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Registered Number: 07875693

Wirecard Card Solutions Limited
Report and Financial Statements
Period from December 8, 2011 to December 31, 2012

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Directors and Auditors

Company:	Wirecard Card Solutions Limited
Address:	3rd Floor Grainger Chambers 3-5 Hood Street Newcastle upon Tyne NE1 6 JQ United Kingdom
Registration No.:	07875693
Authorised by:	The Financial Conduct Authority (FCA) under the Electronic Money Regulations 2011 for the issuing of Electronic Money, Register No 900051
Managing Directors:	Tom Jennings (Executive Director) (appointed 09/12/2011) Klaus Kröger (Executive Director) (appointed 09/12/2011)
Advisory Board:	Burkhard Ley (Non-Executive Director) (appointed 18/04/2012) Oliver Bellenhaus (Non-Executive Director) (appointed 18/04/2012)
Interim Directors:	Oval Nominees Limited (appointed 08/12/11 and terminated 09/12/11 incorporators of the company)
Auditor:	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR United Kingdom

Directors' Report

The Directors have pleasure in presenting to shareholders their first report and the audited financial statements for the period from 8th December 2011 to 31 December 2012

1. Business Review

Wirecard Card Solutions was incorporated on 8th December 2011. On 7th September 2012, the UK Financial Services Authority "FSA" authorised Wirecard Card Solutions Limited as an Electronic Money Institution. This authorisation is used to operate the former Newcastle Building Society Prepaid Card portfolio under its own license. The portfolio was acquired on 21st December 2011 and prior to 7th September operated by Wirecard Card Solutions under Newcastle Building Society's "NBS" license as a credit institution. Subsequent to this date Wirecard Card Solutions was granted permission to operate as an authorized Electronic Money Institution by the FSA.

Wirecard Card Solutions manages controls and operates the regulated business in accordance with E money and other legislation relevant to issuing prepaid cards. For its card distribution Wirecard Card Solutions Limited works together with a substantial number of so called Programme Managers ("PMs"), which are either registered as Agents or Distributors of Wirecard Card Solutions Limited with the FSA.

The business is required to have a minimum level of capital as stipulated by E money regulations and also holds the E money float that supports the outstanding card balances due to cardholders and monies owed to redeemers.

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During 2012 Wirecard Card Solutions Ltd. focused on the following main activities:

- Becoming a licensed Electronic Money Institution
- Obtaining MasterCard License
- Obtaining Visa license
- Maintaining all relationships with migrating PM's from NBS to Wirecard Card Solutions Limited
- Integration into the Wirecard Group

The Directors are highly satisfied with Wirecard Card Solutions Limited's performance during its first year of trading. The company has achieved all of its strategic objectives and is continuing to integrate well into the group. Wirecard Card Solutions is well positioned to continue to service and grow its portfolio of Programme Managers.

The Directors do not recommend the payment of a dividend.

2. Corporate Structure

Wirecard Card Solutions Limited is a part of the Wirecard Group ("Wirecard" or the "Group"). It is a wholly owned subsidiary of Wirecard AG, its ultimate German parent, and its immediate parent is Wire-

card Acquiring und Issuing GmbH Both companies are incorporated in Germany, Wirecard AG is stock listed on the TecDax of the Deutsche Börse in Frankfurt (Germany)

3. Principal Activities

As an Electronic Money Institution Wirecard Card Solutions Limited's main business is to issue prepaid cards and e-wallets throughout Europe (EEA states) Wirecard Card Solutions Ltd holds Principal Membership licences with Visa and MasterCard (the "Schemes")

Wirecard Card Solutions Ltd provides its services to PMs, who then distribute card products to consumers in different markets throughout Europe (EEA) Wirecard Card Solutions Ltd has all necessary passporting rights in place to perform business activities out of the UK into all EEA states

4. Financial Position

The net assets of Wirecard Card Solutions Limited as at 31 December 2012 were GBP 14,439K

5. Risk and Uncertainties

Wirecard Card Solutions Ltd. acknowledges that the effective identification and management of risks and opportunities across all of its business activities is vital to ensure the delivery of its strategic objectives The Company's approach to risk management is aimed at the early identification of key risks and the taking of action to remove or reduce the likelihood of those risks occurring and their effect Wirecard Card Solutions Limited operated a Risk-Based-Approach regarding its PM's

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Key risks identified by the Company are

- Ensuring adequate processes and controls
- Retaining appropriately skilled employees
- Compliance with laws, regulations or codes applicable to Wirecard Card Solutions Ltd activities
- Regulatory changes leading to a decline in revenue generated by the PMs
- Financial crime increasing the potential for material losses
- PMs' financial health and PMs' going out of business
- Pipeline risk
- Achieving business growth objectives or incurring significant unanticipated costs

WDCS addresses the impact and likelihood of the above mentioned business risks mainly through

- Robust corporate governance
- Systems and processes to perform an exact and accurate reconciliation of monies and pipelines
- Control mechanisms for processors and PMs
- Yearly compliance audits for all PMs
- Regularly finance reviews of all PMs
- Financial prefunding, i.e. pipeline prefunding
- Monitoring and rule sets

Wirecard Card Solutions Ltd.

- Staff workshops and training (continuous)
- IT security

All of which is embedded into a comprehensive risk management framework in place which is designed to identify, measure, manage and mitigate significant risks that could adversely affect WDCS future performance, against a pre-defined Risk appetite.

The company is exposed to a number of Financial risks including currency exchange, interest rates, and risks due to default of credit institutions which can be seen in further detail in 7.1. of the notes.

6. Risk Monitoring and Reporting

WDCS risk exposure is aggregated at the Director's level and reported to its Advisory Board and the Wirecard AG Risk Committee. The report is discussed quarterly and on a case-by-case basis.

7. Going Concern

The Directors, having assessed the financial position of Wirecard Card Solutions Ltd, have no reason to believe that any material uncertainty exists that may cast significant doubt about the ability of Wirecard Card Solutions Ltd. to continue as a going concern.

Wirecard Card Solutions Ltd. has prepared forecasts and projections for the next 12 months which show that the company has sufficient financial resources to fund the business for the foreseeable future.

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8. Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the statement of the auditors' responsibilities on page 8, is made by the directors to explain their responsibilities in relation to the preparation of the financial statements and Directors' Report.

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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 Wirecard Card Solutions Limited and of the profit or loss of Wirecard Card Solutions Limited for that period.

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

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on Wirecard Card Solutions Limited's financial position and financial performance, and
- State that Wirecard Card Solutions Limited has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for ensuring that Wirecard Card Solutions Limited keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of Wirecard Card Solutions Limited, in accordance with the Companies Act 2006.

The directors have general responsibility for safeguarding the assets of Wirecard Card Solutions Limited and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are satisfied that Wirecard Card Solutions Limited has adequate resources to continue in business for the foreseeable future. For this reason, the financial statements are prepared on the going concern basis.

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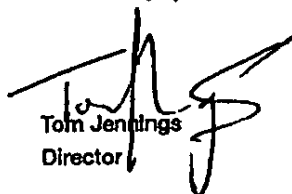
Disclosure of information to auditors

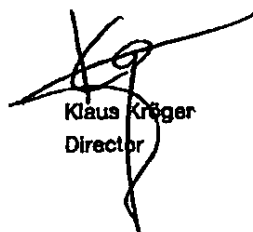
So far as the directors are aware, there is no relevant audit information of which Wirecard Card Solutions Limited's auditors are unaware and the directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant information to establish that Wirecard Card Solutions Limited's auditors are aware of the information.

Auditors

A resolution proposing the re-appointment of Ernst & Young LLP as auditors of Wirecard Card Solutions Limited will be submitted at the Annual General Meeting.

Newcastle, April 25, 2013


Tom Jennings
Director


Klaus Krüger
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIRECARD CARD SOLUTIONS LIMITED

We have audited the financial statements of Wirecard Card Solutions Limited for the period ended 31 December 2012 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow and the Statements of Changes in Equity and the related notes 1 to 8. 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.

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 auditor's 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the period 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

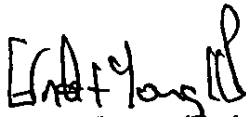
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the 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



Alistair Denton (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

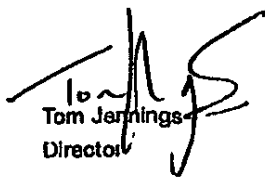
25 April 2013

Statement of financial position – Assets

in GBP '000s	Notes	Dec. 31, 2012
ASSETS		
I. Non-current assets	(3.), (2.2.)	
1. Intangible assets	(3.1.), (2.3.)	
Goodwill		6,727
Internally generated intangible assets		168
Other intangible assets		880
Customer relationships		2,681
		10,436
2. Property, plant and equipment	(3.2.), (2.3.)	
Other property, plant and equipment		211
3. Financial and other assets / interest-bearing securities	(3.3.), (2.2.)	3
Total non-current assets		10,650
II. Current assets		
1. Trade receivables and other receivables	(3.4.), (2.3.)	1,362
3. Interest-bearing securities and fixed deposits	(3.5.), (2.2.)	5,419
4. Cash and cash equivalents	(3.6.)	3,066
5. Cash from customer deposits	(3.6.)	65,118
Total current assets		74,965
Total assets		85,615

Statement of financial position – Equity and Liabilities		
in GBP 000s	Notes	Dec. 31, 2012
EQUITY AND LIABILITIES		
I. Shareholders' equity	(4)	
1 Subscribed capital	(4.1)	2
2 Share premium	(4.2)	14,295
3 Retained earnings	(5)	142
Total shareholders' equity		14,439
II. Liabilities	(4), (2.2)	
1 Non-current liabilities	(4.5), (2.3)	
Other non-current liabilities		925
Deferred tax liabilities	(2.4)	45
		970
2. Current liabilities	(4.4), (2.3)	
Trade payables		228
Other current provisions		4
Other current liabilities		4,856
Customer deposits from banking operations		65,118
		70,206
Total liabilities		71,176
Total shareholders' equity and liabilities		85,615

These financial statements were approved by the Board of Directors on April 25, 2013 and were signed on its behalf by


Tom Jennings
Director


Klaus Kröger
Director

Income Statement

in GBP '000s		Notes	Dec. 08, 2011 - Dec. 31, 2012
I. Revenues	(5 1), (2 3)		11,952
II Operating expenses			10,412
1 Cost of services	(5 2)		9,581
2 Personnel expenses	(5 3)		680
3 Amortization and depreciation			141
III Other operating income and expenses			- 1,353
1 Other operating income	(5 4)		13
2 Other operating expenses	(5 5)		1,366
Net operating income			187
IV. Profit before taxes			187
V Income tax	(5 6)		45
VI. Profit after taxes			142

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Statement of Comprehensive Income

in GBP '000s		Notes	Dec. 08, 2011 - Dec. 31, 2012
Profit after taxes	(5)		142
Total comprehensive income			142

Statement of Changes in Equity

in GBP '000s if not No	Number of shares issued	Share Capital Nominal value	Share premium	Retained earnings	Total Equity
Shares issued on incorporation	1	0	0	0	0
Issue of share capital of June 1, 2012	999	1	7,920	0	7,921
Issue of share capital of August 24, 2012	201	0	1,594	0	1,594
Issue of share capital of September 30, 2012	484	1	3,678	0	3,678
Issue of share capital of December 19, 2012	139	0	1,103	0	1,103
Profit after taxes	0	0	0	142	142
Balance as of December 31, 2012	1,804	2	14,285	142	14,439

Please refer to 4

Statement of Cash Flows

In GBP '000s	Notes	Dec 08, 2011 - Dec 31, 2012
Profit before taxes	(5.)	187
Amortization/depreciation/write-ups of non-current assets		141
Changes in Trade receivables and other receivables		- 6,782
Changes in other assets		- 3
Changes in provisions		4
Changes in non-current liabilities excluding financial liabilities		925
Changes in trade payables		228
Changes in other current liabilities		4,856
Elimination of purchase price liabilities and adjustments to net working capital from initial consolidation	(11), (6)	- 2,425
Cash flow from operating activities	(6.)	- 2,869
Cash paid for investments in Intangible assets and property, plant and equipment		- 622
Cash paid for the acquisition of entities and investments in consolidated entities	(11), (6.)	- 7,540
Cash flow from investing activities	(6.)	- 8,362
Cash received from the issue of shares		14,297
Cash flow from financing activities	(6.)	14,297
Financial resources fund at the end of period	(6)	3,066

Explanatory Notes

1. Disclosures related to the company and its valuation principles

1.1. Business activities and legal background

Wirecard Card Solutions Ltd., with its registered office in Newcastle (United Kingdom) (Reg. No. 07875693) was formed at 8. December 2011 and is used to operate the prepaid card business. The company has the authorization (Register No. 900051) of the Financial Conduct Authority (FCA) under the Electronic Money Regulations 2011 for the issuing of Electronic Money. The company is a private company limited by shares.

Business combinations

Prepaid portfolio of Newcastle Building Society

Wirecard Card Solutions Ltd. reached an agreement with Newcastle Building Society, United Kingdom, on December 16, 2011, to take over this company's entire prepaid card issuing business. Newcastle Building Society's prepaid card portfolio ranks among Europe's largest.

The cash purchase price totaled GBP 7.5 million. Depending on the income generated by the business, further earn-out payments of up to GBP 1.5 million for 2012 and up to GBP 1.0 million for 2013 will have to be paid. On basis of the business plan for the following years the management have recognised the amount of GBP 2,425K.

The card portfolio currently comprises approx. 1.5 million prepaid cards issued in six European countries. The employees in Newcastle will continue to be employed by Wirecard Card Solutions Ltd. in order to operate the business. In accounting period 2012 Wirecard Card Solutions revenues, cash flows and results fully came from the acquired portfolio including the attorney's costs in connection with the issue of the license by the Financial Services Authority (FSA).

The acquisition was performed in two phases and has now been concluded as a result of the formal recognition by the Financial Services Authority (FSA) and the issue of the license to act as an electronic money institution.

In the first phase, Wirecard Card Solutions Ltd. took over key functions as part of Newcastle Building Society's prepaid card business as an outsourcing service provider. In the second phase, from September 2012, Wirecard Card Solutions Ltd. took over control of the company.

As the company was not transferred according to IFRS until the second phase was executed, the assets and liabilities acquired were not included in the financial statements until then. The cash purchase price was carried as an advance payment for intangible assets and the earn out was not carried as a liability until this was the case.

After approval by the Financial Services Authority in September 2012, the conditions required for recognition have now been met. As a result, the advance payment is no longer carried and the assets and liabilities from the purchase price are recognized. In addition, the variable components of the purchase price are carried as liabilities.

The material assets are customer relationships or the corresponding issued prepaid cards with their credit balances (customer deposits) and the corresponding bank balances. Wirecard Card Solutions expects synergies by the business of other group companies. They expect to offer their services to existing customers and to use the relationships to get more business.

**Amounts recorded and fair value per main category
arising from the corporate acquisition Prepaidcard
Portfolio Newcastle**

in GBP 000's	Book value	Fair value
Cash & cash equivalents	57,667	57,667
Other non-current intangible assets	0	3,238
thereof: Customer relationships	0	2,587
Deferred tax liabilities	0	0
Customer deposits	57,667	57,667
Total identifiable net assets		3,238
Goodwill		6,727
Purchase consideration (paid and unpaid)		9,965

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2. Principles used in preparing the annual financial statements

Wirecard Card Solutions Ltd. mostly publishes its figures in thousands of British Pounds (GBP K). The use of rounding means that it is possible that some figures do not add up exactly to form the totals stated, and that the figures and percentages do not exactly reflect the absolute values on which they are based.

2.1. Principles and assumptions used in preparing the annual financial statements

Operational environment and 'going concern' assumption

Wirecard Card Solutions Ltd. have assessed the financial position and have no reason to believe that any material uncertainty exists that may cast significant doubt about the ability of Wirecard Card Solutions Ltd. to continue as a going concern.

Wirecard Card Solutions Ltd has prepared forecasts and projections for the next 12 months which show that the company has sufficient financial resources to fund the business for the foreseeable future

Accounting in accordance with International Financial Reporting Standards (IFRS)

The financial statements and the management report have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the EU

All interpretations valid for accounting period 2012 by the International Financial Reporting Interpretations Committee (IFRIC) and the earlier interpretations by the Standing Interpretations Committee (SIC) were taken into account

Currency translation

The reporting currency is the pound sterling

Judgments, estimates, assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that reflect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty inherent in these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the accounting policies, management has made the following judgments which have a significant effect on the amounts recognized in the financial statements. Forward-looking assumptions, discretionary decisions as well as other substantial sources of uncertainties relating to estimates as at the Statement of financial position date giving rise to a substantial risk that an adjustment of the carrying amounts of assets and liabilities will be necessary within the following accounting period are explained below within the individual items

Classification

In the Statement of financial position, a distinction is made between non-current and current assets and liabilities. Assets and liabilities are regarded as being current if they are due for payment or sale within one year. Accordingly, assets and liabilities are classified as long-current if they remain within the company for longer than one year. The income statement was prepared in accordance with the nature of expense method

2.2. Accounting for financial assets and liabilities

Financial assets and liabilities are reported in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). As a result, financial assets and liabilities are recognized in the Statement of financial position of Wirecard Card Solutions Ltd. has a contractual right to receive cash or cash equiv-

alents or other financial assets from some other party or if it has a contractual obligation to pay liabilities to some other party.

According to IAS 39, financial instruments are broken down into the following categories:

- financial assets and liabilities to be measured at fair value through profit or loss
- financial investments held until final maturity
- financial assets available for sale
- loans and receivables
- financial liabilities measured at amortized cost

Financial assets

The Wirecard Card Solutions Ltd. classifies its financial assets at the time of first recognition. Financial assets are measured at fair value when first recognized. In the case of financial investments not classified at fair value in profit and loss, transaction costs directly assignable to the acquisition of the assets are additionally taken into account.

Purchases or sales of financial assets that provide for delivery of assets within a certain period determined by regulations or conventions applicable to the relevant market (purchases subject to common market usage) are recognized on the day of trading, i.e., on the day on which the Wirecard Card Solutions Ltd. entered into the obligation to purchase or sell the asset in question.

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The financial assets comprise cash as well as current deposits, trade receivables, loans and other receivables as well as unlisted financial instruments and financial derivatives.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Such financial assets are measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement if the loans and receivables are taken off the books or impaired or within the scope of amortizations.

Impairment of financial assets

The Wirecard Card Solutions Ltd. assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Wirecard Card Solutions Ltd. of financial assets is only deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the anticipated future cash flows of the financial asset or the Wirecard Card Solutions Ltd. of financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Wirecard Card Solutions Ltd. of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization

and observable data indicating that there is a measurable decrease in the anticipated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

Financial liabilities

The Wirecard Card Solutions Ltd classifies its financial liabilities at the time of initial recognition. Financial liabilities are recognized initially at fair value and in the case of loans, plus directly attributable transaction costs.

The Wirecard Card Solutions Ltd. financial liabilities include trade and other payables, bank overdrafts, loans, financial guarantees and derivative financial instruments.

Financial guarantee contracts

Financial guarantee contracts issued by the Wirecard Card Solutions Ltd are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization

Derecognition

Financial liabilities are derecognized if the obligation on which this liability is based has been fulfilled, waived or deleted. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to a quoted market price. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions; reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models

Significant accounting judgments, estimates and assumptions in connection with financial instruments

If the fair value of financial assets and financial liabilities recorded in the Statement of financial position cannot be determined with the aid of data from an active market, it can be measured using other methods including the discounted cash flow method. The input parameters included in the model are based on observable market data as far as possible. If this is not possible, then the determination of fair values represents a discretionary decision to a certain degree. Discretionary decisions relate to

input parameters such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors may have an impact on the fair value recognized for financial instruments.

2.3. Essential accounting and valuation policies

Accounting for goodwill

The goodwill arising when a subsidiary is acquired or business operations are created corresponds to the surplus of acquisition costs over the Wirecard Card Solutions Ltd.'s share of the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary or operations at the time of acquisition. Goodwill is accounted for at cost at the time of acquisition and valued in subsequent periods at its cost of acquisition less all accumulated impairment expenses.

The Cash-generating unit is to be subjected to impairment testing on an annual basis. In the event of any evidence of impairment to a unit, the latter is evaluated more frequently. If the recoverable amount of a cash-generating unit is less than the book value or carrying amount of the unit in question, then the impairment expense must initially be assigned to the carrying amount of any goodwill assigned to the unit and then allocated pro-rata to the other assets based on the carrying amounts of any such asset within the unit in question. Any impairment charge recognized for goodwill may not be reversed in subsequent periods. When a subsidiary is sold, the amount of goodwill accounted for it is taken into consideration within the scope of determining the profit or loss generated by the sale in question.

In accordance with the Wirecard Card Solutions Ltd.'s accounting policies, goodwill is assessed at least once a year for possible impairments. The recoverable amount of a business segment to which goodwill was assigned is determined on the basis of estimates by management. These are effected on the basis of the various products, distribution areas and regions. The cash flow forecasts take account of past experience and are based on the best estimate by management of future trends, which are compared with the assessment of external market research companies.

The most important assumptions on which the identification of the benefit is based are the following:

- Risk-free interest rate: 2.25 percent
- Market risk premium: 6.25 percent
- Unlevered beta factor: 0.83
- Weighted average costs of capital (WACC): 7.17 percent
- Weighted average costs of capital (WACC) before tax: 8.88

The Company determines these values using valuation methods based on discounted cash flows. These discounted cash flows are based on forecasts in the form of detailed planning across one year and rough planning activities that span four years, established on the basis of finance plans approved by management. Cash flows beyond the planning or budget period are extrapolated with a growth rate of 1 percent.

Reference is made to No 3.1 "Intangible assets - goodwill" for the breakdown, performance and distribution of the respective goodwill

Accounting for intangible assets

Acquired customer relationships are recognized at cost and amortized using the straight line method over their expected useful life of up to 10 years. In addition, these are subject to regular impairment testing, at least once per year. As regards the procedure and essential assumptions, reference is made to the explanatory notes on accounting for goodwill. Purchased software is stated at costs and amortized using the straight-line method over the estimated useful life of the software, generally five years. Financing costs that can be directly assigned to the acquisition or manufacture of a qualified asset are capitalized in accordance with IAS 23. No financing costs were recognized in accounting period 2012. The software constituting the Wirecard Card Solutions Ltd.'s core operations, most of which was internally generated, has a longer estimated useful life and is amortized over a period of ten years.

Research costs are recorded as expenses through profit or loss on the date on which they occur. The costs of development activities are capitalized if the development costs can be reliably determined, the product or process is technically and commercially viable and a future economic benefit is probable. Initial capitalization of costs is based on the assessment by management that the technical and commercial viability has been established, as a rule this will be the case where a product development project has reached a certain milestone in an existing project management model. Moreover, Wirecard must have the intention and adequate resources to conclude such development and either use or sell the asset in question. Development costs are capitalized in accordance with the accounting method shown and amortized accordingly over time from the moment the product is ready for use. During the development phase, an annual impairment test is carried out and assumptions of management are reviewed. The development costs capitalized in the accounting period totaled GBP 172K.

Accounting for property, plant and equipment

The original costs of acquisition or manufacture of property, plant and equipment comprise the purchase price including ancillary acquisition costs. Expenses incurred subsequently after the item of property, plant and equipment was deployed, such as maintenance or repair costs, are recognized as expenses in the period in which the costs arose. Financing costs that can be directly assigned to the acquisition or manufacture of a qualified asset are capitalized in accordance with IAS 23. No financing costs were recognized in accounting period 2012.

Office equipment is stated at cost and depreciated using the straight-line method over its estimated useful life. For computer hardware this period is three to five years and, as a rule, thirteen years for office equipment and furniture.

Any gains and losses on disposal of fixed assets are recorded as other operating income and expenses. Maintenance work and minor repairs are charged to profit or loss as incurred.

Impairment and reversal of intangible assets as well as property, plant and equipment

The useful life and amortization methods are reviewed annually. An impairment charge is made if, due to changed circumstances, a permanent impairment is probable. At each balance-sheet date, an analysis is made as to whether there are indications that the value of an asset may be impaired. If there are such indicators, the company estimates the recoverable value of the respective asset. The recoverable amount corresponds to the higher of the value in use of the asset and its fair value less costs of sale. To determine the value in use, the estimated future cash flows are discounted to their present value using a discount rate reflecting current market expectations for interest rates and the specific risks of the asset. In the event that the fair value cannot be reliably determined, the value in use of the asset corresponds to the recoverable amount. If the carrying amount of an asset exceeds its recoverable amount, the asset will be treated as impaired and written down to its recoverable amount. Impairment expenses, if any, are recorded in a separate expense line item.

The necessity of a partial or full reversal is verified as soon as there is evidence that the reasons for impairment charges effected in previous years no longer apply. Any impairment charge previously recognized must be reversed if, since the last impairment charge was reported, a change has occurred regarding the estimates used to determine the recoverable amount. If this is the case, then the carrying amount of the asset is to be increased to its recoverable amount. This increased carrying amount must not exceed the carrying amount that would have been recognized after taking account of amortization or depreciation if no impairment charges had been recognized in previous years. Such a value reversal is immediately recognized in the profit or loss of the accounting period. Once a value reversal has been made, the amortization or depreciation charge is adjusted in future reporting periods in order to distribute the adjusted carrying amount of the asset, less any residual carrying amounts, systematically across its residual useful life.

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No impairments and no value reversals were registered in the year under review.

Cash and cash equivalents

Cash in hand and bank deposits are classified as cash, whereas cash equivalents comprise current, liquid financial investments (in particular, fixed-term deposits) that can be converted at any time into certain amounts of cash and are only subject to negligible fluctuation in value. In the process, the actual intention of cash management is taken into account and only such items are recorded which are directly related to the availability of liquidity for current, operational payment obligations accounts in the field of acquiring which are partly not held directly but for the account of Wirecard and via which Wirecard executes payments to the merchants are reported under cash and cash equivalents. Not freely available cash and cash equivalents from lease guarantees amounted to GBP 3K and were classified as trade and other receivables.

Provisions

Provisions are carried if the Wirecard Card Solutions Ltd. has a current (statutory or de facto) obligation as a result of a past event which means that an outflow of resources with economic benefits to fulfill the obligation is probable and a reliable estimate of the amount of the obligation is possible. Provisions

are reported under liabilities. All provisions are current in nature and relate to tax provisions reported separately on the one hand and to other current provisions on the other

Expenditure incurred in setting up provisions is reported in the income statement. Gains resulting from the reversal of provisions are recognized under other operating income.

Leases with the Wirecard Card Solutions Ltd. acting as lessee

According to IAS 17, in the case of leases the economic ownership of the objects leased is to be assigned to the party who bears the essential risks and has the relevant opportunities associated with the lease. If the lessor is required to account for (operating) leases, the expenses are recorded in a straight line across the duration of the lease relationship. If economic ownership is assigned to the Wirecard Card Solutions Ltd. (finance leasing), capitalization will be effected at the time the use begins, either at fair value or at the present value of the minimum leasing payments, whichever is the lower.

Contingent liabilities and receivables

Contingent liabilities are not recognized. These are listed in the Notes unless the likelihood of an outflow of resources with an economic benefit is very remote. Contingent receivables are not recognized in the financial statements either. They are reported in the notes if the inflow of an economic benefit is likely to occur.

Revenue recognition

Revenues are recognized when there is sufficient evidence that a sales arrangement exists, service has been performed, the price is fixed or determinable, and it is probable that payment will be received. Interest is recognized pro rata temporis, using the accrual basis of accounting. Operating expenses are recognized with an impact on profit and loss once the service is utilized or at the time the cost is incurred. For further information refer to 5.1

Uncertainties regarding valuation

In applying the accounting and valuation methods, discretionary decisions are required to be taken. The most important forward-looking assumptions as well as other substantial sources of uncertainties relating to estimates as at the Statement of financial position date giving rise to a substantial risk that an adjustment of the carrying amounts of assets and liabilities will be necessary within the following accounting period are explained below

- The measurement of fair values of assets and liabilities as well as the useful lives of assets is based on assessments made by management. This also applies to the measurement of impairments of assets comprising property, plant and equipment, of intangible assets as well as of financial assets. Valuation adjustments are made to doubtful receivables in order to take account of estimated losses arising from insolvency or unwillingness of customers to pay.
- In accounting for and valuing provisions, expected obligations represent the key sources of estimates.

In the event of uncertainties relating to valuations, the best possible findings are used relating to the circumstances prevailing as at the Statement of financial position date. However, actual amounts may differ from the estimates made. The carrying amounts reported in the financial statements and impacted by these uncertainties are listed in the Statement of financial position and in the relevant notes.

At the time when the financial statements were prepared, no substantial changes were expected with regard to the underlying assumptions on which the accounting and valuation were based. Accordingly, from the present perspective, no adjustments are expected to be made to the assumptions and estimates or carrying amounts of the relevant assets and liabilities in accounting period 2013.

2.4. Accounting for and valuation of tax items

Actual income taxes

Actual tax refund claims and tax debts for the current or earlier periods are measured in the amount in which a refund is expected from the revenue authorities or a payment is expected to be made to the revenue authorities. The tax rates and tax laws prevailing on the Statement of financial position date are used to calculate the amount in question.

Actual taxes relating to items recognized directly in equity are not recognized through profit or loss but in equity.

Deferred tax liabilities and assets

In accordance with IAS 12 (Income Taxes), deferred tax liabilities and asset are set up accordingly for all temporary differences between the value of the assets and liabilities in the tax base and those in the Statement of financial position as well as between the assets of a subsidiary recognized in the financial statements and the tax base value of the shares in the subsidiary held by the parent company. Exceptions from this are differences arising in accordance with IAS 12 15 from the initial recognition of goodwill or initial recognition of an asset or liability in the case of a transaction that is no business combination and, at the time of the transaction, has no influence on net profit or loss for the period under commercial law (before income tax) nor on the taxable result (the tax-related loss). Deferred tax assets are recognized to the extent that it is probable that taxable income will be available with which the deductible temporary difference can be netted. The assessment and valuation of deferred tax assets is reviewed at each Statement of financial position date, taking account of current estimates in accordance with IAS 12 37 and IAS 12 56.

Deferred tax assets relating to benefits of as yet unutilized tax loss carry-forwards are capitalized to the extent that it can be assumed with an adequate degree of probability that the respective company will be able to generate sufficient taxable income in future.

Deferred taxes are determined in line with IAS 12 47 on the basis of the tax rates applicable at the time of realization or in the future. Deferred taxes are carried as tax income or tax expense in the income

statement, unless they relate to items directly recognized under equity with no impact on profit or loss, in this case, deferred taxes are booked under equity, without impacting the income statement

The calculation of deferred taxes was based on a United Kingdom corporation tax rate of 24.0 percent

Value added tax

Sales revenues, expenses and assets are recognized after deducting value added tax. An exception in this regard is value added tax incurred when purchasing assets or services that cannot be claimed by the revenue authorities. Such value added tax is recognized as part of costs of the asset or as part of expenses. Receivables and liabilities are likewise recognized along with the amount of value added tax included therein

The amount of value added tax refunded by the revenue authorities or paid to the latter is netted in the Statement of financial position under receivables and liabilities. Tax assets and liabilities are netted to the extent that they relate to taxes imposed by the same fiscal authority on the same company and if the Wirecard Card Solutions Ltd. intends to settle its current tax claims and tax debts on a net basis

Essential discretionary decisions, estimates and assumptions in connection with taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Wirecard Card Solutions Ltd. establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective of Wirecard Card Solutions Ltd.

Deferred tax assets are recognized for all unused tax loss carry-forwards to the extent that it is probable that taxable profit will be available against which the loss carry-forwards can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies

2.5. Changes to accounting and valuation methods - new accounting standards with EU endorsement

The IASB and the IFRIC have published the following standards and interpretations that were already incorporated in EU law within the scope of the comitology procedures but were not of mandatory application as yet in fiscal year 2012. The Wirecard Card Solutions Ltd. does not use these standards and interpretations ahead of time.

Amendment to IAS 1 - Presentation of items of other comprehensive income

The change to IAS 1 leads to a changed grouping of items that are presented under other comprehensive income. Items that are reclassified to earnings for the period at a later date (including profits from hedging a net investment, currency translation differences from currency translation for foreign operations, losses and gains from cash flow hedges and from available-for-sale financial assets) are to be disclosed separately from the items for which there will be no reclassification (including actuarial gains and losses from defined benefit pension plans and effects from the revaluation of land and buildings). The change only affects presentation and does not impact the Wirecard Card Solutions Ltd.'s financial position and results of operations. This amendment is to be applied for the first time for fiscal years beginning on or after July 1, 2012, and the Wirecard Card Solutions Ltd. will use this in its first annual report after it came into effect.

Amendments to IAS 32 - Offsetting of Financial Assets and Liabilities

The change clarifies the wording "currently has a legally enforceable right of set-off". In addition, it adds greater detail to the application of offsetting criteria in IAS 32 for processing systems (such as central clearing agents) which perform gross netting with individual transactions not taking place simultaneously. The revised standard is to be applied for the first time for fiscal years beginning on or after January 1, 2014 and is not expected to have any impact on the financial statements.

Amendments to IFRS 7 - Offsetting of Financial Assets and Liabilities

According to this amendment, an entity must provide information on offsetting rights and the associated agreements (e.g., hedge agreements). This provides the users of the financial statements with information that they can use to assess the impact of offsetting agreements on the entity's financial position. The new disclosures are required for all financial instruments in the financial statements that are offset according to IAS 32 Financial Instruments Presentation. The disclosures also apply to financial instruments carried that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether these are offset according to IAS 32. The change is to be applied for the first time for fiscal years beginning on or after January 1, 2013 and is not expected to have any impact on the presentation of the Wirecard Card Solutions Ltd.'s financial position, net assets or results of operations.

IFRS 13 Fair value measurement

This standard sets out uniform guidelines for identifying fair value. This standard does not deal with the issue of when assets and liabilities are to be or can be measured at fair value, rather it provides guide-

lines as to how the fair value should be properly calculated according to IFRS. At present, the Wirecard Card Solutions Ltd. is investigating the impact that the new standard is expected to have on the Wirecard Card Solutions Ltd.'s financial position, net asset and results of operations. Initial reviews suggest that no material impact is expected. This standard is to be applied for the first time for fiscal years beginning on or after January 1, 2013.

Additional standards and interpretations

The IASB and the IFRIC have published the following standards and interpretations that were already incorporated in EU law within the scope of the comitology procedures but which are not expected to impact Wirecard Card Solutions financial statements:

- IAS 19 Employee Benefits (revised)
- IAS 28 Interests in Associated Companies and Joint Ventures (revised 2011)
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

2.6. Changes to accounting and valuation methods - new accounting standards with outstanding EU endorsement

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The IASB has published the following standards and interpretations for which application was not yet mandatory application in fiscal year 2012. These standards and interpretations have not been endorsed by the EU and are not used by the Wirecard Card Solutions Ltd..

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 reflects the first phase in the IASB project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities according to IAS 39. This standard was to be applied for the first time for fiscal years beginning on or after January 1, 2013. With the change published in December 2011 for IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, the date of mandatory first-time application has been shifted to January 1, 2015. In further project phases, the IASB will deal with hedge accounting and the impairment of financial assets. Application of the new regulations from the first phase of IFRS 9 will impact the classification and valuation of the Wirecard Card Solutions Ltd.'s financial assets, however it will not impact the classification and valuation of financial liabilities. When the final standard including all phases has been published, the Wirecard Card Solutions Ltd. will be able to quantify the impact in connection with the other phases.

Improvements to IFRS (May 2012)

The changes from this pronouncement will not have any impact on the financial statements

- IFRS 1, First-time Application of International Financial Reporting Standards Clarification, that a company which has terminated IFRS accounting and which resolves or is obliged to continue with IFRS accounting, has the opportunity to apply IFRS 1 again. If the company does not use IFRS 1 again, it must adjust its financial statements retroactively, as if the use of IFRS had never been terminated.
- IAS 1, Presentation of Financial Statements Clarification of the difference between voluntary comparable information and prescribed comparable information, which generally spans the prior reporting period
- IAS 16, Property, plant and equipment: Clarification that material replacement parts and maintenance equipment which qualify as property, plant and equipment, are not covered by the application provisions for inventories
- IAS 32, Financial Instruments Clarification that income taxes on disbursements to the holders of equity instruments are covered by the application provisions of IAS 12 Income Taxes
- IAS 34, Interim reporting Regulation for the comparison of information on segment assets with the information on segment liabilities as well as the comparison of information in interim reporting with the information in annual reporting
- The change from this project is to be applied for the first time for fiscal years beginning on or after January 1, 2013

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Additional standards and interpretations

The IASB has published additional standards and interpretations for which application was not yet mandatory in fiscal year 2012. These standards and interpretations have not been endorsed by the EU. They are not used by the Wirecard Card Solutions Ltd. and would not have any impact on the financial statements.

- Amendment to IFRS 1 - Government loans
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment companies

3. Explanatory notes on Statement of financial position assets

Fixed -asset Wirecard Card Solutions Ltd.

In GBP '000s						Net book value	Amortization, depreciation and write-downs 2012
Costs	Additions and disposals from acquisition	Additions	Dec 31, 2012	Additions	Dec 31, 2012	Dec. 31, 2012	
Non-current assets							
1. Intangible assets							
Goodwill	6,727	0	6,727	0	0	6,727	0
Internally-generated intangible assets	0	172	172	4	4	168	4
Other intangible assets	652	282	934	74	74	860	74
Customer relationships	2,587	140	2,727	46	46	2,681	46
	9,965	594	10,559	124	124	10,436	124
2. Property, plant and equipment							
Other property, plant and equipment	0	228	228	17	17	211	17
Total:	9,965	822	10,787	141	141	10,647	141

3.1. Intangible assets

Intangible assets comprise goodwill, internally generated intangible assets, other intangibles and customer relationships

Goodwill

In accordance with the Wirecard Card Solutions Ltd's accounting policies, goodwill is assessed at least once a year for possible impairments or whenever the need arises (most recently on December 31, 2012). The determination of the recoverable amount of a business segment (cash-generating unit) to which goodwill was assigned is based on estimates by management. These take account of the prevailing general economic conditions. The Company determines these values using valuation methods based on discounted cash flows.

Goodwill increased in accounting period 2012 as a result of the consolidation of the prepaid card portfolio of Newcastle Building Society totals GBP 6,727K.

For information on goodwill, please refer to the statement of changes in non-current assets

Internally generated intangible assets

In accounting period 2012 internally-generated software was developed and capitalized in the amount of GBP 172K. It is written off using the straight-line method over its anticipated useful economic life of ten years.

Other intangible assets

Other intangible assets, in addition to the software for the individual workstations, essentially relate to software. These will be amortized using the straight-line method. The relevant period ranges from three to ten years.

Customer relationships

Customer relationships refer to acquired customer portfolios. The acquisitions made by Wirecard focused on acquiring regional customer relationships in order to expand the market position with the acquisitions made. Further information on the business combinations can be found in 1.1 Business activities and legal background - business combinations.

3.2. Property, plant and equipment

Other property, plant and equipment

Property, plant and equipment comprises office and business equipment. It is stated at cost and depreciated using the straight-line method over its estimated useful life. For computer hardware this period is three to five years and, as a rule, thirteen years for office equipment and furniture. The main increases in this item are due to investments in the new office.

Any gains and losses on disposal of fixed assets are recorded as other operating income and expenses, respectively. Maintenance and minor repairs are charged to profit and loss as incurred.

3.3. Financial and other assets / interest bearing securities

Financial and other assets on December 31, 2012 totaled GBP 3K.

3.4. Trade receivables and other receivables

The transaction volume of the Wirecard Card Solutions Ltd. is also reported under the item Trade receivables as a receivable from credit card organizations and program manager. At the same time, these business operations give rise to customer deposits from banking operations, amounting to the transaction volume less our charges.

In determining the value of trade receivables, each and every change in credit standing is taken into account from the date on which deferred payment was granted up to the balance-sheet date. The

present value of the trade receivables is the same as the carrying amount. Additions in the accounting period are reported in the income statement under other operating income and reversals under other operating expenses. Moreover, due to currency translation factors, receivables in foreign currency were revalued with an impact on expenses at the exchange rate prevailing on the Statement of financial position date.

3.5. Interest-bearing securities and fixed-term deposits

To improve its interest income, apart from investing in various interest-bearing securities, the Wirecard Card Solutions Ltd. has also invested in fixed-term deposits. All investments were only concluded with banks or counterparties that meet the creditworthiness requirements from the Wirecard Card Solutions Ltd.'s own risk evaluation and - to the extent that external ratings are available - are assessed as having a minimum creditworthiness risk by well-known ratings agencies. Fixed-term deposits have been transferred as collateral for credit card acquiring for the duration of the business relationship in the amount of GBP 3,764K. Fixed-term deposits with a term of more than three months are disclosed under "Interest-bearing securities and fixed-term deposits", which reduces the item Cash and cash equivalents. Fixed-term deposits with a term of up to three months are disclosed under the item Cash and cash equivalents.

3.6. Cash and cash equivalents/Cash from customer deposits

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The item Cash and cash equivalents GBP 68,184K includes cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight deposits).

Thereof GBP 65,118K relates to customer deposits and are shown separately. That position corresponds with the position Customer deposits on the liabilities. That amount is restricted by regulatory requirements of an electronic money institution and is held on behalf of customers.

4. Explanatory notes on Statement of financial position equity and liabilities

As regards the development of Wirecard Card Solutions Ltd equity for accounting period 2012, further particulars in addition to the following explanations are provided in the table "statement of changes in equity"

4.1. Subscribed capital

The company's subscribed capital increased by GBP 1,803 to GBP 1,804 and comprises 1,804 no-par value bearer shares based on a notional common stock of GBP 1 00 per share. Please refer to table "Statement of Changes in Equity"

4.2. Share premium accounts

In 2012, Wirecard Card Solutions Ltd resolved a capital increase of 1,804 new shares, by Wirecard Acquiring & Issuing GmbH (100% share holder) The shares had a premium of GBP 7,929 As a result the capital reserve increased in the period under review by GBP 14,295K and on December 31, 2012 this totaled to that amount

4.3. Non-current liabilities

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Non-current liabilities break down into non-current interest-bearing liabilities, other non-current liabilities and deferred tax liabilities

Other non-current liabilities

Other non-current liabilities on December 31, 2012 the non-current portion of earn-out components in the amount of GBP 925K

Deferred tax liabilities

Deferred tax liabilities, amounting to GBP 45K related to temporary differences between tax base and the financial statements according to IFRS and are reported under non-current liabilities. As regards the tax reconciliation account and the trend relating to deferred taxes, reference is made to the further details under 5 6. Income taxes and deferred taxes

4.4. Current liabilities

Current liabilities are classified into trade payables, interest-bearing liabilities, other provisions, customer deposits from banking operations of Wirecard Card Solutions Ltd and other liabilities.

Trade payables

Trade payables are owed chiefly to suppliers

Current provisions

Provisions are generally short-term in nature and are anticipated to be used in the first half of 2013.

Statement of changes in provisions

in GBP '000s	Addition	Dec. 31, 2012
Other provisions	4	4
Other current provisions	4	4

Other current liabilities

Other liabilities in the amount of GBP 4,856K accrued liabilities, includes current purchase price liabilities (GBP 1,500K) from variable remuneration for M&A transactions. In addition, this item includes liabilities from payment transactions (GBP 2,889K), wages and salaries and social security. It also includes Intercompany balances in the amount of GBP 193K.

Customer deposits from banking operations

This item includes customer deposits in the amount of GBP 65,118K.

Maturities

The maturity structure of other liabilities (excluding deferred tax liabilities) is as follows

Maturity Structure 2012

in GBP '000s	up to 1 year	1 to 5 years	more than 5 years
Trade payables	228	0	0
Customer deposits	65,118	0	0
Other liabilities and provisions	4,860	925	0
Total	70,206	925	0

5. Notes to the income statement

5.1. Revenues

Sales revenues are generated particularly through the business of prepaid cards. There interchanges are generated, for which Wirecard Card Solutions Ltd receives a volume-dependent fee from credit card organizations. Moreover, Wirecard Card Solutions Ltd. offers sales partners in the B2B division co-branding programs in the card-issuing division, for which it not only earns a fixed charge, but also generates sales revenues within the scope of the card agreements entered into

5.2. Cost of services

The cost of services essentially comprises charges of the credit card issuing banks (Interchange), charges to credit card companies (e.g MasterCard and Visa), transaction costs as well as transaction-related charges to third-party providers. The cost of services includes expenditure comprising Interchange and in particular processing costs from external service providers, from production, personalization and transaction costs for prepaid cards and the and the payment transactions performed with these cards, as well as account management and transaction fees for managing customer accounts

5.3. Personnel expenses

Personnel expenses in accounting period 2012 totalled GBP 852K, comprising salaries amounting to GBP 746K, and social security contributions in the amount of GBP 106K. The position was adjusted by the own work capitalized in the amount of GBP 172K In the period under review Wirecard Card Solutions had an average of 28 employees

5.4. Other operating income

The item other operating income includes income from contractual relationship and income from currency conversion

5.5. Other operating expenses

Breakdown of other operating expenses

Other operating expenses

in GBP 000s	Dec 08, 2011 - Dec 31, 2012
Legal and financial statement costs	925
Office expenses, Equipment & Leasing	129
Sales and marketing	161
Insurances, contributions and duties	38
Other	112
Total	1,366

5.6. Income tax expense and deferred taxes

Taxation

in GBP 000s	31/12/2012
Profit before taxes	187
Tax at UK standard rate of corporation tax on PBT of 24%	- 45
Expenses not deductible	1
Change in rate adjustment	-1
Income tax expense reported	- 45

The Finance Bill 2012 was substantively enacted on the 3 July 2012. The reduction to the standard rate of corporation tax from 24% to 23% will be effective from 1 April 2013. Accordingly the deferred tax balance at 31 December 2012 has been stated at 24%. A further rate reduction has been announced in the March 2013 budget which will reduce the tax rate to 21% in 2014 and 20% by 2015. These additional changes will be enacted separately. The maximum effect on deferred tax of the reduction in the UK corporation tax rate to 20% is expected to be GBP8k.

Deferred tax are as follows

Recognised deferred taxes

In GBP '000s	31/12/2012
Losses	-38
Intangible fixed asset temporary differences	83
Deferred tax liabilities	45

On the liabilities side, these relate to assets to be recognized at a higher value than in the tax base (e.g., internally generated, capitalized software) which reverse in the course of time. The basis of the tax reconciliation account is 24.0 percent.

6. Notes to the cash flow statement

The Wirecard Card Solutions Ltd.'s cash flow account is prepared in accordance with IAS 7 (Statements of Cash Flows). It discloses the cash flows in order to show the source and application of cash and cash equivalents. In doing so, it distinguishes between changes in cash flows from operating, investing and financing activities.

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7. Other notes

7.1. Risk reporting

Wirecard Card Solutions Ltd. is exposed to risks within the scope of its ordinary business activities. The risk categories are the ones specified in the chart below. All risks may lead to individual or even all intangible assets having to be subjected to impairment charges, resulting in a negative earnings situation. The company's policy is to mitigate these risks by entering into hedge transactions. The deployment of these instruments within the scope of the risk management system is governed by Wirecard Card Solutions Ltd. directives that set limits based on underlying transactions, define approval procedures, exclude the conclusion of derivatives for speculative purposes, mitigate credit risk and govern internal reporting and the separation of functions. Compliance with these directives and due and proper processing and evaluation of transactions are processes that are verified on a regular basis, subject to a separation of functions. All investments and derivatives transactions were only concluded with banks that meet the high creditworthiness requirements from the Wirecard Card Solutions Ltd.'s own risk assessments and - to the extent that external ratings are available - have been categorized as having a minimum creditworthiness risk by well-known ratings agencies.

Overview of risks

Risk categories	Examples
Business risks	Economic risks, risks arising from the general competitive situation for the Wirecard Card Solutions Ltd. and its customers
Operational risks	Personnel risks, risks of product innovations and risks arising from the use of third-party services
Information and IT risks	Risks arising from the operation and design of IT systems as well as risk in connection with the confidentiality, availability and integrity of data
Financial risks	Risks of exchange and interest rate fluctuations, risks arising from credit institutions defaulting
Payment risks	Risks of return debits, risks arising from default in payment obligations of customers of the Wirecard Card Solutions Ltd. as well as of card holders
Legal and regulatory risks	Risks arising from changes to the legal and regulatory framework as well as risks arising from litigation and license rights
Other risks	Environmental and reputation risks as well as risks arising from emergencies

Interest risks

The Wirecard Card Solutions Ltd. has substantial liquidity at its disposal for investments in demand and time deposits and/or overnight (call money) accounts with well-known banks. The interest payable on these investments is based on the interbank money market interest rate of the respective investment currency, less a margin customary among banks. The interbank money market interest rates may be subject to fluctuations which may impact the earnings realized by the Wirecard Card Solutions Ltd.

A reduction of the interbank money market rates of relevance for the Wirecard Card Solutions by half a percentage point, based on a total investment amount of approx. GBP 65 million in line with the portfolio as of December 31, 2012, would result in unrealized income amounting to EUR 0.33 million. Accordingly, an increase by half a percentage point would produce additional income of EUR 0.33 million.

No derivative hedge instruments (e.g., interest-rate swaps, forward rate agreements, etc.) were deployed in the year under review.

Hedging currency risks

Currency risks exist in particular where receivables, liabilities, debts, cash and cash equivalents and planned transactions exist or will arise in a currency other than the local currency of the company. This impacts Wirecard Card Solutions Ltd., which generates a part of their revenues in foreign currencies.

The use of derivative financial instruments is subject to strict internal controls effected within the scope of mechanisms and uniform directives fixed on a centralized basis. These instruments are used solely

for risk control/risk minimization purposes and not in order to generate any income from anticipated currency trends Wirecard Card Solutions Ltd did not have any currency options for fiscal 2012 and in its portfolio for fiscal year 2013

Hedging liquidity risks

The primary objectives of finance management are to secure a comfortable liquidity situation at all times along with operational control of financial flows Management controls liquidity risks by keeping appropriate inventories of cash and cash equivalents, credit lines with banks and by constantly monitoring the cash flows forecast and reconciling these with actual cash flows The Wirecard Card Solutions Ltd. invests amounts of non-required liquidity in demand and time deposits, overnight call money Risks may arise due to a liquidity shortage on account of mismatches occurring between the fixed investment term and the time at which liquidity is required. Seeing as only the base volume of liquidity less a substantial security reserve is invested, the Management Board assumes that the risk is low

Undiscounted cash flows according to contractually agreed payment dates as at December 31, 2012

in GBP '000s	Up to 1 year	1 to 5 years	more than 5 years	Total
Other liabilities	- 4,856	- 925	0	- 5,781
Trade payables	- 228	0	0	- 228
Customer deposits	- 65,118	0	0	- 65,118
Interest-bearing securities -assets	5,419	0	0	5,419
Cash from customer deposits	65,118	0	0	65,118
Cash and cash equivalents	3,066	0	0	3,066

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Debtor risks

To counteract the risk of business partners of the Wirecard Card Solutions Ltd defaulting on their contractual payment obligations, these customers are subjected to a comprehensive credit rating and liquidity analysis before entering into business relations with them This also applies to the review of business relations with commercial banks and merchants

Payment flows of merchants are monitored on a regular basis and receivables outstanding are continually tracked by the Company's internal debtor and liquidity management system

The maximum risk of default of financial instruments is their carrying amount. In the event of identifiable concerns relating to the value of receivables, the latter are subjected to specific valuation adjustments or derecognized without delay, and the risks are booked with an impact on profit or loss

Risks due to default of credit institutions

The free liquidity invested in demand deposits and overnight (call) money with credit institutions could also be endangered if these credit institutions suffer from insolvency or financial difficulties. The Wirecard Card Solutions takes account of this risk both through strict conscientious review of counterparties. In addition to specific credit rating and profitability data relating to the relevant counterparties, if external ratings are available these also enter into the review carried out by the Wirecard Card Solutions.

On account of the measures adopted as well as the high requirements regarding counterparties, the Management Board assesses as low the risk that Wirecard's deposits might be lost as a result of the insolvency of the credit institutions engaged.

7.2. Capital risk management

The Wirecard Card Solutions Ltd. controls its capital with the objective of maximizing the shareholders' return by optimizing the ratio of equity capital to borrowed capital. In doing so, it ensures that Wirecard Card Solutions Ltd. can operate as a going concern. In particular, information is paid to banking-specific regulation requirements, such as compliance with equity capital limits, being adhered to in the entire course of business. The Wirecard Card Solutions Ltd.'s capital structure consists of debts as well as the equity to which the providers of equity capital of the parent company are entitled. Equity comprises shares issued, capital reserves, revenue reserves and the currency translation reserve. The objectives of capital management are to secure operations as a going concern along with an adequate return on equity. For implementation purposes, debt or equity is compared with total capital.

Following the successful organic growth last year and the transactions performed in 2012, the company aims to maintain a comfortable equity ratio for fiscal years 2013 and 2014. In keeping with the current financial structure, future investments and potential acquisitions will either be financed by sourcing the company's own cash flow, or by moderate deployment of borrowed funding or alternative forms of financing. Potential acquisitions will also continue to be analyzed and assessed under strict conditions in future; in the process, the focus will be especially on profitability and a sensible supplementation of our existing portfolio of products and customers.

Capital is monitored based on economic shareholders' equity. Economic shareholders' equity is the balance-sheet equity. Borrowed capital is generally defined as non-current and current financial obligations, provisions and other liabilities.

The Wirecard Card Solutions Ltd. reviews its capital structure on a regular basis.

Capital structure

in GBP '000s (where not in %)	
Equity	14,439
Equity in % of total capital	16.9%
Liabilities	71,176
Liabilities in % of total capital	83.1%
Total capital (equity and liabilities)	85,615

7.3. Other obligations

The Wirecard Card Solutions Ltd. entered into leases for office space and other leasing agreements. The annual payments from these agreements over the next five years are as follows

Other financial obligations

in GBP '000s	2013	2014	2015	2016	2017
Annual commitments	98,5	89,7	89,7	89,7	7,5

There are no further obligations after the period of 5 years

7.4. Financial relations with related companies

In the accounting period 2012, agreements were in place among various companies in the Wirecard Card Solutions Ltd. In addition, reference is made to Section 8.4 Related party transactions

8. Additional mandatory disclosures

8.1. Parent Company

The company's parent is Wirecard Aquiring & Issuing GmbH, a company registered in Germany. The only company in which the results of the company are consolidated is that headed by Wirecard AG.

8.2. Management

The following persons were employed as members of the Managing Directors at Wirecard Card Solutions Ltd

Tom Jennings, Managing Director since December 9, 2011

Klaus Kröger, Managing Director since December 9, 2011

Remuneration paid to the Managing Directors

In accounting period 2012 the emoluments of the Managing Directors, i.e., the total remuneration during the accounting period for the duration of the individual person's tenure on the Managing Directors, including amounts not yet disbursed for variable remuneration (GBP 180K) amounted to GBP 360K

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No loans were made to members of the executive bodies during the accounting period

8.3. Auditors' fees

In the accounting period, the auditor's fees to Ernst & Young LLP (UK) were for audit of the annual financial statement GBP 54,500 recorded. The non-deductible value added tax amounting to GBP 10,900 is non-included in the auditors' fees

8.4. Related party transactions

Related parties

In accordance with IAS 24 (related party disclosure), persons closely related to Wirecard Card Solutions Ltd are the members of the Management Directors along with their family members. In the accounting period 2012 the following legal transactions were entered into by Wirecard Card Solutions Ltd. with a related company indicated above or at the insistence or in the interests of one of such companies

Legal transactions with impact on P&L

Related party/ related entity	Type of legal relationship	Expenditure in GBP 000s	Liability as at December 31, 2012 in GBP 000s	Explanatory note
Wirecard Acquiring & Issuing GmbH	Services	126	126	Wirecard Acquiring & Issuing GmbH is engaged as a service provider for Wirecard Card Solutions Ltd. and received remuneration based on daily rates.
Wirecard AG	Services	133	1	Wirecard AG is engaged as a service provider for Wirecard Card Solutions Ltd. and received remuneration based on daily rates.
Wirecard Bank AG	Services	310	0	Wirecard Bank AG is engaged as a service provider for Wirecard Card Solutions Ltd. and received remuneration based on daily rates.
Wirecard Technologies GmbH	Services	52	18	Wirecard Technologies GmbH is engaged as a service provider for Wirecard Card Solutions Ltd. and received remuneration based on daily rates.
Wirecard UK & Ireland Ltd	Services	0	0	Wirecard UK and Ireland Ltd. is engaged as a service provider for Wirecard Card Solutions Ltd. and received remuneration based on daily rates.

The exchange of goods, services and payments is effected on an arm's length basis. These arm's length conditions are documented and monitored on a regular basis, any adjustments required are made without delay.

Legal transactions with an impact on assets and liabilities

Related person/ related entity	Type of legal relationship	Nominal amount in GBP 000s	Liability as at December 31, 2012 in GBP 000s	Explanatory note
Wirecard Acquiring & Issuing GmbH	Services	6	6	Wirecard Acquiring & Issuing GmbH is engaged as a service provider for Wirecard Card Solutions Ltd and received remuneration based on daily rates.
Wirecard Technologies GmbH	IT-Equipment	165	42	Wirecard Technologies GmbH is engaged as a service provider for Wirecard Card Solutions Ltd and received remuneration based on daily rates.

8.5. Events after the period under review

Events after the period under review, providing additional information on the Company's position as at the balance-sheet date (events required to be taken into account) have been included in the financial statements. Events not to be taken into account after the balance-sheet date are reported in the Notes.