquired Intangibles €	Other Intangibles €	Total €
At 1 January 2016			
Cost or valuation	4,253,422	968,997	5,222,419
Accumulated amortisation	(3,969,799)	-	(3,969,799)
Net book amount	283,623	968,997	1,252,620
Year ended 31 December 2016			
Opening net book amount	283,623	968,997	1,252,620
Exchange differences	(38,579)	(131,805)	(170,384)
Additions	-	572,020	572,020
Amortisation charge	(245,044)	(279,065)	(524,109)
Closing net book amount	-	1,130,146	1,130,146
At 31 December 2016			
Cost or valuation	3,674,861	1,409,211	5,084,073
Accumulated amortisation	(3,674,861)	(279,065)	(3,953,927)
Net book amount	-	1,130,146	1,130,146
Year ended 31 December 2017			
Opening net book amount	-	1,130,146	1,130,146
Additions	1,890,114	1,459,427	3,349,541
Disposals	-	-	-
Amortisation charge	(1,029,629)	(488,380)	(1,518,009)
Closing net book amount	860,485	2,101,193	2,961,678
At 31 December 2017			
Cost or valuation	5,564,975	2,868,638	8,433,614
Accumulated amortisation	(4,704,490)	(767,445)	(5,471,936)
Net book amount	860,485	2,101,193	2,961,678

Acquired intangible assets are those intangible assets purchased as part of an acquisition and primarily include customer lists, brands and software. The fair value of acquired intangibles is based on cashflow projections at the time of acquisition.

Other intangibles primarily include development and intellectual property rights. Development expenditure represents software infrastructure assets that have been developed and generated internally. Other intangibles are being amortised over their estimated useful economic lives of five years.

In accordance with IAS 36, the Group regularly monitors the carrying value of its Intangible assets. A detailed review was undertaken at 31 December 2017 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets using cashflow projections for a five-year period at a discount rate of 7.6%. A growth rate of 5% has been forecast for the next 2 years with a 2% growth thereafter. The review concluded that no impairment was required for the year.

KALIXA PAYMENTS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. PROPERTY, PLANT AND EQUIPMENT

Group	Fixtures & Fittings €	Computer Equipment €	Software €	Total €
At 1 January 2016				
Cost or valuation	315,557	4,044,505	346,872	4,706,934
Accumulated amortisation	(243,916)	(1,979,400)	(129,222)	(2,352,538)
Net book amount	71,640	2,065,105	217,650	2,354,395
Year ended 31 December 2016				
Opening net book amount	71,640	2,065,105	217,650	2,354,395
Exchange differences	(9,745)	(280,900)	(29,605)	(320,250)
Additions	-	482,690	-	482,690
Disposals	-	(6,242)	-	(6,242)
Amortisation charge	(18,148)	(996,455)	(91,261)	(1,105,864)
Closing net book amount	43,748	1,264,197	96,785	1,404,729
At 31 December 2016				
Cost or valuation	134,201	3,113,969	269,708	3,517,877
Accumulated amortisation	(90,453)	(1,849,773)	(172,923)	(2,113,149)
Net book amount	43,748	1,264,197	96,785	1,404,729
Year ended 31 December 2017				
Opening net book amount	43,748	1,264,197	96,785	1,404,729
Exchange differences	(1,743)	(37,856)	(3,204)	(42,803)
Additions	71,668	280,548	410,383	762,599
Disposals	-	-	-	-
Amortisation charge	(20,388)	(923,879)	(105,057)	(1,049,324)
Closing net book amount	93,285	583,010	398,907	1,075,201
At 31 December 2017				
Cost or valuation	212,076	3,308,418	612,187	4,132,681
Accumulated amortisation	(118,791)	(2,725,407)	(213,282)	(3,057,480)
Net book amount	93,285	583,011	398,905	1,075,201

Company	Software €	Total €
At 31 December 2016		
Cost or valuation	-	-
Accumulated amortisation	-	-
Net book amount	-	-
Year ended 31 December 2017		
Opening net book amount	-	-
Exchange differences	-	-
Additions	357,759	357,759
Disposals	-	-
Amortisation charge	(36,389)	(36,389)
Closing net book amount	321,370	321,370
At 31 December 2017		
Cost or valuation	357,759	357,759
Accumulated amortisation	(36,389)	(36,389)
Net book amount	321,370	321,370

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15. INVESTMENTS

Company	Investments in subsidiary companies €	Other investments and loans €	Total €
At 1 January 2016			
Cost or valuation	39,170,547	1,464,469	40,635,015
Net book amount	39,170,547	1,464,469	40,635,015
Year ended 31 December 2016			
Opening net book amount	39,170,547	1,464,469	40,635,015
Exchange differences	(5,320,314)	(169,043)	(5,489,358)
Additions	-	38,258	38,258
Disposals	(1,216,074)	-	(1,216,074)
Closing net book amount	32,634,158	1,333,683	33,967,841
At 31 December 2016			
Cost or valuation	32,634,158	1,333,683	33,967,841
Net book amount	32,634,158	1,333,683	33,967,841
Year ended 31 December 2017			
Opening net book amount	32,634,158	1,333,683	33,967,841
Exchange differences	(196)	(61,207)	(61,403)
Additions	500,667	-	500,667
Repayment in year	-	(460,955)	(460,955)
Closing net book amount	33,134,629	811,521	33,946,150
At 31 December 2017			
Cost or valuation	33,134,629	811,521	33,946,150
Net book amount	33,134,629	811,521	33,946,150

Details of the principal subsidiaries can be found under Note 29.

As at 31st December 2017, included within other investments and loans are loans to subsidiaries: PXP Solutions PTY Limited, €563,237 (2016 - €944,604), to PXP Solutions Inc €248,284 (2016 - €349,016) and to Kalixa Services Limited €- (2016 - €40,063). These loans are repayable on 1 April 2025 and are measured at fair value.

16. AVAILABLE FOR SALE INVESTMENT

	Group		Company	
	31-Dec-17 €	31-Dec-16 €	31-Dec-17 €	31-Dec-16 €
At 1 January 2017	2,192,030	9,398,903	-	-
Reclassified as held for sale:				
Fair value adjustment 31 March 2016	-	(2,463,969)	-	-
Cash - Received 21 June 2016	-	(5,784,951)	-	-
Stock - fair value adjustment	-	1,005,477	-	-
Reclassify to deferred consideration	-	(598,185)	-	-
Exchange movement	-	634,756	-	-
Fair value adjustment 2017	262,178	-	-	-
Sale of shares	(2,454,208)	-	-	-
At 31 December 2017	-	2,192,030	-	-

The available for sale asset held consisted of 4,650 Series B convertible participating shares in Visa Inc. The shares were sold to Kalixa Group Limited on 23rd May 2017 for €2,454,208.

17. DEFERRED CONSIDERATION

	Group		Company	
	31-Dec-17 €	31-Dec-16 €	31-Dec-17 €	31-Dec-16 €
At 1 January	614,002	-	-	-
Discounted deferred consideration	-	598,185	-	-
Unwinding of discount	25,729	15,817	-	-
FX difference	17,907	-	-	-
At 31 December	657,638	614,002	-	-

As part of the Visa Europe Limited share sale (see note 11) the Company was informed that a deferred cash payment of €692,829 including interest is expected to be paid in 2019. A discount rate of 4% has been applied to calculate the deferred consideration of €657,638. The discount is being unwound through the income statement on a monthly basis.

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18. RECEIVABLES

	Group		Company	
	31-Dec-17 €	31-Dec-16 €	31-Dec-17 €	31-Dec-16 €
Trade receivables	5,239,980	980,642	2,945,869	-
Other receivables	4,115,866	2,673,063	519,417	-
Social security and other taxes	158,537	-	-	-
Amounts owed by group undertakings and undertakings in	1,000,000	3,163,626	8,490,921	10,738,169
Prepayments and accrued income	-	192,792	1,942,812	-
Payment service providers	52,516,432	29,856,982	-	-
	<u>63,030,815</u>	<u>36,867,105</u>	<u>13,899,019</u>	<u>10,738,169</u>

The carrying value of receivables approximates fair value.

Accrued income of €1,942,812 has been provided during the year relating to expected royalty charges to Kalixa Accept Limited for the licence of operation, costs and associated use of the Kalixa payments platform.

19. PAYABLES

Amounts falling due within one year

	Group		Company	
	31-Dec-17 €	31-Dec-16 €	31-Dec-17 €	31-Dec-16 €
Amounts owed to group undertakings and undertakings in which the group has a participating interest	-	19,290,607	7,882,599	7,100,412
Trade payables	1,743,859	417,659	843,909	-
Social security and other taxes	-	418,467	2,588	-
Corporation Tax	-	1,544,767	-	-
Merchant payables	68,587,141	15,148,322	-	-
Other payables	3,129,334	12,489,477	-	-
Accruals and deferred income	904,182	525,345	471,973	411,139
	<u>74,364,516</u>	<u>39,834,644</u>	<u>9,201,070</u>	<u>7,511,551</u>

The carrying value of payables approximates fair value.

20. SHARE CAPITAL

	31-Dec-17 €	31-Dec-16 €
Allotted, called up and fully paid		
1,513,050 Ordinary shares of €1 each	1,776,018	1,776,018
	<u>1,776,018</u>	<u>1,776,018</u>

21. CAPITAL CONTRIBUTION RESERVE

	31-Dec-17 €	31-Dec-16 €
At 31 December 2016	59,948,071	8,320,983
Capital contribution in the year	-	51,627,088
At 31 December 2017	<u>59,948,071</u>	<u>59,948,071</u>

22. AVAILABLE FOR SALE RESERVE

	31-Dec-17 €	31-Dec-16 €
As at 1 January	1,841,092	7,477,797
Cash received	(1,841,092)	(4,627,961)
Deferred consideration	-	478,548
Exchange movements	-	(320,498)
Fair value adjustment	-	(1,166,794)
At 31 December	<u>-</u>	<u>1,841,092</u>

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23. RESERVES

	Share Premium account		Accumulated Loss	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Group	€	€	€	€
At 1 January	479,277	479,277	(23,206,175)	(19,831,423)
Loss for the year	-	-	(1,014,665)	(4,443,250)
Dividend payment	-	-	(5,395,000)	-
Stock option reserve transferred to retained earnings	-	-	-	606,969
Currency translation difference on consolidation	-	-	(445,991)	461,528
At 31 December	<u>479,277</u>	<u>479,277</u>	<u>(30,061,831)</u>	<u>(23,206,175)</u>

As a result of the GVC acquisition of Bwin.party plc on 1st February 2017 all share options vested and exercised and in alignment with IAS 12 the share option reserve was transferred to retained earnings.

	Share Premium account		Accumulated Loss	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Company	€	€	€	€
At 31 December 2016	479,277	479,277	(23,878,760)	(18,101,189)
Currency translation difference	-	-	(35,799)	-
Profit/(Loss) for the year	-	-	9,117,559	(5,777,572)
Dividends	-	-	(5,395,000)	-
At 31 December 2017	<u>479,277</u>	<u>479,277</u>	<u>(20,192,000)</u>	<u>(23,878,760)</u>

24. SHAREHOLDERS' FUNDS

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Available for sale reserve	Group investment in entities not qualifying as subsidiary
Capital contribution reserve	Funds transferred over by parent company as a capital injection
Accumulated loss	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere
Currency translation	Gains arising on the retranslation of the net assets of an overseas subsidiary

25. FINANCIAL INSTRUMENTS

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Financial assets measured at amortised cost	€	€	€	€
Trade and other receivables	61,872,278	33,510,687	-	-
Cash and cash equivalent	25,659,735	20,987,366	-	-
Amounts owed by group undertakings	1,000,000	3,163,626	8,490,921	10,738,169
	<u>88,532,013</u>	<u>57,661,678</u>	<u>8,490,921</u>	<u>10,738,169</u>
Financial liabilities measured at amortised cost	€	€		
Trade and other payables	74,364,516	18,580,803	-	-
Amounts owed to group undertakings	-	19,290,607	7,882,599	7,100,412
	<u>74,364,516</u>	<u>37,871,410</u>	<u>7,882,599</u>	<u>7,100,412</u>

Trade and other receivables are largely made up of amounts owed by payment service providers, trade receivables and security deposits.

Trade and other payables are largely made up of trade and merchant payables.

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Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

Financial Instruments	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
	€	€	€	€	€	€
Financial Assets						
Loans and receivables (Company)	-	-	-	-	811,521	1,333,683
Loans and receivables (Group)	-	-	-	-	-	-
As at 31 December	-	-	-	-	811,521	1,333,683

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between levels during the year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurements of level 3 financial instruments are set out in the table below.

Financial instrument	Valuation technique used	Significant unobservable inputs
Contingent consideration	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows
Loans and receivables	Effective interest rate method	Euro libor plus 4% per annum

A description of the principal risk relating to financial instruments and their relevance to the Company and how they are managed is given below:

Liquidity risk:

The Company maintains sufficient cash and liquid resources to cover likely future settlements. The Company also have the backing of the group if required. Amounts owed to the group are non-current liabilities.

Currency risk:

Foreign currency risk arises due to aggregation and acquiring transactions in multiple currencies for merchants in 28 European countries. Wherever possible the Group will receive settlements from payment providers and card schemes in the same currency as the underlying transaction and will settle in this currency to its merchants. Some merchants may request settlement in a currency different from the underlying transaction and the company is able to generate foreign exchange income from providing this service.

Capital management risk:

Equity comprises all components of equity (i.e. called up share capital and accumulated losses). The Group manages its capital structure and makes adjustments to it in the light of changes to its net debt. In order to adjust the capital structure, the Group may reduce debt or preserve a strong cash base to achieve the required net debt ratio.

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As at 31 December	2017	2016
	€	€
Cash and Cash equivalents	25,659,735	20,987,366
Net surplus	<u>25,659,735</u>	<u>20,987,366</u>

Credit Risk:

Credit risk is the risk of financial loss to the Group that a customer will fail to meet their contractual obligations. The Group mainly has agreements with merchants to provide net settlement whereby charges are deducted before funds are settled. This helps to reduce the risk to the Group, however there may be arrangements in place where the Group settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Group in order to reduce the risk.

Another substantial portion of our revenues are due to support and maintenance contracts that are prepaid. For all other revenue streams internal policies require the finance department to monitor non-payment and consequently block any access to our gateway via a denial of service.

26. OPERATING LEASE COMMITMENTS

The Group had annual commitments under non cancellable operating leases as follows:

Expiry Date:	Land and Buildings		Other	
	31-Dec	31-Dec	31-Dec	31-Dec
	2017	2016	2017	2016
	€	€	€	€
Within 1 year	187,885	201,583	5,947	6,380
Between 2 & 5 years	375,769	604,748	7,021	13,913
	<u>563,654</u>	<u>806,330</u>	<u>12,967</u>	<u>20,293</u>

27. RELATED PARTIES

Name of related party	Nature of related party	Income statement movements		(Creditor)/Debtor	
		2017	2016	2017	2016
		€	€	€	€
Senjo Group Pte Ltd	Parent	-	-	1,000,000	-
Kalixa Group Ltd	Parent *	1,062,032	1,211,231	-	4,157,230
B.E.S. S.A.S	Fellow subsidiary *	275,031	263,218	-	(550,443)
GVC Services Limited	Fellow subsidiary *	6,846,980	12,026,293	-	(17,990,664)
Bwin.party services (Austria) GmbH	Fellow subsidiary *	(142,318)	134,987	-	52
Bwin Italia S.r.l.,	Fellow subsidiary *	329,259	442,044	-	(1,977,720)
GVC Headlong Limited	Fellow subsidiary *	22,984	27,123	-	-
Bwin.party marketing (UK) Limited	Fellow subsidiary *	(10,715)	(133,816)	-	(1,150)
Bwin.party digital entertainment plc	Fellow subsidiary *	-	11,504	-	-
Dominion Entertainment	Fellow subsidiary *	-	3,275,812	-	-

* up until sale on the 31st May 2017.

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28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate holding and controlling company is Senjo Group Pte Ltd, incorporated in Singapore.

The accounts of Senjo Group Pte. Ltd are available to the public and may be obtained at #56 One Raffles Place, 048616, Singapore.

29. PRINCIPAL SUBSIDIARIES

Company Name	Country	Registered Office	Percentage Shareholding	Description
PXP Solutions Limited	UK	The Corn Mill, Roydon Road, Stanstead Abbotts, Herts, SG12 8XL	100	IT Consultancy Services
PXP Solutions PTY Limited	Australia	Suite 4.02, Level 4, Help Street, Chatswood, NSW 2067	100	IT Consultancy Services
PXP Solutions Inc.	USA	3001 N. Rocky Point Dr, E Suite 200, Tampa FL 33607	100	IT Consultancy Services
Kalixa Payments GmbH	Austria	Marxergasse 18, 1030 Wien, Austria	100	IT Consultancy Services
Kalixa Accept Limited	UK	The Corn Mill, Roydon Road, Stanstead Abbotts, Herts, SG12 8XL	100	Payment Service Provider
Kalixa USA, Inc	USA	140 Broadway, 46th Floor, New York, NY 10005, USA	100	Provision of gateway services
*Kalixa Services GmbH	Austria	Donau-City-Straße, 1220 Wien, Austria	100	Payment gateway and technology service provider
Kalixa Services Bulgaria EOOD	Bulgaria	Sofia, 1612, Ulitsa Tsar Boris III 1, Bulgaria	100	Technology service provider

* Company has a different financial year end to that of the rest of the group. Year end 30 June