QPAGOS

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QPAGOS

16,136,274 Shares of Common Stock

This prospectus relates to the resale by the investors listed in the section titled "Selling Stockholders," which we refer to as the Selling Stockholders (the "Selling Stockholders") of up to 16,136,274 shares (the "Shares") of our common stock, par value $0.0001 per share, of which (i) 9,917,074 are shares of common stock; and (ii) 6,219,200 are shares of common stock issuable upon exercise of warrants having an exercise price of $.625 per share (the "Warrants"), which warrants were assumed by us in the Merger that we consummated in May 2016 (the "Merger") and were originally issued in the December 2015 private placement conducted by our subsidiary, Qpagos Corporation (the "2015 Offering") (of which 1,435,200 were issued to Paulson Investment Company, LLC (the "Placement Agent"). We are registering the resale of the 4,784,000 shares of common stock that were issued in the Merger in exchange for shares of stock held by investors that engaged in the 2015 Offering and all of the shares issuable upon exercise of the Warrants as required by the Registration Rights Agreement that we entered into with certain of the Selling Stockholders (the "Registration Rights Agreements") and the placement agent agreement that we entered into with the Placement Agent.

The Selling Stockholders may offer and sell or otherwise dispose of the Shares described in this prospectus from time to time through public or private transactions at prevailing market prices, at prices related to such prevailing market prices, at varying prices determined at the time of sale, at negotiated prices, or at fixed prices. See "Plan of Distribution" for more information.

We will not receive any of the proceeds from the Shares sold by the Selling Stockholders. However, we will receive net proceeds of any Warrants exercised (unless warrants are exercised on a cashless basis, which feature only applies to certain warrants). See "Use of Proceeds."

Our common stock is traded on the OTCQB, under the symbol "QPAG." The closing price of our stock on July 7, 2017 was $0.399.

Investing in our securities involves a high degree of risk. We have also received an opinion from our independent auditors which raises substantial doubt about our ability to continue as a going concern. See " **Risk Factors " beginning on page 5 of this prospectus** **for more information regarding the risks relating to an investment in our securities.**

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

We are an "emerging growth company" within the meaning of the recently enacted Jumpstart Our Business Startups Act and we have elected to comply with certain reduced public company reporting requirements.

The date of this prospectus is July 11, 2017.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. Neither we nor the Selling Stockholders have authorized anyone to provide you with information that is different from such information. If anyone provides you with different or inconsistent information, you should not rely on it. The Selling Stockholders are offering to sell common stock only in jurisdictions where offers and sales are permitted. You should not assume that the information we have included in this prospectus is accurate as of any date other than the date of this prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since that date.

The distribution of this prospectus and the issuance of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the issuance of the common stock and the distribution of this prospectus outside the United States. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, the common stock offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is important for you to read and consider all of the information contained in this prospectus in making your investment decision. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including particularly the "Risk Factors" section beginning on page 5. You also should read and consider the information in the documents to which we have referred you in the sections entitled "Where You Can Find More Information."

As used in this prospectus, unless the context requires otherwise, the terms "we," "us," "our," or "the Company" refer to QPAGOS and its subsidiaries on a consolidated basis. References to "Selling Stockholders" refer to those stockholders listed herein under "Selling Stockholders" and their successors, assignees and permitted transferees.

ABOUT FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act, about us and our subsidiaries and its subsidiaries. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "could," "should," "projects," "plans," "goal," "targets," "potential," "estimates," "pro forma," "seeks," "intends," or "anticipates" or the negative thereof or comparable terminology. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions, and statements about the future performance, operations, products and services of our Company and our subsidiaries. We caution our stockholders and other readers not to place undue reliance on such statements.

Our businesses and operations are and will be subject to a variety of risks, uncertainties and other factors. Consequently, actual results and experience may materially differ from those contained in any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results and experience to differ from those projected include, but are not limited to, the risk factors set forth in the section entitled "Risk Factors" beginning on page 5 of this prospectus, the risk factors set forth in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 filed with the Securities and Exchange Commission (the "SEC") on December 13, 2016, our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on April 17, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed with the SEC on May 22, 2017.

All written or oral forward-looking statements attributable to us or any person acting on our behalf made after the date of this prospectus are expressly qualified in their entirety by the risk factors and cautionary statements contained in and incorporated by reference into this prospectus. Unless legally required, we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not intended to be complete and does not contain all of the information that you should consider before deciding to invest in our securities. We urge you to read this entire prospectus carefully, especially the "Risk Factors" section beginning on page 5. Except where the context requires otherwise, in this prospectus the terms "Company," "QPAGOS," "we," "us" and "our" refer to QPAGOS, a Nevada corporation, and its direct and indirect subsidiaries, Qpagos Corporation and Qpagos S.A.P.I de C.V and Redpag Electronicos S.A.P.I de C.V

Company Overview

Overview

We are a provider of next generation physical and virtual payment services that we introduced to the Mexican market in the third quarter of 2014. We have a ten-year renewable exclusive license agreement for the use of technology that can be used to perform services that are similar to services that have been successfully deployed with this technology in several European, Asian, North and South American countries.

We provide an integrated network of kiosks, terminals and payment channels that enable consumers to deposit cash, convert it into a digital form and remit the funds to any merchant in our network quickly and securely. We help consumers and merchants connect more efficiently in markets and consumer segments, such as Mexico, that are largely cash-based and lack convenient alternatives for consumers to pay for goods and services in physical, online and mobile environments. For example, we license technology that can be used to pay bills, add minutes to mobile phones, purchase transportation tickets, shop online, buy digital services or send money to a friend or relative.

Our current focus is on Mexico which remains a cash-dominated society for retail consumer payments with approximately 80% of the value of personal payments exchanged in cash (Bank of Mexico). The penetration of electronic payment services, such as credit and debit cards and point of sale terminals, significantly lags behind more developed economies. We believe that opportunities for our services in Mexico are vast. With over 109 million mobile subscribers in Mexico, 85% of which are under prepaid plans, mobile top-up alone, was a $12 billion business in 2014 as reported by PwC Telecom in Mexico 2015, America Móvil 4Q 2015. We believe that there is opportunity for growth in the Mexican market and we have expanded to service providers beyond the mobile telephone operators to service providers of electricity, transportation, utilities, municipal services and taxes, consumer credit installments, insurance premiums, and many more. Altogether as of the end of the first quarter of 2017 our platform had integrated 140 such services.

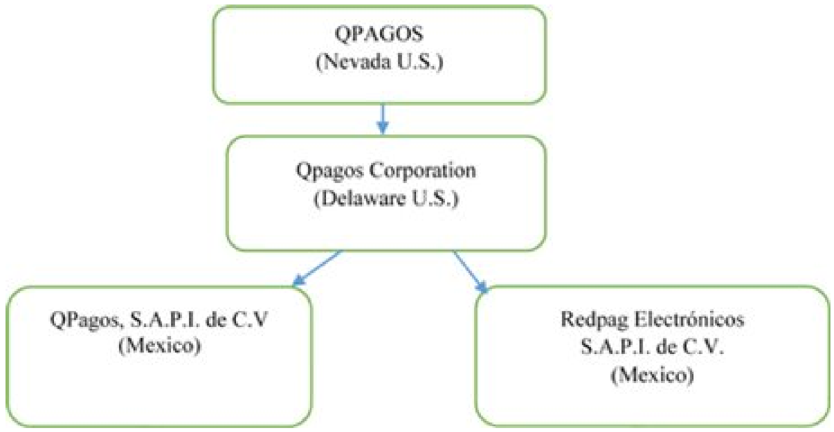
Our primary strategy in Mexico to date has been the attraction of service providers as well as the deployment of kiosks through Redpag Electrónicos S.A.P.I. de C.V., our kiosk management subsidiary. During the three months ended March 31, 2017 and 2016, QPAGOS generated net revenues of $927,310 and $629,934, respectively, from its operations in Mexico, an increase of 47.2 %. During the years ended December 31, 2016 and 2015, we generated net revenues of $2,691,896 and $1,127,944, respectively, an increase of 139%, from our operations in Mexico. Our primary source of revenue are fees we receive for processing payments made by consumers to service providers. We also generate revenue from non-payment services such as kiosk sales. We currently have in excess of 140 service providers integrated into our payment gateway, which includes all mobile phone providers in Mexico as well as most utility companies, financial services, entertainment venues and others. As of March 31, 2017, QPAGOS deployed over 274 kiosks and terminals and we service an additional 440 kiosks of an independent distributor. QPAGOS kiosks and terminals can be found at convenience stores, next to metro stations, retail stores, airport terminals, education centers, and malls in major urban centers, as well as many small and rural towns.

In addition, QPAGOS has contracted for an electronic wallet which should enable consumers to hold balances in its kiosks for future use or to receive change. Launched in the first quarter of 2016 customers can now use cash and/or stored value in order to pay for goods and services across physical or virtual environments interchangeably. Also in the first quarter of 2016, QPAGOS launched our mobile app by which smart phone users can now access the exact menu of services available in our kiosks and make payments from the convenience of their phones. Cash is uploaded to the electronic wallet app via kiosks.

We believe that QPAGOS platform provides simple and intuitive user interfaces, convenient access and best-in-class services. QPAGOS runs its network and processes its transactions using a proprietary, advanced technology platform that leverages the latest virtualization, analytics and security technologies to create a fast, highly reliable, secure and redundant system. We believe that the breadth and reach of this network, along with the proprietary nature of its technology platform, differentiate us from our competitors and allow us to effectively manage and update our services and realize significant operating leverage with growth in volumes.

QPAGOS Corporate History and Background

Our current corporate structure is as follows:



QPAGOS was incorporated on September 25, 2013 under the laws of the State of Nevada originally under the name Asiya Pearls, Inc. On May 27, 2016, Asiya Pearls, Inc. filed a Certificate of Amendment to its Articles of Incorporation to change its name to QPAGOS.

Qpagos Corporation was incorporated on May 1, 2015 under the laws of Delaware under the name Qpagos Corporation as the holding company for its two 99.9% owned operating subsidiaries, QPagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V. Each of these entities were incorporated in November 2013 in Mexico.

QPagos, S.A.P.I. de C.V. was formed to process payment transactions for service providers it contracts with, and Redpag Electrónicos S.A.P.I. de C.V. was formed to deploy and operate kiosks as a distributor.

On August 31, 2015, QPAGOS Corporation entered into various agreements with the shareholders of Qpagos and Redpag to give effect to a reverse merger transaction (the "Reverse Merger"). Pursuant to the Reverse Merger, the majority of the shareholders of Qpagos and Redpag effectively received shares in Qpagos Corporation, through various consulting and management agreements entered into with Qpagos Corporation and sold an effective 99.996% and 99.990% of the outstanding shares in Qpagos and Redpag, respectively to Qpagos Corporation. The series of transactions closed effective August 31, 2015. Upon the close of the Reverse Merger, Qpagos Corporation became the parent of Qpagos and Redpag and assumed the operations of these two companies as its sole business.

On May 12, 2016, Qpagos Corporation entered into an Agreement and Plan of Merger (the “Merger Agreement”) with QPAGOS and QPAGOS Merge, Inc., a Delaware corporation and wholly owned subsidiary of QPAGOS (“Merger Sub”). Pursuant to the Merger Agreement, on May 12, 2016 Qpagos Corporation and Merger Sub merged (the “Merger”), and Qpagos Corporation continued as the surviving corporation of the Merger and became a wholly owned subsidiary of QPAGOS. As a result of the Merger, each outstanding share of Qpagos Corporation common stock was converted into the right to receive two shares of QPAGOS common stock as set forth in the Merger Agreement. Under the terms of the Merger Agreement, we issued, and Qpagos Corporation stockholders received in a tax-free exchange, shares of our common stock such that Qpagos Corporation stockholders owned approximately 91% of our company immediately after the Merger. In addition, each outstanding warrant of Qpagos Corporation was assumed by us and converted into a warrant to acquire a number of shares of our common stock equal to twice the number of shares of common stock of Qpagos Corporation subject to the warrant immediately before the effective time of the Merger at an exercise price per share of Company common stock equal to 50% of the warrant exercise price for Qpagos Corporation common stock. There are no outstanding stock options of Qpagos Corporation.

On May 27, 2016, we changed our name from Asiya Pearls, Inc. to QPAGOS.

Our principal offices are located at Paseo del la Reforma 404 Piso 15 PH, Col. Juarez, Del. Cuauhtemoc, Mexico, D.F. C.P. 06600, and our telephone number at that office is +52 (55) 55-110-110. We also have offices in the United States that are located at 1900 Glades Road, Suite 265, Boca Raton, Florida 33431. We maintain an Internet website at www.qpagos.com. Neither this website nor the information on this website is included or incorporated in, or is a part of, this prospectus or any supplement to the prospectus.

Our Strategy

Our mission is to leverage the experience and success of other global companies in our industry, and establish ourselves as the leading developer and supplier of state-of-the-art electronic payment solutions to Mexican merchants and service providers across all consumer services sectors, such as: fixed and mobile telephone operators, internet services providers, cable, entertainment, public and municipal services such as electricity, water and gas, financial and travel services. Our near term strategy includes:

- Positioning ourselves as the leading consumer payment solutions provider for all service providers that rely on electronic payments for their collection needs.
- Establishing a successful distributor network based on a competitive distribution model for entrepreneurs that look at our self-service kiosks as a profitable business opportunity, as well as retail chains and retail banks that need to expedite electronic payments that are clogging teller lines through the assistance of self-service kiosks.
- Supporting distributors and franchisees through training, point of sale marketing materials, and an ever increasing amount of payment services, many of which are regional in nature.
- Developing a Franchising Model through the creation and expansion of one-stop payment services stores which cater to the vast need for a digital payment solution in Mexico.
- Developing a motivated and effective sales management team.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and therefore we intend to take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal controls over financial reporting audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions until we are no longer an "emerging growth company." In addition, the JOBS Act provides that an "emerging growth company" can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards under the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We will remain an "emerging growth company" until the earlier of (1) the last day of the fiscal year: (a) following the fifth anniversary of the completion of this offering; (b) in which we have total annual gross revenue of at least $1.0 billion; or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeded $700.0 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. References herein to "emerging growth company" have the meaning associated with that term in the JOBS Act.

THE OFFERING

Issuer	QPAGOS
Securities offered	This prospectus covers the resale of up to of up to 16,136,274 shares of common stock, of which (i) 9,917,074 are shares of common stock; and (ii) 6,219,200 are shares of common stock issuable upon exercise of the Warrants at an exercise price of $.625 per share.
Total shares of common stock to be outstanding after this offering(1)	55,604,000 shares
Use of Proceeds	We will not receive proceeds from the sale or other disposition of the shares of our common stock covered by this prospectus. However, we will receive net proceeds of any Warrants exercised (unless warrants are exercised on a cashless basis, which feature only applies to certain warrants). See "Use of Proceeds."
Risk Factors	We have also received an opinion from our independent auditors which raises substantial doubt about our ability to continue as a going concern as a result of our operating losses, negative cash flows from operations and limited alternative sources of revenue. If we cannot raise adequate capital on acceptable terms or generate sufficient revenue from operations, we will need to revise or substantially curtail our business operations. You should carefully read and consider the information which is set forth under "Risk Factors," together with all of the other information set forth in this prospectus, before deciding to invest in shares of our common stock.
OTCQB symbol	Our common stock is traded on the OTCQB, under the symbol "QPAG."

(1) The number of shares of our common stock outstanding is based on the number of shares of our common stock outstanding as of June 30, 2017 including the shares of common stock held by the Selling Stockholders and a further 150,000 returnable common shares issued to a convertible note holder which are only earned upon an event of default under the terms of the convertible note. Management considers an event of default unlikely and therefore the shares have not been recorded as issued in the financial statements below, which reflect 55,454,000 shares of common stock outstanding. This number also excludes 6,219,200 of common stock issuable upon exercise of the Warrants with a weighted average exercise price of $.625 per share.

RISK FACTORS

Investing in our common stock involves a high degree of risk, and you should be able to bear the complete loss of your investment. You should carefully consider the risks described below, the other information in this prospectus and the documents incorporated by reference herein when evaluating our company and our business. If any of the following risks actually occur, our business could be harmed. In such case, the trading price of our common stock could decline and investors could lose all or a part of the money paid to buy our common stock

RISKS RELATING TO OUR BUSINESS

Risks Relating to Our Business and Industry

We have had limited operations to date.

Qpagos Corporation's subsidiaries were incorporated in November 2013 and began deploying kiosks in Mexico in November 2014. As such, we have a very limited operating history. We have yet to demonstrate our ability to overcome the risks frequently encountered in the payment services industry and are still subject to many of the risks common to early stage companies, including the uncertainty as to our ability to implement our business plan, market acceptance of our proposed business and services, under-capitalization, cash shortages, limitations with respect to personnel, financing and other resources and uncertainty of our ability to generate revenues. There is no assurance that our activities will be successful or will result in any revenues or profit, and the likelihood of our success must be considered in light of the stage of our development. There can be no assurance that we will be able to consummate our business strategy and plans, or that financial, technological, market, or other limitations may force us to modify, alter, significantly delay, or significantly impede the implementation of such plans. We have insufficient results for investors to use to identify historical trends. Investors should consider our prospects in light of the risk, expenses and difficulties we will encounter as an early stage company. Our revenue and income potential is unproven and our business model is continually evolving. We are subject to the risks inherent to the operation of a new business enterprise, and cannot assure you that we will be able to successfully address these risks.

Our consolidated financial statements have been prepared assuming that it will continue as a going concern.

Our operating losses, negative cash flows from operations and limited alternative sources of revenue raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements for the year ended December 31, 2016 do not include any adjustments that might result from the outcome of this uncertainty. If we cannot raise adequate capital on acceptable terms or generate sufficient revenue from operations, we will need to revise our business plans.

We may continue to generate operating losses and experience negative cash flows and it is uncertain whether we will achieve profitability.

For the three months ended March 31, 2017 and 2016, we incurred a net loss of $555,938 and $2,668,938, respectively. We have an accumulated deficit of $9,313,135 through March 31, 2017. For the years ended December 31, 2016 and 2015, we incurred a net loss of $4,731,049 and $3,309,673, respectively. We had an accumulated deficit of $8,757,197 through December 31, 2016. We expect to continue to incur operating losses until such time, if ever, as we are able to achieve sufficient levels of revenue from operations. There can be no assurance that we will ever generate significant sales or achieve profitability. Accordingly, the extent of future losses and the time required to achieve profitability, if ever, cannot be predicted at this point.

We also expect to experience negative cash flows for the foreseeable future as we fund our operating losses. As a result, we will need to generate significant revenues or raise additional financing in order to achieve and maintain profitability. We may not be able to generate these revenues or achieve profitability in the future. Our failure to achieve or maintain profitability would likely negatively impact the value of our securities and financing activities.

To date we have not successfully generated sufficient revenue to pay our operating expenses and have relied on proceeds for recent note issuances to pay the deficiency.

As of May 23, 2017, we have outstanding debt in the principal amount of $768,848 owed to 7 investors pursuant to the terms of various notes that we issued. To date, we have not generated sufficient revenue to pay the balances owed under the notes and provide sufficient working capital to run our business. The outstanding principal amount of the notes (if any) is convertible at any time and from time to time at the election of the holder after certain periods of time into shares of our common stock at discounts to the market price of our common stock. In addition, upon the occurrence and during the continuation of an Event of Default (as defined in the notes), the notes each will become immediately due and payable and we have agreed to pay additional default interest rates. In addition, certain notes also provide for piggyback registration rights under certain circumstances, the payment of liquidated damages for failure to comply with such provisions and anti-dilution protection for issuances or deemed issuances of securities below the conversion price. Upon conversion of these notes, our current shareholders will suffer dilution, which could be significant.

If we cannot establish profitable operations, we will need to raise additional capital to fully implement our business plan, which may not be available on commercially reasonable terms, or at all, and which may dilute your investment.

Achieving and sustaining profitability will require us to increase our revenues and manage our operating and administrative expenses. We cannot guarantee that we will be successful in achieving profitability. If we are unable to generate sufficient revenues to pay our expenses and our existing sources of cash and cash flows are otherwise insufficient to fund our activities, we will need to raise additional funds to continue our operations and in order to fully implement our business plan. As of May 23, 2017, we and our subsidiaries have raised an aggregate of $8,023,187 from the sale of debt and equity securities. We estimate that we will need approximately $3,000,000 in order to implement our current business plan. If we do not generate such revenue from operations, we may be forced to limit our expansion. Furthermore, if we issue equity or debt securities to raise additional funds, our existing stockholders, may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we are unsuccessful in achieving profitability, and we cannot obtain additional funds on commercially reasonable terms or at all, we may be required to curtail significantly or cease our operations, which could result in the loss to investors of their investment in our securities.

We have identified material weaknesses in our internal controls, and we cannot provide assurances that these weaknesses will be effectively remediated or that additional material weaknesses will not occur in the future. If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud, or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a- 15(f) under the Exchange Act. We have historically operated as a private company and the number and qualifications of our finance and accounting staff have not been consistent with those of a public company. We have identified material weaknesses in our internal controls with respect to our segregation of duties and review and accounting of certain complex transactions.

We have restated our consolidated financial statements as of December 31, 2015 and December 31, 2014 and March 31, 2016 and June 30, 2016.

We have begun to take actions that we believe will substantially remediate the material weaknesses identified in our internal controls over financial reporting. In response to the identification of our material weaknesses, we: (i) have retained a part-time Chief Financial Officer to segregate the duties of Chief Executive Officer and Chief Financial Officer; (ii) are in the process of establishing a review process for key aspects of our financial reporting process, including the accounting for complex transactions; (iii) expanding our finance and accounting staff and (iv) will seek to establish better operating controls and involve our board of directors in our internal controls process, which will involve establishing formal procedures to communicate deficiencies in internal controls on a timely basis, and encourage our board of directors to more actively participate in guiding management as it relates to internal controls matters. However, we cannot assure you that our internal control over financial reporting, as modified, will enable us to identify or avoid material weaknesses in the future. Regardless, following the completion of this annual report we will be required to expend time and resources to further improve our internal controls over financial reporting, including by expanding our finance and accounting staff.

The payment services industry is highly competitive, and many of our competitors are larger and have greater financial and other resources.

The payment services industry is highly competitive, and our continued growth depends on our ability to compete effectively with both traditional and non-traditional payment service providers. Although we do not currently face direct competition from any competitor in exactly the same kiosk-based line of business as ours, we currently and expect to face competition from a variety of financial and non-financial business groups which include retail banks, non-traditional payment service providers, such as retailers, like 7-Eleven and Walmart which provide mobile top-up services, and mobile network operators, traditional kiosk and terminal operators and electronic payment system operators, as well as other companies that provide various forms of payment services, including electronic payment and payment processing services. Competitors in our industry seek to differentiate themselves by features and functionalities such as speed, convenience, network size, accessibility, hours of operation, reliability and price. A significant number of these competitors have greater financial, technological and marketing resources than we have, operate robust networks and are highly regarded by consumers.

There is uncertainty as to market acceptance of our technology and services.

We have conducted our own research into the markets for our services; however, because we are a new entrant into the market, we cannot guarantee market acceptance of our services and have somewhat limited information on which to estimate our anticipated level of sales. Our services require consumers and service providers to adopt our technology. Our industry is susceptible to rapid technological developments and there can be no assurance that we will be able to match any new technological advances. If we are unable to match the technological changes in the needs of our customers the demand for our products will be reduced.

The technology upon which our business is dependent is licensed from a third party under the terms of a license agreement, which if terminated, would result in the cessation of our business operations .

The license with Janor Enterprises Ltd. ("Janor") is for the rights to use three software programs upon which our business is completely dependent. The agreement is for a term of ten years, and may be extended for an additional ten years but may be terminated early by Janor if we fail to comply with its terms and conditions. The rights to the licensed programs terminate upon expiration or termination of the agreement. The payment for the rights granted under the license is a total of $1,000, payable in annual payments of $100 per year over ten years. While we do not expect that we will have difficulties making the annual license payment to Janor to maintain the license or otherwise complying with the agreement terms, we still are substantially dependent on this agreement and have no guarantee a dispute will not arise thereunder with Janor or that Janor will renew our agreement upon expiration of the extended term. In addition, as described below, our ability to maintain the exclusivity of the Janor license is subject to us making quarterly payments to Janor of $5,000 per quarter. If we are not able to maintain this license, we would have to cease operations unless we have developed or secured the rights to technology that would provide the same functionality and we are able to reconfigure our installed base of kiosks, terminals and other system infrastructure to work with the new technology. These hurdles would likely be extremely expensive and time consuming, as well as directly impact our ability to continue our business operations.

Our exclusive right to the technology that we license from Janor is subject to forfeiture if we fail to make certain quarterly payments.

Our ability to maintain the exclusivity of the Janor license is subject to us making quarterly payments to Janor of $5,000 per quarter. In consideration of these payments, Janor has agreed that neither it nor any of its subsidiary or affiliated entity will install a terminal and/or kiosk that incorporates the programs we use or a technology having the same or a similar effect nor will they provide any person or entity with the right to install a terminal and/or kiosk in Mexico that incorporates the programs we use or a technology having the same or a similar effect. If we should fail to make the quarterly payments, there is no prohibition from Janor licensing the same technology to another entity in Mexico that could compete with us. If Janor were to license the same technology to a third party with significant resources our competitive position in Mexico could be substantially harmed.

We rely on an outside vendor for the supply of key kiosk parts and the partial or complete loss of this supplier could cause customer supply or production delays and as a result potentially a loss of revenues.

We currently rely on a vendor based outside Mexico to manufacture substantial portions of critical hardware that are used with or included in our kiosks. Although we do not believe the contract is material to us because there are other vendors that could supply the hardware required for the kiosks, we do not have a contract with any other vendors and therefore, if our present vendor was to delay or terminate its performance, our business could be disrupted.

Although we may add or change our vendors in the future, our reliance on vendors based outside Mexico is expected to continue and involves other risks, including our limited control over the availability of components, delivery schedules, pricing and product quality. We may also experience delays, additional expenses and lost sales as a result of our dependency upon outside vendors. If the outside vendors on which we rely are not able to supply us with needed products or parts, or were to cease or interrupt production, and if other existing vendors were also unable to supply us in a timely manner, or on comparable terms, our business could be materially adversely impacted.

Our reliance on outside vendors for our kiosk hardware involves several risks, including the following:

- there are a number of reasons our suppliers of required parts may cease or interrupt production or otherwise fail to supply us with an adequate supply of required parts, including contractual disputes with our supplier or adverse financial developments at or affecting the supplier;

- we have reduced control over the pricing of third party-supplied materials, and our suppliers may be unable or unwilling to supply us with required materials on commercially acceptable terms, or at all;

- we have reduced control over the timely delivery of third party-supplied materials; and

- our suppliers may be unable to develop technologically advanced products to support our growth and development of new systems.

Disruptions in international trade and finance or in transportation also may have a material adverse effect on our business, financial condition and results of operation. Any significant disruption in our operations for any reason, such as regulatory requirements, scheduling delays, quality control problems, loss of certifications, power interruptions, fires, hurricanes, war or threats of terrorism, labor strikes, contract disputes, could adversely affect our sales and customer relationships. In addition, in the event of a breach of law by a vendor based outside of Mexico or a breach of a contractual obligation that has an adverse effect upon our operations, we may have little or no recourse because all of our vendors' assets could be located in a foreign country, such as Russia, Italy, Germany, Canada or the People's Republic of China where it may not be possible to effect service of process and uncertainty exists as to whether the courts in such foreign jurisdiction would recognize or enforce a judgment of a Mexican court obtained against the vendor.

We are subject to the economic risk and business cycles of our merchants and agents and the overall level of consumer spending.

The payment services industry depends heavily on the overall level of consumer spending. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income or changes in consumer purchasing habits. Economic factors such as employment levels, business conditions, energy and fuel costs, interest rates, and inflation rate could reduce consumer spending or change consumer purchasing habits. A reduction in the amount of consumer spending could result in a decrease in our revenue and profits. If our merchants make fewer sales of their products and services using our services or consumers spend less money per transaction, we will have fewer transactions to process at lower amounts, resulting in lower revenue. Weakening in the Mexican economy could have a negative impact on our merchants, as well as consumers who purchase products and services using our payment processing systems, which could, in turn, negatively impact our business, financial condition and results of operations, particularly if the recessionary environment disproportionately affects some of the market segments that represent a larger portion of our payment processing volume. In addition, these factors could force some of our merchants and/or agents to liquidate their operations or go bankrupt, or could cause our agents to reduce the number of their locations or hours of operation, resulting in reduced transaction volumes. We also have a certain amount of fixed costs, including salaries and rent, which could limit our ability to adjust costs and respond quickly to changes affecting the economy and our business.

We do not control the rates of the fees levied by QPAGOS agents on consumers.

QPAGOS agents pay it an agreed fee using a portion of the fees levied by them on consumers. The fee paid to QPAGOS by the agent is based on a percentage of the value of each transaction that QPAGOS processes or a fixed rate per transaction. However, in most cases the amount of fees levied by an agent on a consumer for each particular transaction is determined by such agent at its own discretion. QPAGOS usually does not cap the amount of such fees or otherwise control it. We believe that the fees set by agents are market-driven, and that our interests and QPAGOS agents' interests are aligned with a view to maintaining fees at a level that would simultaneously result in our agents' profitability and customer satisfaction. However, we can provide no assurance that agents will not raise fees to a level that will adversely affect the popularity of our services among consumers. At the same time, if QPAGOS is forced to cap customer fees to protect the strength of our brand or otherwise, it may lose a significant number of agents, which would reduce the penetration of our physical distribution network. In limited instances, we have introduced such caps at the request of our merchants. No assurance can be made that this trend will not increase. Material increases in customer fees by our agents or the imposition of caps on the rates of such fees by us could have an adverse effect on the business, financial condition and results of operations.

If consumer confidence in our business deteriorates, our business, financial condition and results of operations could be adversely affected.

Our business is built on consumers' confidence in our brands, as well as our ability to provide fast, reliable payment services. As a consumer business, the strength of our brand and reputation are of paramount importance to us. A number of factors could adversely affect consumer confidence in our brand, many of which are beyond our control, and could have an adverse impact on our results of operations. These factors include:

- any regulatory action or investigation against us;
- any significant interruption to our systems and operations; and
- any breach of our security systems or any compromises of consumer data.

In addition, we are largely dependent on our agents and, in the future, will be dependent, on franchisees to which we license our products to maintain the reputation of our brand. Despite the measures that we put in place to ensure their compliance with our performance standards, our lack of control over their operations may result in the low quality of service of a particular agent or franchisee being attributed to our brand, negatively affecting our overall reputation. Furthermore, negative publicity surrounding any assertion that our agents and/or merchants are implicated in fraudulent transactions, irrespective of the accuracy of such publicity or its connection with our current operations or business, could harm our reputation. Any event that hurts our brand and reputation among consumers as a reliable payment services provider could have a material adverse effect on our business, financial condition and results of operations.

A decline in the use of cash as a means of payment may result in a decline in the use of our kiosks and terminals.

Substantially all of our operations are in Mexico where a substantial part of the population relies on cash payments rather than credit and debit card payments or electronic banking. We believe that consumers making cash payments are more likely to use our kiosks and terminals than where alternative payment methods are available. As a result, we believe that our profitability depends on the use of cash as a means of payment. There can be no assurance that over time, the prevalence of cash payments in Mexico will not decline as a greater percentage of the population adopts credit and debit card payments and electronic banking. The shift from cash payments to credit and debit card payments and electronic banking could reduce our market share and payment volumes and may have a material adverse effect on our business, financial condition and results of operations.

Our business operations are geographically concentrated and could be significantly affected by any adverse change in the regions in which we operate.

Our business operations are located substantially in Mexico. While QPAGOS recently invested in a company developing similar services in the United States and we may expand our business to new geographic regions, we are and will continue to still be highly concentrated in Mexico. Because to date we derive all of our total revenues from our operations in Mexico and expect to continue to derive a significant portion of our revenue from operations in Mexico for the near future, our business is exposed to adverse regulatory and competitive changes, economic downturns and changes in political conditions in Mexico. Moreover, due to the concentration of our businesses in Mexico, our business is less diversified and, accordingly, is subject to greater regional risks than some of our competitors.

We are not currently subject to extensive government regulation; however, we could be subject to extensive government regulation, and there can be no guarantee that new regulations applicable to our business will not be enacted.

Currently our business is not impacted by government regulation; however, we may be subject to a variety of regulations aimed at preventing money laundering and financing criminal activity and terrorism, financial services regulations, payment services regulations, consumer protection laws, currency control regulations, advertising laws and privacy and data protection laws and therefore experience periodic investigations by various regulatory authorities in connection with the same, which may sometimes result in monetary or other sanctions being imposed on us. Many of these laws and regulations are constantly evolving, and are often unclear and inconsistent with other applicable laws and regulations making compliance challenging and increasing our related operating costs and legal risks. In particular, there has been increased public attention and heightened legislation and regulations regarding money laundering and terrorist financing. We may have to make significant judgment calls in applying anti-money laundering legislation and risk being found in non-compliance with such laws.

If local authorities in Mexico choose to enforce specific interpretations of the applicable legislation that differ from ours or enact new laws, we may be found to be in violation and subject to penalties or other liabilities. This could also limit our ability in effecting such payments going forward and may increase our cost of doing business.

In addition, there is significant uncertainty regarding future legislation on taxation of electronic payments in Mexico, including the place of taxation. Subsequent legislation and regulation and interpretations thereof, litigation, court rulings, or other events could expose us to increased costs, liability and reputational damage that could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to complete or integrate successfully any potential future acquisitions, partnerships or joint ventures.

From time-to-time, we may evaluate possible acquisition transactions, partnerships or joint ventures, some of which may be material. Potential future acquisitions, partnerships and joint ventures may pose significant risks to our existing operations if they cannot be successfully integrated. These projects would place additional demands on our managerial, operational, financial and other resources, create operational complexity requiring additional personnel and other resources and require enhanced control procedures. In addition, we may not be able to successfully finance or integrate any businesses, services or technologies that we acquire or with which we form a partnership or joint venture. Furthermore, the integration of any acquisition may divert management's time and resources from our core business and disrupt our operations. Moreover, even if we were successful in integrating newly acquired assets, expected synergies or cost savings may not materialize, resulting in lower than expected benefits to us from such transactions. We may spend time and money on projects that do not increase our revenue. Additionally, when making acquisitions it may not be possible for us to conduct a detailed investigation of the nature of the assets being acquired due to, for instance, time constraints in making the decision and other factors. We may become responsible for additional liabilities or obligations not foreseen at the time of an acquisition. In addition, in connection with any acquisitions, we must comply with various antitrust requirements. It is possible that perceived or actual violations of these requirements could give rise to regulatory enforcement action or result in us not receiving all necessary approvals in order to complete a desired acquisition. To the extent we pay the purchase price of any acquisition in cash, it would reduce our cash reserves, and to the extent the purchase price is paid with our stock, it could be dilutive to our stockholders. To the extent we pay the purchase price with proceeds from the incurrence of debt, it would increase our level of indebtedness and could negatively affect our liquidity and restrict our operations. All of the above risks could have a material adverse effect on our business, results of operations, financial condition, and prospects.

As our business develops we will need to implement enhanced compliance processes, procedures and controls with respect to the rules and regulations that apply to our business.

Our success requires significant public confidence in our ability to handle large and growing payment volumes and amounts of consumer funds, as well as comply with applicable regulatory requirements. Any failure to manage consumer funds or to comply with applicable regulatory requirements could result in the imposition of fines, harm our reputation and significantly diminish use of our products. In addition, if we are not in compliance with anti-corruption laws and other laws governing the conduct of business with government entities and/or officials (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse impact on our business, financial condition, results of operations and prospects.

If we cannot keep pace with rapid developments and change in our industry and provide new services to our clients, the use of our services could decline, reducing our revenues.

The payment services industry in which we operate is characterized by rapid technological change, new product and service introductions, evolving industry standards, changing customer needs and the entrance of more established market players seeking to expand into these businesses. In order to remain competitive, we continually seek to expand the services we offer and to develop new projects, including, for example, the electronic wallet. These projects carry risks, such as delays in delivery, performance problems and lack of customer acceptance. In our industry, these risks are acute. Any delay in the delivery of new services or the failure to differentiate our services or to accurately predict and address market demand could render our services less desirable, or even obsolete, to consumers. In addition, if alternative payment mechanisms become widely available, substituting our current products and services, and we do not develop and offer similar alternative payment mechanisms successfully and on a timely basis, our business and prospects could be adversely affected. Furthermore, we may be unable to recover the costs we have incurred in developing new services. Our development efforts could result in increased costs and we could also experience a loss in business that could reduce our earnings or could cause a loss of revenue if promised new services are not timely delivered to our clients, we are not able to compete effectively with our competitors' or do not perform as anticipated. If we are unable to develop, adapt to or access technological changes or evolving industry standards on a timely and cost effective basis, our business, financial condition and results of operations could be materially adversely affected.

Our systems and our third party providers' systems may fail due to factors beyond our control, which could interrupt our service, cause us to lose business and increase our costs.

We depend on the efficient and uninterrupted operation of numerous systems, including our computer systems, software and telecommunications networks, as well as the data centers that we lease from third parties. We only have one data center in central Mexico that controls our operations and hosts our main equipment. Our systems and operations, or those of our third party providers, could be exposed to damage or interruption from, among other things, fire, flood, natural disaster, power loss, telecommunications failure, vendor failure, unauthorized entry, improper operation and computer viruses. Substantial property and equipment loss, and disruption in operations, as well as any defects in our systems or those of third parties or other difficulties could expose us to liability and materially adversely impact our business, financial condition and results of operations. In addition, any outage or disruptive efforts to our data center would result in the failure of our computers and kiosks to operate and would, if for an extensive period of time, adversely impact our reputation, brand and future prospects.

Unauthorized disclosure of data, whether through cybersecurity breaches, computer viruses or otherwise, could expose us to liability, protracted and costly litigation and damage our reputation.

We store and/or transmit sensitive data, such as mobile phone numbers, and we have ultimate liability to our consumers for our failure to protect this data. If breaches occur our encryption of data and other protective measures may not prevent unauthorized disclosure of data. Unauthorized disclosure of data or a cybersecurity breach could harm our reputation and deter clients from using electronic payments as well as kiosks and terminals generally and our services specifically, increase our operating expenses in order to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, result in the imposition of material penalties and fines by state authorities and otherwise materially adversely affect our business, financial condition and results of operations.

Customer complaints or negative publicity about our customer service could affect attractiveness of our services adversely and, as a result, could have an adverse effect on our business, financial condition and results of operations.

Customer complaints or negative publicity about our customer service could diminish consumer confidence in, and the attractiveness of, our services. Breaches of our consumers' privacy and our security systems could have the same effect. We sometimes take measures to combat risks of fraud and breaches of privacy and security, such as freezing consumer funds, which could damage relations with our consumers. These measures heighten the need for prompt and attentive customer service to resolve irregularities and disputes. Effective customer service requires significant personnel expense, and this expense, if not managed properly, could impact our profitability significantly. Any inability by us to manage or train our customer service representatives properly could compromise our ability to handle customer complaints effectively. If we do not handle customer complaints effectively, our reputation may suffer, and we may lose our customers' confidence, which could have a material adverse effect on our business, financial condition and results of operations.

QPAGOS agreements with our agents and our merchants do not include exclusivity clauses and may be terminated unilaterally at any time or upon short notice.

QPAGOS normally does not include exclusivity clauses in its agreements with agents or merchants, which is standard in the payment services industry. Accordingly, merchants and agents do not have any restrictions on dealings with other providers and can switch from QPAGOS payment processing system to another without significant investment. The termination of contracts with existing agents or merchants or a significant decline in the amount of business we do with them as a result of contracts not having exclusivity clauses could have a material adverse effect on our business, financial condition and results of operations.

Our payment system might be used for fraudulent, illegal or improper purposes, which could expose us to additional liability and harm our business.

Despite measures we have taken and continue to take, our payment system remains susceptible to potentially illegal or improper uses. These may include use of our payment services in connection with fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, software and other intellectual property piracy, money laundering, bank fraud and prohibited sales of restricted products. In the past there have been news articles on how organized crime groups have used other payment services to transfer money in the course of illegal transactions.

Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. It is possible that incidents of fraud could increase in the future. Our risk management policies and procedures may not be fully effective to identify, monitor and manage these risks. We are not able to monitor in each case the sources for our counterparties' funds or the ways in which they use them. Increases in chargebacks or other liability could have a material adverse effect on our business, financial condition and results of operations. Furthermore, an increase in fraudulent transactions or publicity regarding chargeback disputes could harm our reputation and reduce consumer confidence in the use of our kiosks and electronic wallets.

We are subject to fluctuations in currency exchange rates.

We are exposed to currency risks. QPAGOS financial statements are expressed in U.S. dollars, while its revenues and expenses are in Mexican pesos. Accordingly, its results of operations and assets and liabilities are exposed to fluctuations in exchange rates between the U.S. dollar and the Mexican peso. In addition, changes in currency exchange rates also affect the carrying value of assets on the balance sheet, which may result in a decline in the dollar amount of our total assets on the balance sheet. During the years ended December 31, 2016 and 2015, Qpagos incurred a foreign currency loss of ($357,855) and $(466,920) attributable to the deterioration of the Mexican Peso against the U.S. Dollar. However, during the three months ended March 31, 2017, we had a foreign currency gain of $233,852.

We may not be able to successfully protect the intellectual property we license and may be subject to infringement claims.

We rely on a combination of contractual rights, copyright, trademark and trade secret laws to establish and protect our technology and the technology that we license. We customarily require our employees and independent contractors to execute confidentiality agreements or otherwise to agree to keep our proprietary information and the information we license confidential when their relationship with us begins. Typically, our employment contracts also include clauses requiring our employees to assign to us all of the inventions and intellectual property rights they develop in the course of their employment and to agree not to disclose our confidential information. Nevertheless, others, including our competitors, may independently develop similar technology to that licensed by us, duplicate our services or design around our intellectual property. Further, contractual arrangements may not prevent unauthorized disclosure of our confidential information or ensure an adequate remedy in the event of any unauthorized disclosure of our confidential information. Because of the limited protection and enforcement of intellectual property rights in Mexico, our intellectual property rights may not be as protected as they may be in more developed markets such as the United States. We may have to litigate to enforce or determine the scope or enforceability of our intellectual property rights (including trade secrets and know-how), which could be expensive, could cause a diversion of resources and may not prove successful. The loss of intellectual property protection could harm our business and ability to compete and could result in costly redesign efforts, discontinuance of certain service offerings or other competitive harm. Additionally, we do not hold any patents for our business model or our business processes, and we do not currently intend to obtain any such patents in Mexico, the United States or elsewhere.

We may also be subject to costly litigation in the event our services or the technology that we license are claimed to infringe, misappropriate or otherwise violate any third party's intellectual property or proprietary rights. Such claims could include patent infringement, copyright infringement, trademark infringement, trade secret misappropriation or breach of licenses. We may not be able to successfully defend against such claims, which may result in a limitation on our ability to use the intellectual property subject to these claims and also might require us to redesign affected services, enter into costly settlement or license agreements, pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our services. In such circumstances, if we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted. Additionally, in recent years, non-practicing entities have been acquiring patents, making claims of patent infringement and attempting to extract settlements from companies in our industry. Even if we believe that such claims are without merit and successfully defend these claims, defending against such claims is time consuming and expensive and could result in the diversion of the time and attention of our management and employees.

We may use open source software in a manner that could be harmful to our business.

We use open source software in connection with our technology and services. The original developers of the open source code provide no warranties on such code. Moreover, some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. The use of such open source code may ultimately require us to replace certain code used in our products, pay a royalty to use some open source code or discontinue certain products. Any of the above requirements could be harmful to our business, financial condition and operations.

We do not have and may be unable to obtain sufficient insurance to protect ourselves from business risks.

The insurance industry in Mexico is not yet fully developed, and many forms of insurance protection common in more developed countries are not yet fully available or are not available on comparable or commercially acceptable terms. Accordingly, while we hold certain mandatory types of insurance policies, we do not currently maintain insurance coverage for business interruption, property damage or loss of key management personnel, as we have been unable to obtain these on commercially acceptable terms. We do not hold insurance policies to cover for any losses resulting from counterparty and credit risks or fraudulent transactions. We also do not generally maintain separate funds or otherwise set aside reserves for most types of business-related risks. Accordingly, our lack of insurance coverage or reserves with respect to business-related risks may expose us to substantial losses, which could materially adversely affect our business, financial condition and results of operations.

In a dynamic industry like ours, the ability to attract, recruit, retain and develop qualified personnel is critical to our success and growth.

Our business functions at the intersection of rapidly changing technological, social, economic and regulatory developments that require a wide ranging set of expertise and intellectual capital. In order for us to compete and grow successfully, we must attract, recruit, retain and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our capital needs. This is particularly true with respect to qualified and experienced software engineers and IT staff, who are highly sought after and are not in sufficient supply in Mexico. The market for such personnel is highly competitive, and we may not succeed in recruiting additional personnel or may fail to replace effectively current personnel who depart with qualified or effective successors. Our efforts to retain and develop personnel may result in significant additional expenses, which could adversely affect our profitability. We cannot assure you that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on our business, financial condition and results of operations.

The substantial share ownership position of thirteen of our largest stockholders may limit your ability to influence corporate matters .

As of June 1, 2017, 13 stockholders (exclusive of our officers and directors) own 38,928,333 shares of common stock, representing approximately 68% of the voting power of our issued share capital. As a result of this concentration of share ownership, the 13 stockholders have sole discretion over certain matters submitted to our stockholders for approval that require a simple majority vote and has significant voting power on all matters submitted to our stockholders for approval that require a qualified majority vote, including the power to veto them. This concentration of ownership could delay, deter or prevent a change of control or other business combination, which could negatively impact the value of our shares. The interests of these 13 stockholders may not always coincide with the interests of our other stockholders.

Certain of our officers may have a conflict of interest.

Certain of our officers are currently working for our company on a part-time basis. One such officer also works at other jobs and has discretion to decide what time he devotes to our activities, which may result in a lack of availability when needed due to responsibilities at other jobs.

Risks Relating to Doing Business in Mexico

Emerging markets, such as Mexico, are subject to greater risks than more developed markets, including significant legal, economic and political risks.

Investors in emerging markets, such as Mexico, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging economies are subject to rapid change and that the information set out herein may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and investors are urged to consult with their own legal and financial advisors before making an investment in our securities.

Mexican federal governmental policies or regulations, as well as economic, political and social developments in Mexico, could adversely affect our business, financial condition, results of operations and prospects.

Substantially all of our assets and operations are located in Mexico. As a result, we are subject to political, legal and regulatory risks specific to Mexico, which can have a significant impact on our business, results of operations and financial condition. The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions, fiscal and monetary policy could have an impact on Mexican private sector entities, including our company, and on market conditions. We cannot predict the impact that political conditions will have on the Mexican economy. Furthermore, our business, financial condition, results of operations and prospects may be affected by currency fluctuations, price instability, inflation, interest rates, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico, over which we have no control. We cannot assure potential investors that changes in Mexican federal governmental policies will not adversely affect our business, financial condition, results of operations and prospects. Mexico has recently experienced periods of violence and crime due to the activities of drug cartels. In response, the Mexican government has implemented various security measures and has strengthened its police and military forces. Despite these efforts, drug-related crime continues to exist in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risks of doing business internationally.

We currently offer our services in Mexico and therefore our business is subject to risks associated with doing business internationally, including:

- trade restrictions and changes in tariffs;
- the impact of business cycles and downturns in economies outside of the United States;
- unexpected changes in regulatory requirements that may limit its ability to export its products or sell into particular jurisdictions;
- import and export license requirements and restrictions;
- difficulties in maintaining effective communications with employees and customers due to distance, language and cultural barriers;
- disruptions in international transport or delivery;
- difficulties in protecting our intellectual property rights, particularly in countries where the laws and practices do not protect proprietary rights to as great an extent as do the laws and practices of the United States;
- difficulties in enforcing agreements through non-U.S. legal systems;
- longer payment cycles and difficulties in collecting receivables; and
- potentially adverse tax consequences.

If any of these risks materialize, our operations could suffer.

Risks Relating to our Securities

There is currently a limited public trading market for our common stock and one may never develop .

There currently is a limited public trading market for our securities, and it is not assured that any such public market will develop in the foreseeable future. While this is true of any small capitalization company, the fact that one of our services are provided solely in Mexico, may make the path to a listing on an exchange or actively traded in the over-the-counter market more problematic. Moreover, there can be no assurance that even if our common stock is approved for listing on an exchange or is quoted in the over-the-counter market in the future, that an active trading market will develop or be sustained. Therefore, we cannot predict the prices at which our common stock will trade in the future, if at all. As a result, our investors may have limited or no ability to liquidate their investments.

Trading in our common stock is conducted on the OTCQB, as we currently do not meet the initial listing criteria for any registered securities exchange. The OTCQB and OTC Markets are less recognized markets than the registered securities exchanges and is often characterized by low trading volume and significant price fluctuations. These and other factors may further impair our stockholders' ability to sell their shares when they want to and/or could depress our stock price. As a result, stockholders could find it difficult to dispose of, or obtain accurate quotations of the price of our securities because smaller quantities of shares could be bought and sold, transactions could be delayed and security analyst and news coverage of our Company may be limited. If a public market for our common stock does develop, these factors could result in lower prices and larger spreads in the bid and ask prices for our shares of common stock.

The market price of our common stock may be highly volatile and such volatility could cause you to lose some or all of your investment.

The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the announcement of new products or product enhancements by us or our competitors;
- developments concerning intellectual property rights;
- changes in legal, regulatory, and enforcement frameworks impacting our services;
- variations in our and our competitors' results of operations;
- fluctuations in earnings estimates or recommendations by securities analysts, if our common stock is covered by analysts;
- the results of intellectual property lawsuits;
- future issuances of common stock or other securities;
- the addition or departure of key personnel; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the stock market has recently experienced extreme price and volume fluctuations. The volatility of our common stock could be further exacerbated due to low trading volume. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock and the loss of some or all of our investors' investment.

Some or all of the "restricted" shares of our common stock held by our stockholders, including, but not limited to, shares issued in the Merger may be offered from time to time in the open market pursuant to an effective registration statement under the Securities Act, or without registration pursuant to Rule 144 promulgated thereunder, and these sales may have a depressive effect on the market price of our common stock.

Because our common stock may be a "penny stock," it may be more difficult for investors to sell shares of our common stock, and the market price of our common stock may be adversely affected.

Our common stock may be a "penny stock" if, among other things, the stock price is below $5.00 per share, it is not listed on a national securities exchange, or it has not met certain net tangible asset or average revenue requirements. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This risk-disclosure document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Broker-dealers must also provide customers that hold penny stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to an investor in violation of the penny stock rules, the investor may be able to cancel its purchase and get their money back.

If applicable, the penny stock rules may make it difficult for stockholders to sell their shares of our common stock. Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of our common stock may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, stockholders may not always be able to resell their shares of our common stock publicly at times and prices that they feel are appropriate.

Because we became public by means of a reverse Merger, we may not be able to attract the attention of brokerage firms .

Additional risks may exist because we became public through a "Reverse Merger." Securities analysts of brokerage firms may not provide coverage of our company since there is little incentive for brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will want to conduct secondary offerings on our behalf in the future. In addition, if we were to attempt to uplist the listing of our securities on a national securities exchange we will likely be subject to additional listing requirements applicable to entities that became public through a "Reverse Merger."

Compliance with the reporting requirements of federal securities laws can be expensive.

We are a public reporting company in the United States, and accordingly, subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other federal securities laws, and the compliance obligations of the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports and other information with the SEC and furnishing audited reports to stockholders are substantial. If we do not provide current information about our company to market makers, they will not be able to trade our stock. Failure to comply with the applicable securities laws could result in private or governmental legal action against us or our officers and directors, which could have a detrimental impact on our business and financials, the value of our stock, and the ability of stockholders to resell their stock.

Our investors' ownership may be diluted in the future.

In the future, we may issue additional authorized but previously unissued equity securities, resulting in the dilution of ownership interests of our present stockholders. We expect to need to issue a substantial number of shares of common stock or other securities convertible into or exercisable for common stock in connection with hiring or retaining employees, future acquisitions, raising additional capital in the future to fund our operations, and other business purposes. Additional shares of common stock issued by us in the future, including shares issued upon exercise of the warrants for which we are filing the registration statement for which this prospectus forms a part, will dilute an investor's investment in the Company.

Directors, executive officers, and eight unaffiliated stockholders own a significant percentage of our capital stock, and they may make decisions that our stockholders do not consider to be in their best interests .

As of the date of this prospectus, our directors, executive officers, and eight unaffiliated stockholders beneficially own, in the aggregate, approximately 74% of our outstanding voting securities. As a result, if some or all of them acted together, they would have the ability to exert substantial influence over the election of our board of directors and the outcome of issues requiring approval by our stockholders. This concentration of ownership may also have the effect of delaying or preventing a change in control of our company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise recover a premium for their shares over current market prices. This concentration of ownership and influence in management and board decision-making could also harm the price of our capital stock by, among other things, discouraging a potential acquirer from seeking to acquire shares of our capital stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of our company.

Our board of directors has historically had significant control over us and we have yet to establish committees comprised of independent directors .

We only have four directors. Because of such limited number of directors, each of our board members had significant control over all corporate issues. In addition, two of our four directors serve as our officers and also hold officer positions in QPAGOS. Another director is the manager of an entity that provides consulting services to us. We could not establish board committees comprised of independent members. We did not have an audit or compensation committee comprised of independent directors. Our four directors performed these functions, despite not all being independent directors. Thus, there is potential conflict in that two of our directors were also engaged in management and participated in decisions concerning management compensation and audit issues that may affect management and QPAGOS performance.

Investors in our common stock may have limited recourse against us, our directors and executive officers because we conduct our operations outside the United States and our current directors and executive officers reside outside the United States.

Our presence outside the United States may limit investors' legal recourse against us. Our operating subsidiaries are incorporated under the laws of Mexico and all of our current directors and senior officers reside outside the United States, principally in Mexico. Substantially all of our assets and the assets of our current directors and executive officers are located outside the United States, principally in Mexico. As a result, investors may not be able to effect service of process within the United States upon our company or its directors and executive officers or to enforce U.S. court judgments obtained against our company or its directors and executive officers in Mexico or other jurisdictions outside the United States, including actions under the civil liability provisions of U.S. securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions outside the United States, liabilities predicated upon U.S. securities laws.

We do not expect to pay dividends on our common stock in the foreseeable future.

We have not paid cash dividends on our common stock to date and we do not expect to pay dividends on our common stock for the foreseeable future, and we may never pay dividends. Consequently, the only opportunity for investors to achieve a return on their investment may be if an active trading market develops, and investors are able to sell their shares for a profit or if our business is sold at a price that enables investors to recognize a profit, neither of which we can guarantee will ever take place. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, and growth plans. See "Dividend Policy."

We do not have an independent compensation committee, which presents the risk that compensation and benefits paid to those executive officers who are board members and other officers may not be commensurate with its financial performance.

A compensation committee consisting of independent directors is a safeguard against self-dealing by company executives. Our board of directors, is comprised of two executive officers and one other director, and absent an independent compensation committee currently determines the compensation and benefits of our executive officers, administers our employee stock and benefit plans, and reviews policies relating to the compensation and benefits of our employees Our lack of an independent compensation committee presents the risk that our executive officers on the board may have influence over their personal compensation and benefits levels that may not be commensurate with its financial performance.

Limitations on director and officer liability and indemnification of our officers and directors by our certificate of incorporation and by-laws it may discourage stockholders from bringing suit against an officer or director.

Our certificate of incorporation and bylaws provide, with certain exceptions as permitted by Nevada law, that a director or officer shall not be personally liable to us or our stockholders for breach of fiduciary duty as a director or officer, unless the director or officer committed both a breach of fiduciary duty and such breach was accompanied by intentional misconduct, fraud or knowing violation of law. These provisions may discourage stockholders from bringing suit against a director or officer for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by stockholders on behalf of us against a director or officer.

We are responsible for the indemnification of our officers and directors.

Should our officers and/or directors require us to contribute to their defense in an action brought against them in their capacity as such, we may be required to spend significant amounts of our capital. Our certificate of incorporation and bylaws also provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on behalf of us. This indemnification policy could result in substantial expenditures, which we may be unable to recoup. If these expenditures are significant, or involve issues which result in significant liability for our key personnel, we may be unable to continue operating as a going concern.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we intend to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including: not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year: (a) following the fifth anniversary of the completion of this offering; (b) in which we have total annual gross revenue of at least $1.0 billion; or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeded $700.0 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices we make to avail ourselves of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards under the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

USE OF PROCEEDS

All of the Shares covered by this prospectus are being sold by the Selling Stockholders. See "Selling Stockholders." We will not receive any proceeds from the sales of these Shares of common stock. A portion of the Shares covered by this prospectus are issuable upon exercise of the Warrants to purchase common stock. Upon any exercise of the Warrants for cash, such Selling Stockholders would pay us the exercise price of the warrants. There is a total of 6,219,200 warrants outstanding, of which 1,435,200 were issued to the placement agent in the 2015 Offering, have a cashless exercise feature, which will result in no cash payment to the Company upon exercise of these warrants, assuming the remaining 4,784,000 warrants are exercised for cash at the exercise price of $0.625 per share we would realize total gross proceeds of $2,990,000. Included in this prospectus are 4,784,000 warrants which are exercisable for cash, which if exercised would realize gross proceeds of $2,990,000. The cash received from the exercise of Warrants will be used to fund our development and growth in the Mexican market, which will require further investment in working capital to acquire prepaid services and will allow us to invest in additional kiosks either for resale to third parties or for our own use.

The Selling Stockholders will pay any underwriting discounts and commissions and expenses incurred by the Selling Stockholders for brokerage, accounting, tax, or legal services or any other expenses incurred by the Selling Stockholders in disposing of the Shares. We will bear all other costs, fees, and expenses incurred in effecting the registration of the Shares covered by this prospectus, including, without limitation, all registration and filing fees, and fees and expenses of our counsel and our accountants.

DIVIDEND POLICY

We have not paid any cash dividends on our common stock to date, and we have no intention of paying cash dividends in the foreseeable future. Whether we declare and pay dividends is determined by our Board of Directors at their discretion, subject to certain limitations imposed under Nevada corporate law. The timing, amount and form of dividends, if any, will depend on, among other things, our results of operations, financial condition, cash requirements and other factors deemed relevant by our Board of Directors.

MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Common Stock Listing and Holders

From November 3, 2014 to July 4, 2016, our common stock has been traded on the OTC Pink Markets under the symbol "ASYP" but no trading took place during this time. Since July 5, 2016 our common stock has traded on the OTCQB and our symbol was changed to "QPAG" on June 2, 2016. The range of high and low sales prices for the period from July 2016 to March 31, 2017 is presented below:

	2016	
	High	**Low**
From July 5, 2016 through September 30, 2016	$ 1.31	$ 0.55
October 1, 2016 to December 31, 2016	$ 0.94	$ 0.25
January 1, 2017 to March 31, 2017	$ 0.55	$ 0.18

The last reported sale price of our common stock on the OTCQB on June 28, 2017 was $0.32 per share. As of June 28, 2017, there were approximately 52 holders of record of our common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, QPAGOS audited annual financial statements and the related notes thereto which appear elsewhere in this Registration Statement on Form S-1. This discussion contains certain forward-looking statements that involve risks and uncertainties, as described under the heading "About Forward-Looking Statements" in this Registration Statement on Form S-1. Actual results could differ materially from those projected in the forward-looking statements. For additional information regarding these risks and uncertainties, please see the disclosure under the heading "Risk Factors" elsewhere in this Registration Statement on Form S-1. The Management Discussion and Analysis of Financial Condition and Results of Operations below is based upon only the financial performance of QPAGOS.

Overview and Financial Condition

We are a provider of next generation physical and virtual payment services that we introduced to the Mexican market in the third quarter of 2014. We have a ten-year renewable exclusive license agreement for the use of technology that can be used to perform services that are similar to services that have been successfully deployed with this technology in several European, Asian, North and South American countries.

We provide an integrated network of kiosks, terminals and payment channels that enable consumers to deposit cash, convert it into a digital form and remit the funds to any merchant in our network quickly and securely. We help consumers and merchants connect more efficiently in markets and consumer segments, such as Mexico, that are largely cash-based and lack convenient alternatives for consumers to pay for goods and services in physical, online and mobile environments. For example, we license technology that can be used to pay bills, add minutes to mobile phones, purchase transportation tickets, shop online, buy digital services or send money to third parties.

Our current focus is on Mexico which remains a cash-dominated society for retail consumer payments with approximately 80% of the value of personal payments exchanged in cash (Bank of Mexico). The penetration of electronic payment services, such as credit and debit cards and point of sale terminals, significantly lags behind more developed economies. We believe that opportunities for our services in Mexico are vast. With over 109 million mobile subscribers in Mexico, 85% of which are under prepaid plans, mobile top-up alone, was a $12 billion business in 2014 as reported by PwC Telecom in Mexico 2015, America Móvil 4Q'15. We believe that there is opportunity for growth in the Mexican market and have expanded to service providers beyond the mobile telephone operators to service providers of electricity, transportation, utilities, municipal services and taxes, consumer credit installments, insurance premiums, and many more. Altogether as of the first quarter of 2017 our platform had integrated 140 such services.

Our primary strategy in Mexico to date has been the attraction of additional service providers, the sale of self-service kiosks across multiple verticals and the deployment of kiosks through Redpag Electrónicos, our kiosk management subsidiary. During the three months ended March 31, 2017 and 2016, QPAGOS generated net revenues of $927,310 and $629,934, respectively, from its operations in Mexico, and increase of 47.2 %. During the year ended December 31, 2016 and 2015, QPAGOS generated net revenues of $2,691,896 and $1,127,944, respectively, from its operations in Mexico, an increase of 138.7%. QPAGOS primary source of revenue are fees it receives for processing payments made by consumers to service providers. We also generate revenue from non-payment services such as kiosk sales. QPAGOS currently has in excess of 140 service providers integrated into its payment gateway, which includes all mobile phone providers in Mexico as well as most utility companies, financial services, entertainment venues and others. As of March 31, 2017, QPAGOS deployed over 274 kiosks and terminals and services an additional 440 terminals of its independent distributors. QPAGOS kiosks and terminals can be found at convenience stores, next to metro stations, retail stores, airport terminals, education centers, and malls in major urban centers, as well as many small and rural towns.

In addition, QPAGOS has contracted for an electronic wallet which should enable consumers to hold balances in its kiosks for future use or to receive change. Launched in the first quarter of 2016 customers can now use cash and/or stored value in order to pay for goods and services across physical or virtual environments interchangeably. Also in the first quarter of 2016, QPAGOS launched our mobile app through which smart phone users can now access the exact menu of services available in our kiosks and make payments from the convenience of their phones. Cash is uploaded to the electronic wallet app via kiosks.

We believe that QPAGOS' platform provides simple and intuitive user interfaces, convenient access and best-in-class services. QPAGOS runs its network and process its transactions using a proprietary, advanced technology platform that leverages the latest virtualization, analytics and security technologies to create a fast, highly reliable, secure and redundant system. We believe that the breadth and reach of this network, along with the proprietary nature of its technology platform, differentiate us from our competitors and allow us to effectively manage and update our services and realize significant operating leverage with growth in volumes.

Management Discussion and Analysis of Financial Condition

The discussion and analysis of our financial condition and results of operations for the years ended December 31, 2016 and 2015 are based upon the audited consolidated financial statements as of December 31, 2016 and 2015, of QPAGOS, which have been prepared in accordance with accounting principles generally accepted in the United States. The discussion and analysis of our financial condition and results of operations for the three months ended March 31, 2017 and 2016 are based upon the unaudited condensed consolidated financial statements as of March 31, 2017 and 2016, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. The estimates are based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions.

Results of Operations for the Three Months Ended March 31, 2017 and March 31, 2016

Net revenue

Net revenues in Qpagos Corporation were $927,310 and $629,934 for the three months ended March 31, 2017 and 2016 respectively, an increase of $297,376 or 47.2%. Qpagos Corporation operates in Mexico and its functional currency is the Mexican Peso. Qpagos Corporation's revenue in Mexican Pesos increased to MXN 17,948,643 from MXN 11,351,154 for the three months ended March 31, 2017 and 2016, respectively, an increase of MXN 6,597,489 or 58.1%. The increase in revenue in MXN terms is primarily due to an increase in the volume of prepaid airtime sold, directly attributable to the increased deployment of kiosks during the current year, and we also increased the number of our customers over the prior comparable period. The average US$ exchange rate has strengthened against the MXN over the prior comparable period, from $18.0196 to $19.3556 or 7.4%, which results in a lower revenue growth in US $ terms of $68,752.

Cost of goods sold

Cost of goods sold in Qpagos Corporation was $853,452 and $618,921 for the three months ended March 31, 2017 and 2016, respectively, an increase of $234,531 or 37.9%. Qpagos operates in Mexico and its functional currency is the Mexican Peso. Qpagos Corporation's cost of sales in Mexican Pesos increased to MXN 16,519,074 from MXN 11,152,718 for the three months ended March 31, 2017 and 2016, respectively, an increase of MXN 5,366,356 or 48.1%. The increase in cost of sales in MXN terms is primarily due to the increase in the volume of prepaid airtime sold which is directly attributable to the increased deployment of kiosks and its wholesale business during the current period. Cost of goods consists primarily of services acquired from third parties, such as prepaid air time and the cost of the kiosks and any retrofitted components. Also included in cost of sales is depreciation related to those kiosks that are used in the production of income. Depreciation expenses was $8,968 and $9,633, for the three months ended March 31, 2017 and 2016, respectively, a decrease of $665. The average US $ exchange rate has strengthened against the MXN over the prior period, from $18.0196 to $19.3556 or 7.4%, which results in a lower cost of sales in US $ terms of $63,276.

Gross profit

Gross profit was $73,858 and $11,013 for the three months ended March 31, 2017 and 2016, respectively, an increase of $62,845 or 570.6%. Qpagos Corporations operates in Mexico and our functional currency is the Mexican Peso. The components of gross profit are as follows:

- Gross profit on sales of services increased from $14,099 to $27,494, for the three months ended March 31, 2016 and 2017, respectively, an increase of $13,395. The increase in gross profit is primarily due to an increase in volume of transactions.
- Gross profit on kiosk sales increased from $17,615 to $58,818 for the three months ended March 31, 2016 and 2017, respectively, an increase of $41,203. The increase is primarily attributable to the sale of 30 kiosks in January 2017.
- Gross (loss) profit on other revenue, decreased from $12,047 to $(3,486) for the three months ended March 31, 2016 and 2017, respectively, a decrease of $15,533. The decrease is due to a reduction of commission earned due to the termination of a commission agreement we had with one of our vendors and an increase in ad-hoc maintenance expenditures incurred on operating kiosks.
- Included in gross profit is depreciation related to those kiosks that are used in the production of income. Depreciation expenses was $8,968 and $9,633, for the three months ended March 31, 2017 and 2016, respectively, a decrease of $665.

Total expenses

Total expenses in Qpagos Corporation were $474,378 and $2,710,942 for the three months ended March 31, 2017 and 2016, respectively, a decrease of $2,236,564 or 82.5%. Qpagos operates in Mexico and our functional currency is the Mexican Peso. The average US $ exchange rate has strengthened against the MXN peso over the prior comparable period, from $18.0196 to $19.3556 or 7.4%, which results in a lower total Mexican Peso denominated expenses of approximately $15,842 in US $ terms.

Total expenses consisted primarily of the following:

a. General and administrative expenditure was $457,587 and $2,693,703 for the three months ended March 31, 2017 and 2016, respectively, a decrease of $2,236,116 or 83.0%. QPAGOS has operations in Mexico and a US holding company presence which incurs some expenditure.

    i. The general and administrative expenditure in Mexico decreased to MXN 4,018,967 ($207,638) from MXN 6,454,948 ($358,218) for the three months March 31, 2017 and 2016, respectively, a decrease of MXN 2,435,981 ($150,580) or 37.7%. The decrease is primarily due to lower marketing and related expenses of approximately MXN 740,000, reduction of MXN 221,000 in non-recurring IT expenses incurred in 2016, reduction in import and logistic costs of MXN 201,000, decrease in consulting expenses of MXN 644,000 and miscellaneous cost reductions of $430,000.

    ii. The general administrative expenses incurred by Qpagos Corporation in the US, during the three months ended March 31, 2017, amounted to $249,949, which primarily consists of consulting fees paid to IT consultants and management consultants of $183,149 and general corporate legal expenditure of $26,545 due to the amount of legal activity involved in fund raising and regulatory reporting matters.

The general administrative expenses incurred by Qpagos Corporation in the US, during the three months ended March 31, 2016, amounted to $2,335,485, which primarily consists of stock based compensation charges of $108,000 and a non-cash issue of shares for services amounting to $2,032,275 related to share based consulting agreements entered into with management consultants; consulting fees paid to IT consultants and management consultants of $123,155 and general corporate legal expenditure of $11,034.

Other income

Other income was $100 and $2,999 for the three months ended March 31, 2017 and 2016, respectively.

Interest expense, net

Interest expense of $141,600 for the three months ended March 31, 2017 consists of $19,038 of interest on loans to various investors at interest rates of 10% and 15% per annum, amortization of debt discount on convertible debt of $113,563, and default interest of $9,000 related to the loan due to YP Holdings LLC.

Change in fair value of derivative

The current quarter includes a charge of $247,770 representing the mark-to-market at March 31, 2017 of the derivative liability associated with the convertible promissory notes

Foreign currency loss

The foreign currency gain was $233,852 and $30,984 for the three months ended March 31, 2017 and 2016, respectively, an increase of $202,868. The increase is primarily due to foreign currency gains on other US$ denominated liabilities, such as intercompany balances due to the weakening of the US $ exchange rate from a 2016 year-end closing rate of $20.6640 to an average of $19.3556 for the quarter ended March 31, 2017.

Net loss

We incurred a net loss of $555,938 and $2,668,938, for the three months ended March 31, 2017 and 2016, respectively, a decrease of $2,113,000 or approximately 79.2%, primarily due to the decreased operating expenses discussed above.

Results of Operations for the years Ended December 31, 2016 and December 31, 2015

Net Revenues

Net revenues in Qpagos Corporation were $2,691,896 and $1,127,944 for the year ended December 31, 2016 and 2015 respectively, an increase of $1,563,952 or 138.7%. Qpagos Corporation operates in Mexico and its functional currency is the Mexican Peso. Qpagos Corporation's revenue in Mexican Pesos increased to MXN 50,308,314 from MXN 17,897,671 for the year ended December 31, 2016 and 2015, respectively, an increase of MXN 32,410,643 or 181.1%. The increase in revenue in MXN terms is primarily due to an increase in the volume of prepaid airtime sold, directly attributable to the increased deployment of kiosks during the current year, and we also increased the number of our customers over the prior year. The average US$ exchange rate has strengthened against the MXN over the prior year, from $15.867526 to $18.6692 or 17.7%, which results in a lower revenue growth in US $ terms of $475,299.

Cost of goods sold

Cost of goods sold in Qpagos Corporation was $2,595,012 and $1,155,732 for the years ended December 31, 2016 and 2015, respectively, an increase of $1,439,280 or 124.5%. Qpagos operates in Mexico and its functional currency is the Mexican Peso. Qpagos Corporation's cost of sales in Mexican Pesos increased to MXN 48,467,539 from MXN 17,775,388 for the year ended December 31, 2016 and 2015, respectively, an increase of MXN 30,692,151 or 172.7%. The increase in cost of sales in MXN terms is primarily due to the increase in the volume of prepaid airtime sold which is directly attributable to the increased deployment of kiosks and its wholesale business during the current year. Cost of goods consists primarily of services acquired from third parties, such as prepaid air time and the cost of the kiosks and any retrofitted components. Also included in cost of sales is depreciation related to those kiosks that are used in the production of income. Depreciation expenses was $37,244 and $35,496, for the years ended December 31, 2016 and 2015, respectively, an increase of $1,748. The average US $ exchange rate has strengthened against the MXN over the prior year, from $15.867526 to $18.6692 or 17.7%, which results in a lower cost of sales in US $ terms of $459,908.

Gross profit

Gross profit (loss) was $96,884 and $(27,788) for the years ended December 31, 2016 and 2015, respectively, an increase of $124,672 or 448.7%. Qpagos Corporations operates in Mexico and our functional currency is the Mexican Peso. The components of gross profit are as follows:

- Gross profit (loss) on sales of services increased from a gross profit of $29,739 to a gross profit of $54,749, for the years ended December 31, 2015 and 2016, respectively, an increase of $25,010. The increase in gross profit is primarily due to increase in volume of transactions.
- Gross (loss) profit on kiosk sales increased from a gross loss of ($48,670) to a gross profit of $80,858 for the years ended December 31, 2015 and 2016, respectively, an increase of $129,528. The net change from gross loss to gross profit of $51,473 is primarily attributable to a once off charge, in the prior year, for retrofitting the cash and coin acceptors and printers into our existing kiosks, discussed under cost of sales above.
- Gross (loss) profit other decreased from $26,639 to ($1,479) for the years ended December 31, 2015 and 2016, respectively, a decrease of $28,118. The decrease is due to a reduction of commission earned due to the termination of a commission agreement we had with one of our vendors and an increase in ad-hoc maintenance expenditures incurred on operating kiosks.
- Included in gross (loss) profit is depreciation related to those kiosks that are used in the production of income. Depreciation expenses was $37,244 and $35,496, for the years ended December 31, 2016 and 2015, respectively, an increase of $1,748.

Total expenses

Total expenses in Qpagos Corporation were $4,380,182 and $2,812,927 for the years ended December 31, 2016 and 2015, respectively, an increase of $1,567,255 or 55.7%. Qpagos operates in Mexico and our functional currency is the Mexican Peso. The average US $ exchange rate has strengthened against the MXN over the prior year, from $15.867526 to 18.6692 or 17.7%, which results in a lower total expense of approximately $775,113 in US $ terms.

Total expenses consisted primarily of the following:

a. General and administrative expenditure was $4,312,107 and $2,780,576 for the years ended December 31, 2016 and 2015, respectively, an increase of $1,531,531 or 55.1%. Qpagos Corporation has operations in Mexico and a US holding company presence which incurs some expenditure.

    i. The general and administrative expenditure in Mexico increased to MXN 22,731,911 from MXN 22,559,541 for the years ended December 31, 2016 and 2015, respectively, an increase of MXN 172,370 or 0.8%. The increase is primarily due to increase in payroll cost due to normal pay increases and a small net increase in personnel.

    ii. The general administrative expenses incurred by Qpagos Corporation in the US, during the 2016 year, amounted to US$3,084,747, which primarily consists of stock based compensation charges of $144,000 and a non-cash issue of shares for services amounting to $2,032,275 related to share based consulting agreements entered into with management consultants; consulting fees paid to IT consultants and management consultants of $557,358 and general corporate legal expenditure of $229,514 due to the amount of legal activity involved in entering into the reverse merger agreements with the Mexican operations and preparation of private placement memorandum for the fund raising completed during the current year; and audit fees of $90,000.

The general administrative expenses incurred by Qpagos Corporation in the US, during the 2015 year, amounted to US$1,275,724, which primarily consists of stock based compensation charges of $288,000 and a non-cash issue of shares for services amounting to $658,577 related to share based consulting agreements entered into with management consultants; consulting fees paid to IT consultants and management consultants of $178,843 and general corporate legal expenditure of $178,843 due to the amount of legal activity involved in setting up the corporation; entering into the various reverse merger agreements with the Mexican operations and preparation of private placement memorandum for the fund raising completed during 2015.

Other income

Other income of Qpagos Corporation was $788 and $203 for the years ended December 31, 2016 and 2015, respectively.

Interest expense, net

Interest expense of $54,610 in 2016 consists of interest on loans to various investors at interest rates of 6% and 10% per annum, interest on a revolving credit line with our CEO earning interest at 6% per annum and default interest of $36,000 related to the loan due to YP Holdings LLC.

Foreign currency loss

The foreign currency loss in Qpagos Corporation was $357,855 and $466,920 for the years ended December 31, 2016 and 2015, respectively, a decrease of $109,065. The decrease is primarily due the reduction of liabilities in 2015 which are denominated in US $ that were part of a debt for stock exchange in August 2015. There are also significant intercompany balances between the US holding company and the Mexican subsidiaries which arose during the 2016 year, as funds raised in the US were invested in the Mexican operations, these intercompany balances result in a decreased foreign exchange loss. The average US $ exchange rate for the years ended December 31, 2016 and 2015, was $18.6692 and $15.867526, respectively, a strengthening of 17.7%, the rate of exchange as of December 31, 2016 and 2015, was $20.6640 and $17.373473, respectively, a strengthening of 18.9%.

Change in fair value of derivative

The current year includes a charge of $36,074 representing the mark-to-market of the derivative liability associated with the convertible promissory note in the amount of $77,000 issued on December 28, 2106.

Net loss

We incurred a net loss of $4,731,049 and $3,309,673, for the years ended December 31, 2016 and 2015, respectively, an increase of $1,421,376 or approximately 42.9%, and which consist of the various items discussed above.

Liquidity and Capital Resources

To date, our primary sources of cash have been funds raised from the sale of our securities and the issuance of debt as well as revenue derived from operations.

We incurred an accumulated deficit of $9,313,135 through March 31, 2017 and incurred negative cash flow from operations of $270,901 for the three months ended March 31, 2017. We incurred an accumulated deficit of $8,757,197 through December 31, 2016 and incurred negative cash flow from operations of $1,929,453 and $2,675,448 for the years ended December 31, 2016 and 2015, respectively. We have spent, and need to continue to spend, substantial amounts in connection with implementing our business strategy, including our planned product development effort and will be required to raise additional funding.

We will need to generate additional revenue from operations and/or obtain additional financing to pursue our business strategy, repay our outstanding note obligations and take advantage of business opportunities that may arise. To meet our financing needs, we are considering multiple alternatives, including, but not limited to, additional equity financings and, debt financings and/or funding from partnerships. There can be no assurance that we will be able to complete any such transactions on acceptable terms or otherwise ad may have to significantly curtail our operations.

At March 31, 2017, we had cash of $33,865 and a negative working capital of $891,728. At December 31, 2016, we had cash of $46,286 and a working capital deficit of $149,572. We believe that the current cash balances together with revenue anticipated to be generated from operations will not be sufficient to meet our current working capital needs and as mentioned above, we will seek further funding from either equity issues or further debt funding, should we not be successful, we may have to curtail our operations significantly.

During April and May 2017, we raised an aggregate of $208,000 through the sale of three convertible promissory notes with an 8% coupon, one note with a maturity dates of between nine and twelve months from issuance. During the three months ended March 31, 2017, we raised an additional $15,000 through a related party and an aggregate of $458,000 through the issuance of five convertible notes with an 8% coupon for terms ranging from six to nine months. During the year ended December 31, 2016 and 2015 Qpagos Corporation raised gross proceeds of $375,000 and $2,990,000 from the issuance of 500,000 common shares at a price of $0.75 and 4,784,000 (2,392,000 pre-merger) common units at a price of $0.625 ($1.25 pre- merger) per unit, each unit consisting of one share of common stock and one warrant to acquire a share of common stock at an exercise price of $0.625 ($1.25 pre-merger) per share, the total share issue expenses incurred in this private placement amounts to $388,700, realizing net proceeds of $2,601,300, respectively. Qpagos Corporation also issued debt securities in the principal amount of $370,000 and $685,001 and convertible debt securities in the principal amount of $77,000 and $0 to private investors during the year ended December 31, 2016 and 2015, respectively, to fund the operations of the business through its development stage. The majority of the loans raised in 2015 together with loan funds raised in 2014 of $2,324,422 were exchanged for common shares in Qpagos Corporation upon consummation of the reverse merger between the newly formed US corporation and the two Mexican operating companies, Redpag Electrónicos S.A.P.I. de C.V. and QPagos, S.A.P.I. de C.V. (the Mexican operating company), these shares were subsequently exchanged for shares in QPAGOS upon consummation of the Reverse Merger which took place on May 12, 2016. Included in the $685,001 is a debt security of $100,000, which was not converted to equity and is expected to be repaid within the next twelve months.

We utilized cash of $270,901, and $627,571 in operating activities for the three months ended March 31, 2017 and 2016, respectively, a decrease of $356,670 or 56.8%. The decrease is primarily due to a $339,736 decrease in cash operating expenditure before working capital changes and an improvement in working capital flows from cash expenditures of $16,934 as compared to the prior comparable period.

We had minimal investment in property and equipment of $0 and $454 for the three months ended March 31, 2017 and 2016.

We funded our operations during the three months ended March 31, 2017 by utilizing our cash balances and raising an additional $473,000 through debt issuances.

We have minimal commitments which include the office facility lease agreement with a future commitment as of March 31, 2017 of $25,614 for the remainder of 2017 and $34,152 for each year 2018 and 2019, subject to exchange rate changes.

We entered into an additional ten-year licensing agreement with the Licensor on May 1, 2015, whereby we are committed to pay an annual license fee in quarterly installments of $5,000 ($20,000 per annum) to the Licensor for an exclusive license for the Mexican market of certain revenue payment services.

Our primary financial commitments as of the date hereof are payments owed under the License Agreement. The minimum commitments due under the license agreement is summarized as follows:

	Amount
2017	15,100
2018	20,100
2019	20,100
2020	20,100
2021 and thereafter	97,167
	$ 172,567

We utilized cash of $1,929,453, and $2,675,448 in operating activities for the years ended December 31, 2016 and 2015, respectively.

We had an investment in property and equipment of $453 and $4,779 for the years ended December 31, 2016 and 2015. In 2015 the Company capitalized company owned kiosks which were used to generate revenues for its own account.

We funded our operations by utilizing our cash balances and raising an additional $375,000 and $2,990,000 by the issue of common stock to certain investors in a private placement, additional loans raised of $370,000 and $685,001 and an additional $77,000 and $0 in convertible debt, for the years ended December 31, 2016 and 2015, respectively.

Off Balance Sheet Arrangements

None

Critical Accounting Policies

a) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, which are evaluated on an ongoing basis, that affect the amounts reported in the consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the amounts of revenues and expenses that are not readily apparent from other sources. Actual results could differ from those estimates and judgments. In particular, significant estimates and judgments include those related to: the estimated useful lives for plant and equipment, the fair value of warrants and stock options granted for services or compensation, estimates of the probability and potential magnitude of contingent liabilities, derivative liabilities, the valuation allowance for deferred tax assets due to continuing operating losses, those related to revenue recognition and the allowance for doubtful accounts.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our estimates.

b) Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

c) Fair Value of Financial Instruments

The Company adopted the guidance of Accounting Standards Codification ("ASC") 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, accounts receivable, other current assets, other assets, accounts payable, accrued liabilities, and notes payable, approximate fair value due to the relatively short period to maturity for these instruments. The Company has a derivative liability which arose on variable priced conversion rights of certain convertible notes. These conversion rights are valued initially using a Black-Scholes valuation model using level 1 inputs, as disclosed above and in note 11 below. The initial fair value measurement is credited to equity. At each reporting, period the fair value of the conversion rights of the convertible securities is re-measured using level 1 inputs, as disclosed above and in note 11 below, and any subsequent movement in fair value is recorded in the statement of operations as either a charge or a credit. Other than the conversion rights of convertible notes, the Company did not identify any other assets or liabilities that are required to be presented on the balance sheets at fair value in accordance with the accounting guidance.

ASC 825-10 " *Financial Instruments* " allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

d) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported at realizable value, net of allowances for doubtful accounts, which is estimated and recorded in the period the related revenue is recorded. The Company has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for doubtful accounts. In addition, the Company regularly assesses the state of its billing operations in order to identify issues, which may impact the collectability of these receivables or reserve estimates. Revisions to the allowance for doubtful accounts estimates are recorded as an adjustment to bad debt expense. Receivables deemed uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. There were no recoveries during the three months ended March 31, 2017 or the years ended December 31, 2016 and 2015. The allowance for doubtful debts as of March 31, 2017 and 2016 was $0. The allowance for doubtful debts as of December 31, 2016 and 2015 was $0.

e) Inventory

The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out basis. The Company identifies and writes down its excess and obsolete inventories to net realizable value based on usage forecasts, order volume and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write- down discontinued product to the lower of cost or net realizable value.

f) Intangibles

All of our intangible assets are subject to amortization. We evaluate the recoverability of intangible assets periodically by taking into account events or circumstances that may warrant revised estimates of useful lives or that indicate the asset may be impaired. Where intangibles are deemed to be impaired we recognize an impairment loss measured as the difference between the estimated fair value of the intangible and its book value.

g) License Agreements

License agreements acquired by the Company are reported at acquisition value less accumulated amortization and impairments.

Amortization
Amortization is reported in the statement of comprehensive loss on a straight-line basis over the estimated useful life of the intangible assets, unless the useful life is indefinite. Amortizable intangible assets are amortized from the date that they are available for use. The estimated useful life of the license agreement is five years which is the expected period for which we expect to derive a benefit from the underlying license agreements.

h) Long-Term Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

i) Revenue Recognition

The Company's revenue recognition policy is consistent with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 605, Revenue Recognition (ASC 605). In general, the Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized, or realizable and earned when, persuasive evidence of an arrangement exists, the products or services have been approved by the customer after delivery and/or installation acceptance or performance of services; the sales price is fixed or determinable within the contract; and collectability is reasonably assured.

The Company has the following sources of revenue which is recognized on the basis described below.

- Revenue from the sale of services.

Prepaid services are acquired from providers and is sold to end-users through kiosks that the Company owns or kiosks that are owned by third parties. The Company recognizes the revenue on the sale of these services when the end-user deposits funds into the terminal and the prepaid service is delivered to the end-user. The revenue is recognized at the gross value, including margin, of the prepaid service to the Company, net of any value-added tax which is collected on behalf of the Mexican Revenue Authorities.

- Payment processing provided to end-users

The Company provides a secure means for end-users to pay for certain services, such as utilities through our kiosks. The Company earns either a fixed per-transaction fee or a fixed percentage of the service sold. The Company acts as a collection agent and recognizes the payment processing fee, net of any value-added taxes collected on behalf of the Mexican Revenue Authorities, when the funds are deposited into the kiosk and the customer has settled his liability or has acquired a prepaid service.

- Revenue from the sale of kiosks.

The Company imports, assembles and sell kiosks that are used to generate the revenues discussed above. Revenue is recognized on the full value of the kiosks sold, net of any valued added taxation collected on behalf of the Mexican Revenue Authorities, when the customer takes delivery of the kiosk and all the risks and rewards of ownership are passed to the customer.

The Company does not enter into any leasing of kiosks arrangements with customers and the Company does not generate any revenues from merchants who access its terminals as yet.

j) Share-Based Payment Arrangements

Generally, all forms of share-based payments, including stock option grants, restricted stock grants and stock appreciation rights are measured at their fair value on the awards' grant date, based on the estimated number of awards that are ultimately expected to vest. Share-based compensation awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The expense resulting from share-based payments is recorded in operating expenses in the consolidated statement of operations.

Prior to the Company's reverse merger which took place on May 12, 2016, all share-based payments were based on management's estimate of market value of the Company's equity. The factors considered in determining managements estimate of market value includes, assumptions of future revenues, expected cash flows, market acceptability of our technology and the current market conditions. These assumptions are complex and highly subjective, compounded by the business being in its early stage of development in a new market with limited data available.

Where equity transactions with arms-length third parties, who had applied their own assumptions and estimates in determining the market value of our equity, had taken place prior to and within a reasonable time frame of any share-based payments, the value of those share transactions have been used as the fair value for any share-based equity payments.

Where equity transactions with arms-length third parties, included both shares and warrants, the value of the warrants have been eliminated from the unit price of the securities using a Black-Scholes valuation model to determine the value of the warrants. The assumptions used in the Black Scholes valuation model includes market related interest rates for risk-free government issued treasury securities with similar maturities; the expected volatility of the Company's common stock based on companies operating in similar industries and markets; the estimated stock price of the Company; the expected dividend yield of the Company and; the expected life of the warrants being valued.

Subsequent to the Company's reverse merger which took place on May 12, 2016, the Company has utilized the market value of its common stock as quoted on the NASDAQ OTCBB, as an indicator of the fair value of its common stock in determining share- based payment arrangements.

BUSINESS

We are a provider of next generation physical and virtual payment services that we introduced to the Mexican market in the third quarter of 2014. We have a ten-year renewable exclusive license agreement for the use of technology that can be used to perform services that are similar to services that have been successfully deployed with this technology in several European, Asian, North and South American countries.

We provide an integrated network of kiosks, terminals and payment channels that enable consumers to deposit cash, convert it into a digital form and remit the funds to any merchant in our network quickly and securely. We help consumers and merchants connect more efficiently in markets and consumer segments, such as Mexico, that are largely cash-based and lack convenient alternatives for consumers to pay for goods and services in physical, online and mobile environments. For example, we license technology that can be used to pay bills, add minutes to mobile phones, purchase transportation tickets, shop online, buy digital services or send money to a friend or relative.

Our current focus is on Mexico which remains a cash-dominated society for retail consumer payments with approximately 80% of the value of personal payments exchanged in cash (Bank of Mexico). The penetration of electronic payment services, such as credit and debit cards and point of sale terminals, significantly lags behind more developed economies. We believe that opportunities for our services in Mexico are vast. With over 109 million mobile subscribers in Mexico, 85% of which are under prepaid plans, mobile top-up alone, was a $12 billion business in 2014 as reported by PwC Telecom in Mexico 2015, America Móvil 4Q'15. We believe that there is opportunity for growth in the Mexican market and has expanded to service providers beyond the mobile telephone operators to service provides of electricity, transportation, utilities, municipal services and taxes, consumer credit installments, insurance premiums, and many more. Altogether as of the end of the first quarter of 2017 our platform had integrated 140 such services.

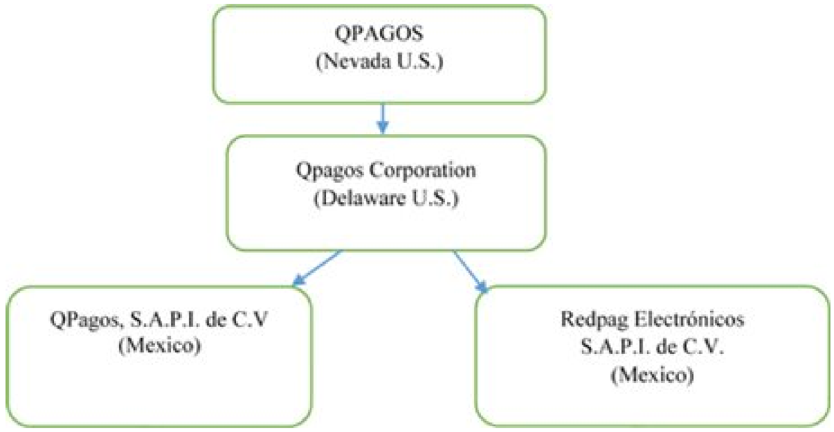
Our primary strategy in Mexico to date has been the attraction of service providers as well as the deployment of kiosks through Redpag Electrónicos, our kiosk management subsidiary. During the three months ended March 31, 2017 and 2016, QPAGOS generated net revenues of $927,310 and $629,934, respectively, from its operations in Mexico, and increase of 47.2 %. During the years ended December 31, 2016 and 2015, QPAGOS generated net revenues of $2,691,896 and $1,127,944, respectively, from its operations in Mexico. QPAGOS primary source of revenue are fees it receives for processing payments made by consumers to service providers. We also generate revenue from non- payment services such as kiosk sales. QPAGOS currently has in excess of 140 service providers integrated into its payment gateway, which includes all mobile phone providers in Mexico as well as most utility companies, financial services, entertainment venues and others. As of March 31, 2017, QPAGOS deployed over 274 kiosks and terminals and services an additional 440 terminals of its independent distributors. QPAGOS kiosks and terminals can be found at convenience stores, next to metro stations, retail stores, airport terminals, education centers, and malls in major urban centers, as well as many small and rural towns.

In addition, QPAGOS has contracted for an electronic wallet which should enable consumers to hold balances in its kiosks for future use or to receive change. Launched in the first quarter of 2016 customers can now use cash and/or stored value in order to pay for goods and services across physical or virtual environments interchangeably. Also in the first quarter of 2016, QPAGOS launched our mobile app by which smart phone users can now access the exact menu of services available in our kiosks and make payments from the convenience of their phones. Cash is uploaded to the electronic wallet app via kiosks.

We believe that QPAGOS platform provides simple and intuitive user interfaces, convenient access and best-in-class services. QPAGOS runs its network and process its transactions using a proprietary, advanced technology platform that leverages the latest virtualization, analytics and security technologies to create a fast, highly reliable, secure and redundant system. We believe that the breadth and reach of this network, along with the proprietary nature of its technology platform, differentiate us from our competitors and allow us to effectively manage and update our services and realize significant operating leverage with growth in volumes.

QPAGOS Corporate History and Background

Our current corporate structure is as follows:



QPAGOS was incorporated on September 25, 2013 under the laws of the State of Nevada originally under the name Asiya Pearls, Inc. On May 27, 2016, Asiya Pearls, Inc. filed a Certificate of Amendment to its Articles of Incorporation to change its name to QPAGOS.

Qpagos Corporation was incorporated on May 1, 2015 under the laws of Delaware under the name Qpagos Corporation as the holding company for two 99% owned operating subsidiaries, QPagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V. Each of these entities were incorporated in November 2013 in Mexico.

QPagos, S.A.P.I. de C.V. was formed to process payment transactions for service providers it contracts with, and Redpag Electrónicos S.A.P.I. de C.V. was formed to deploy and operate kiosks as a distributor.

On August 31, 2015, QPAGOS Corporation entered into various agreements with the shareholders of Qpagos and Redpag to give effect to a reverse merger transaction (the "Reverse Merger"). Pursuant to the Reverse Merger, the majority of the shareholders of Qpagos and Redpag effectively received shares in Qpagos Corporation, through various consulting and management agreements entered into with Qpagos Corporation and sold an effective 99.996% and 99.990% of the outstanding shares in Qpagos and Redpag, respectively to Qpagos Corporation. The series of transactions closed effective August 31, 2015. Upon the close of the Reverse Merger, Qpagos Corporation became the parent of Qpagos and Redpag and assumed the operations of these two companies as its sole business.

On May 12, 2016, QPAGOS entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Qpagos Corporation and QPAGOS Merge, Inc., a Delaware corporation and wholly owned subsidiary of QPAGOS (“Merger Sub”). Pursuant to the Merger Agreement, on May 12, 2016 Qpagos Corporation and Merger Sub merged (the “Merger”), and Qpagos Corporation continued as the surviving corporation of the Merger and became a wholly owned subsidiary of QPAGOS. As a result of the Merger, each outstanding share of Qpagos Corporation common stock was converted into the right to receive two shares of QPAGOS common stock as set forth in the Merger Agreement. Under the terms of the Merger Agreement, we issued, and Qpagos Corporation stockholders receives in a tax-free exchange, shares of our common stock such that Qpagos Corporation stockholders owned approximately 91% of our company immediately following the Merger. In addition, each outstanding warrant of Qpagos Corporation was assumed by us and converted into a warrant to acquire a number of shares of our common stock equal to twice the number of shares of common stock of Qpagos Corporation subject to the warrant immediately before the effective time of the Merger at an exercise price per share of Company common stock equal to 50% of the warrant exercise price for Qpagos Corporation common stock. There are no outstanding stock options of Qpagos Corporation.

The Mexican Market

Mexico is the second largest economy in Latin America and the world’s 15 th largest economy as reported by The World Bank Group.

Mexico's $1.3 trillion economy has become increasingly oriented toward manufacturing in the 22 years since the North American Free Trade Agreement (NAFTA) became effective. Per capita income is roughly one-third that of the U.S. and income distribution remains highly unequal. Mexico has become the United States' second-largest export market and third-largest source of imports. In 2014, two-way trade in goods and services exceeded $590 billion. Mexico has free trade agreements with 46 countries, putting more than 90% of trade under free trade agreements. In 2012, Mexico formally joined the Trans-Pacific Partnership negotiations and formed the Pacific Alliance with Peru, Colombia and Chile.

The Organization for Economic Co-Operation and Development reports that Mexico’s GDP per capita, at over $18,000 in 2015 is amongst the highest in the Latin America region. Mexican jobless rate decreased to 4.3% in 2015 from 4.8% in 2014, well below market expectations. Mexico’s middle class is also among those that have grown the most in Latin America in 15 years. In fact, 17% of its population joined the middle class between 2000 and 2010 according to the World Bank Report: "Economic Mobility and the Rise of the Latin American Middle Class.”

Despite these positive improvements, Mexico still has room for growth in areas of financial inclusion. According to MC (MasterCard) Advisors Cashless Journey, 61% of the Mexican population does not have bank accounts and when making an online purchase must complete payments at retail locations if they do not have a credit card, since debit cards are usually not an accepted form of online payment in Mexico. Electronic payments in Mexico are typically made using the Internet for banked individuals. This same source estimates that 80% of all consumer payment transactions are done in cash, aggregating approximately 50% of total consumer spending. Payroll cardholders typically empty these account on each payroll day through ATMs.

We believe that these factors present an opportunity for us in Mexico and are very relevant for effectively positioning our terminals as a solution to expand the geographic reach and access to customers of several service providers who today collect most of their accounts receivables through digital means.

According to the November 2015 Quarterly Report of the IFT-Instituto Federal de Telecomunicaciones, Mexico's overall telecom market (fixed and mobile telephone) in 2015 aggregated to 3.2% of GDP, or USD $32 billion, 60% of which relates to the mobile telephone sector. Mexico's mobile penetration is over 88% with over 107 million subscribers of which 85% are under prepaid plans. The overall mobile telecommunications market is estimated at over USD $20 billion, 58% of which is generated through prepaid plans. Mobile top-ups are estimated to be worth USD $12 billion overall, and are primarily done at retail locations such as supermarkets and convenience stores.

Key Drivers

We believe that there are several drivers for the successful expansion of our payment solutions in the Mexican market, including market fit and size, market timing, technology, strategic plays, as well as the following facts reported by the November 2015 publication of the IMF World Economic Council and the November 2015 publication of IFT-Instituto Federal de Telecomunicaciones:

- Mexico is the 15th largest world economy and second-largest in Latin America after Brazil.
- Mexico's population exceeds 120 million inhabitants and has a GDP of $1.3 trillion.
- Mexico's informal sector is estimated at 30% of the economically active population and around 65% of Mexicans are unbanked. Consumer credit penetration in Mexico is low by regional standards, at approximately 15% of GDP compared to 45% in Brazil and 72% in Chile.
- Mexico's over 107 million mobile subscribers make it the second largest mobile subscription base in the Latin American region. As is the case with many developing countries, most of these lines (89%) are under prepaid plans, as opposed to the typical postpaid prevalent in the United States.
- Prepaid mobile airtime revenues in Mexico are estimated at USD $1 billion per month, typically made of average transactions of $3.25 ($40 Pesos) each by over 70 million users multiple times per month. Mexico's ARPU (average revenue per user) at $12 per month is among the highest in the world.
- Additionally, there are many more prepaid services in Mexico, including electricity and cable television, which offer consumers with irregular income or low financial stability the flexibility to use such services only when they can afford to, and allow service providers to do away with credit checking and payment collection.

Our Business Model

Our primary source of revenue are fees we receive for processing payments. For the three months ended March 31, 2017, we generated $927,310 in net revenue, of which approximately $765,181 is net revenue derived from the operations of Qpagos Mexico and $162,129 is net revenue derived from the operations of Redpag. For the year ended December 31, 2016, we generated $2,691,896 in net revenue, of which approximately $2,182,907 is net revenue derived from the operations of QPagos Mexico and $508,989 is net revenue derived from the operations of Redpag. We earned a gross profit of approximately 7.5% on airtime sales on kiosks operated by Redpag and approximately 30% of the 7.5% gross profit on kiosks operated by third parties. We also earn commissions on payment services we provide to end-users through our kiosks and kiosks operated by third parties. This fee is either a transactional based fee of between USD$0.50 and USD$0.75 per transaction or a percentage of the transaction value. Certain service providers require that we receive the entire fee solely from the customers.

Our agents (our distributors) buy the kiosks or terminals from us for approximately $6,000. The agent retains a portion of the fees that we derive from the service providers for services performed at the kiosks. Typically, 65% to 70% of the fees we receive from service providers are shared with the agent that has purchased the kiosk, and we retain 30-35% of such fees.

In addition, for certain high traffic public areas, such as malls and shopping centers, government agencies and large retailers who want to monetize high traffic areas, we pay the owner of the space a rental fee for the use of the space, and revenue share a smaller % of the commission, typically 10%.

Additionally, when a distributor integrates also their services into QPagos platform, for transactions done at their kiosks we may charge a transaction fee that may average $0.10, while that same transaction may generate up to $0.50 when done in other kiosks in Qpagos network.

Partners-Service Providers

Our current focus has been on the prepaid mobile telephone market. In Mexico, 85% of the more than 109 million mobile subscribers are under prepaid programs, thus millions of people make payments into these plans on a frequent basis. We currently have integrated all mobile operators in Mexico into our active list of service providers, as well as 140 additional service providers, including major utilities. Additionally, QPagos, S.A.P.I. de C.V has integrated 9 of Mexico's 32 states in its payment platform, and citizens of these states can now pay at our kiosks, municipal services, such as car registration, property taxes, traffic tickets, etc.

Our Distribution Network

QPagos, S.A.P.I. de C.V is developing a distribution network along several verticals, principally: (i) an agent network of independent businesses with high customer traffic in which our kiosks can be deployed; (ii) retailers that seek to decongest teller lines and shift service payments to self-service kiosks, (iii) banks and other financial intermediaries that want to extend geographic collection points to their customers, while also improving the experience of their customers when making payments at branches, (iv) government municipalities that want to bring service payments closer to their citizens; (v) other electronic payments distributors who we wholesale our services to, and (vi) our own distributor Redpag Electrónicos with its growing network in Mexico City and adjoining states.

Agents who own kiosks and terminals are responsible for placing, operating and servicing them in high-traffic, convenient retail locations. Several of our agents are mid-sized businesses which we believe provides them with insight into local market dynamics. The agency agreements that we enter into are usually for an indefinite term and may be unilaterally terminated by either party. Our agent contracts do not have exclusivity clauses. We usually cap these fees, and normally award the agents a percentage of the merchant fees. No one agent represented a material amount of our revenue, and we do not view ourselves as being dependent upon any one agent.

Our retail and institutional clients and prospects include large retail and convenient store chains, whose tellers are being congested by service payments and who would like to move these frequent transactions to the front of their stores. We are also in field trials with large financial institutions that want to expedite collections of their financial services as well as expand their hours of operation and geographic reach; and state, government and local municipalities that want to provide their citizens easy access to payments. For example, one of our principal customers has been Financiera AMIGA who in January 2017 added 30 more kiosks to the 56 they had already deployed for a total of 86 kiosks. Additionally, we are currently in trials with a 1,500 plus branch financial institution who is seeking to reduce banker fees, per transaction teller costs, and reduce lines by using our kiosks.

Research and Development Expenditure

We continuously develop our product offering and making technical improvements to our software, these expenses are incurred primarily as consulting fees paid to third party developers.

Marketing

We participate in several local events and exhibitions and provide promotional materials to distributors and retailers. We have also engaged in public relations campaigns geared towards corporate and institutional businesses, which has resulted in discussions with large box retailers such as Walmart, OXXO, Casa Ley, 7-Eleven, Circle K and several others. We have participated frequently in several International Franchising Exhibitions in Mexico City, Guadalajara, Puebla, Ciudad Juarez and Monterrey, and yearly in ANTAD Guadalajara Exhibition, the association that groups the country's mayor retail chains.

Our Technology

We run our network and process our transactions using the proprietary, advanced technology platform that we license, which leverages the latest virtualization, analytics and security technologies to create a fast, highly reliable, secure and redundant system. We believe that the breadth and reach of our network, along with the proprietary nature of the technology platform that we license, differentiates us from our competitors and allow us to effectively manage and update our services and realize significant operating leverage with growth in volumes.

Localization and implementation of the different software and technology modules was supported through a Localization Agreement with Janor Enterprises, Ltd. Since December 2015 source code and administration rights have been fully transferred to Qpagos. As of today, we have our own team of 8 IT engineers in Mexico City and Moscow that are in control of the software and developing gateways and updates on an ongoing basis.

On August 1, 2014, Qpagos Corporation entered into a license agreement with Janor for the rights to use three software programs (the "Programs"): RG Payment Switch (designed to transfer payments to providers of services), RG Processing (designed for processing and counting of payments) and RG Kiosk (designed for performance of payments through payment collection equipment functioning in the self- service kiosks) to be used in Mexico. The Agreement was amended on November 1, 2015 to provide that subject to our payment of $5,000 per quarter, that neither Janor nor any of its subsidiaries or affiliated entities will install a terminal and/or kiosk that incorporates the Programs or a technology having the same or a similar effect nor will they provide any person or entity with the right to install a terminal and/or kiosk in Mexico that incorporates the Programs or a technology having the same or a similar effect. The term of the Agreement is for 10 years subject to an additional 10 year term so long as we are not in breach of any terms of the Agreement.

Under this agreement Janor is obligated to provide us with rights to use software updates developed by Janor. The ten-year term commences on the date of full payment of the localization contract which took place November 20, 2015. Janor retains exclusive rights to any intellectual property, including any addition, alteration, program updating, derivative or composed creation, obtained in the process of usage of the programs. The payment for the rights granted under the license is a total of $1,000, payable in annual payments of $100 per year over ten years and is in addition to the payments that we make under the Localization Agreement. The agreement provides, among other things, that we will pay the fee, ensure confidentiality of commercial and technical information received when performing the agreement and inform Janor of any changes in its structure. Janor has a right to terminate the agreement if we breach the terms of the agreement or do not properly perform or if we do not cure any breach or nonperformance within 30 days of receipt of notice of termination. If Janor suffers any damages, they are entitled to request compensation from us. The rights to use the Programs terminate upon termination of the Agreement.

Regulation

Currently our business is not impacted by government regulation. We may in the future be subject to a variety of regulations aimed at preventing money laundering and financing criminal activity and terrorism, financial services regulations, payment services regulations, consumer protection laws, currency control regulations, advertising laws and privacy and data protection laws and therefore expect to experience periodic investigations by various regulatory authorities in connection with the same, which may sometimes result in monetary or other sanctions being imposed on us. Many of these laws and regulations are constantly evolving and are often unclear and inconsistent with other applicable laws and regulations, making compliance challenging and increasing our related operating costs and legal risks. In particular, there has been increased public attention and heightened legislation and regulations regarding money laundering and terrorist financing. We may have to make significant judgment calls in applying anti-money laundering legislation and risk being found in non-compliance with such laws.

If local authorities in Mexico choose to enforce specific interpretations of the applicable legislation that differ from ours or enact new laws, we may be found to be in violation and subject to penalties or other liabilities. This could also limit our ability in effecting such payments going forward and may increase our cost of doing business.

In addition, there is significant uncertainty regarding future legislation on taxation of electronic payments in Mexico, including the place where taxation may be generated. Subsequent legislation and regulation and interpretations thereof, litigation, court rulings, or other events could expose us to increased costs, liability and reputational damage that could have a material adverse effect on our business, financial condition and results of operations.

Yogipay Corporation

On February 11, 2016 Qpagos entered into a consulting agreement with Yogipay Corporation ("Yogipay"), to provide consulting services to Yogipay with respect to establishing operations in the United States similar to those conducted by Qpagos. In consideration of the provision of the services Qpagos was issued 3,000,000 shares of common stock of Yogipay equivalent to 15% of its outstanding equity. Gibbs Investment Holdings, of which Mr. Harake is a partner, owns 17,000,000 shares of common stock of Yogipay, equivalent to 85% of its outstanding equity.

Facility and Employees

As of June 1, 2017, Qpagos Corporation had 2 full time employees, which are its chief executive officer and chief operating officer, and 31 full-time contractors provided to it by an outsourcing company and designated to perform services for its Mexican subsidiaries Qpagos and Redpag. Qpagos Corporation had no part-time employees. None of these employees are subject to collective bargaining agreements. Qpagos Corporation does not have employment agreements with any employees other than its Chief Executive Officer, Gaston Pereira and its Chief Operating Officer, Andrey Novikov. See "Executive Compensation." Qpagos Corporation also enters into consulting arrangements for IT and operational services.

Qpagos leases approximately 1,600 square feet in Mexico City at Paseo de la Reforma 404, where its corporate offices are located. The lease is for a term of 36 months with a three-month termination clause. The current lease commenced in December 16, 2016, expires in December 16, 2019 and provides for an aggregate annual rent of approximately $34,200 per annum. The Company also leases space on a month-to month basis for its data servers at a monthly rate of $1,680. In addition, Qpagos leases warehouse space on a month-to-month basis for $1,081 per month. We believe these facilities are in good condition and adequate to meet our current and anticipated requirements.

Competition

The payment services industry is highly competitive, and our continued growth depends on our ability to compete effectively. Although we do not face direct competition from any competitor in exactly the same line of business, as no major self-service electronic payment kiosk vendors exists in Mexico today, we face competition from teller-assisted operations at a variety of financial and non-financial business groups, including a few small regional players. These competitors include retail banks, non-traditional payment service providers, such as retailers and mobile network operators, traditional kiosk and terminal operators and electronic payment system operators, as well as other companies that provide various forms of payment services, including electronic payment and payment processing services. Competitors in our industry seek to differentiate themselves by features and functionalities such as speed, convenience, network size, accessibility, hours of operation, reliability and price. A significant number of our competitors have greater financial, technological and marketing resources than we have, operate robust networks and could decide to develop their own self-service kiosks solutions instead of buying from Qpagos.

We believe that the most serious competition comes from bricks and mortar locations since the bulk of the mobile top-up business is done at major retail chains such as Walmart, Soriana, Chedraui and convenience stores such as OXXO and 7-Eleven. For example, Monterrey-based OXXO, owned by Coca-Cola bottler FEMSA, with over 14,000 stores is the largest retailer network in Mexico with daily visits of over 8 million people. Because of this high concentration of customers, OXXO has become one of the primary destinations to top up prepaid phones as well as paying utility bills and other services. These brick and mortar retailers are also our key target market for QPAGOS as they are experiencing congestion at their in-person teller operations and are also exploring the alternative of expediting payments through the use of self-service kiosks. We are currently in dialogues with several of these retailers which want to address teller congestion caused by the large number of customers seeking to make bill payments which affects both their customers and their core business as a retailer.

Seasonality

We do not expect that our business will experience significant seasonality.

Corporate Structure and Information

Our principal offices are located at Paseo del la Reforma 404 Piso 15 PH, Col. Juarez, Del. Cuauhtemoc, Mexico, D.F. C.P. 06600, and our telephone number at that office is +52 (55) 55-110-110. We also have offices in the United States that are located at 1900 Glades Road, Suite 265, Boca Raton, Florida 33431. We maintain an Internet website at www.qpagos.com. Neither this website nor the information on this website is included or incorporated in, or is a part of, this prospectus or any supplement to the prospectus.

DETERMINATION OF OFFERING PRICE

The Selling Stockholders will determine at what price they may sell the offered Shares (if any), and such sales may be made at prevailing market prices, or at privately negotiated prices.

SELLING STOCKHOLDERS

We have prepared this prospectus to allow the Selling Stockholders or their successors, assignees or other permitted transferees to sell or otherwise dispose of, from time to time, up to 16,136,274 shares of our common stock. This prospectus covers the offer and disposition by the Selling Stockholders identified below, or their transferee(s), of a total of 16,136,274 shares of our common stock. Of the shares of common stock being offered under this prospectus 9,917,074 are shares of common stock and 6,219,200 are able to be issued upon exercise of the Warrants having an exercise price of $.625 per share (of which 1,435,200 were issued to the Placement Agent and its designees).

The Shares sold to the Selling Stockholders were sold pursuant to an exemption from registration provided by Rule 506 of Regulation D under the Securities Act. In connection therewith, the investors made to us certain representations, warranties, covenants, and conditions customary for private placement investments.

The table below presents information regarding the Selling Stockholders and the Shares that they may sell or otherwise dispose of from time to time under this prospectus. The table is based on information supplied to us by the Selling Stockholders and reflects holdings as of June 1, 2017. Percentages of beneficial ownership are based upon 55,604,000 shares of common stock outstanding as of June 1, 2017. Beneficial ownership is determined under Section 13(d) of the Exchange Act and generally includes voting or investment power with respect to securities and including any securities that grant the Selling Stockholders the right to acquire common stock within 60 days of June 1, 2017. Unless otherwise noted, each person or group identified possesses sole voting and investment power with respect to the Shares, subject to community property laws where applicable.

We do not know when or in what amounts the Selling Stockholders may sell or otherwise dispose of the Shares covered hereby. We currently have no agreements, arrangements or understandings with the Selling Stockholders regarding the sale of any of the Shares by them other than the registration rights agreements described below. The Selling Stockholders might not sell any or all of the Shares covered by this prospectus or may sell or dispose of some or all of the Shares other than pursuant to this prospectus. Because the Selling Stockholders may not sell or otherwise dispose of some or all of the Shares covered by this prospectus and because there are currently no agreements, arrangements or understandings with respect to the sale or other disposition of any of the Shares, we cannot estimate the number of the Shares that will be held by the Selling Stockholders after completion of the offering.

Each Selling Stockholder has indicated to us that neither it nor any of its affiliates has held any position or office or had any other material relationship with us in the past three years except as described in the footnotes to the table.

The Shares being offered under this prospectus may be offered for sale from time to time during the period the registration statement of which this prospectus is a part remains effective, by or for the accounts of the Selling Stockholders named below.

The Selling Stockholders, or their partners, pledgees, donees, transferees or other successors that receive the Shares and their corresponding registration in accordance with the registration rights agreement to which the Selling Stockholder is party (each also a Selling Stockholder for purposes of this prospectus), may sell up to all of the Shares shown in the table below under the heading “Total Shares Offered By Selling Stockholder in the Offering Covered by this Prospectus” pursuant to this Prospectus in one or more transactions from time to time as described below under “Plan of Distribution.” However, the Selling Stockholders are not obligated to sell any of the Shares offered by this prospectus.

Each Selling Stockholder that is an affiliate of a broker-dealer acquired their securities being registered in the ordinary course of business and has represented at the time of the acquisition of the securities being registered for resale that they had no agreements or understandings, directly or indirectly, with any person, to distribute the securities.

Information about the Selling Stockholders may change from time to time. Any changed information with respect to which we are given notice will be included in prospectus supplements.

Selling Stockholder	Shares Beneficially Owned Before the Sale of all Shares Covered by this Prospectus	Percentage of Beneficial Ownership Before the Sale of all Shares Covered by this Prospectus	Total Shares Offered By Selling Stockholder in the Offering Covered by this Prospectus	Shares Beneficially Owned After the Sale of all Shares Covered by this Prospectus(1)	Percentage of Beneficial Ownership After the Sale of all Shares Covered by this Prospectus
3NT Management, LLC	320,000(2)	*	320,000	0	*
Alberto Pereira Bunster	750,000(3)	1.4%	75,000	675,000	1.2%
Terry L. Cash	1,600,000(4)	2.8%	1,600,000	0	*
Basil Christakos	5,000(5)	*	5,000	0	*
Christopher Clark	47,796(6)	*	47,796	0	*
Michael Clark	1,500(7)	*	1,500	0	*
William Corbett	989,388(8)	1.8%	989,388	0	*
Byron Crowe	211,020(9)	*	211.020	0	*
Delinvest Commercial Ltd.	4,047,781(10)	7.3%	808,440	3,239,341	5.8%
Paul Dragul	112,000(11)	*	112,000	0	*
ECT LP	960,000(12)	1.7%	960,000	0	*
Elliot Family Trust dated February 19, 1992	160,000(13)	*	160,000	0	*
Esther M. Harpe Trust	160,000(14)	*	160,000	0	*
Eurosa, Inc.	1,920,000(15)	3.5%	420,000	1,500,000	2.7%
Peter Fogarty	45,000(16)	*	45,000	0	*
Gibbs International, Inc.	4,810,000(17)	8.6%	800,000	4,485,000	7.2%
Gordon Holmes	196,000(18)	*	96,000	100,000	*
Joseph W and Patricia G Abrams Family Trust	1,234,326(19)	2.2%	100,000	1,134,326	2.0%
Julian C. Josey, Jr.	960,000(20)	1.7%	960,000	0	*
Clive Kabatznik	363,817(21)	*	25,000	338,817	*
Bradley C. and Belinda Karp	320,000(22)	*	320,000	0	*
Chad Krull	160,000(23)	*	160,000	0	*
Dmitri Kurganov	883,333(24)	1.6%	75,000	808,333	1.5%

Margaret Lorraine Maxfield	8,968(25)	*	8,968	0	*
Panatrade Business Limited	3,507,540(26)	6.3%	2,064,634	1,442,906	2.6%
Tom Parigian	47,796(27)	*	47,796	0	*
Prashant Patel	80,000(28)	*	80,000	0	*
Rajnikant N. Patel	320,000(29)	*	320,000	0	*
Paulson Investment Company, LLC	180,056(30)	*	180,056	0	*
Alex Pereira	1,000,000(31)	1.8%	75,000	925,000	1.7%
Thomas Prasil	320,000(32)	*	320,000	0	*
Renaissance Interests LP	320,000(33)	*	320,000	0	*
Ropner Investments LLC	80,000(34)	*	80,000	0	*
Paul Benedict Peat Ropner	80,000(35)	*	80,000	0	*
S2 Filings, LLC	40,000(36)	*	40,000	0	*
Dianne Scheck	80,000(37)	*	80,000	0	*
Robert Setteducati	47,796(38)	*	47,796	0	*
Robert F. Skaff Jr.	240,000(39)	*	240,000	0	*
Carrie Snyder	8,968(40)	*	8,968	0	*
Strategic IR, Inc.	3,122,150(41)	5.6%	1,250,000	1,872,150	3.4%
Harsh Sutaria	80,000(42)	*	80,000	0	*
The Capital Corporation of America 401K Plan FBO C. Dan Adams	1,600,000(43)	2.8%	1,600,000	0	*
Tanya Durkee Urbach	17,968(44)	*	17,968	0	*
Vstock Transfer, LLC	40,000(45)	*	40,000	0	*
Malcom Alexander Winks	4,000(46)	*	4,000	0	*
Paul J. Wyrsch	240,000(47)	*	240,000	0	*
YP Holdings, LLC	640,000(48)	1.1%	640,000	0	*

*less than 1%

(1) These numbers assume the Selling Stockholders sell all of the Shares being registered in this prospectus, including shares exercisable upon the exercise of the Warrants which are being registered in this prospectus, and they do not sell any of the other Shares of common stock they own on June 1, 2017, that are not included in this prospectus. We have also not assumed any selling by the other Selling Stockholders.

(2) Consists of 160,000 shares of common stock and 160,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering. Craig Bordon and Nickitas Panayotou are the principals of 3NT Management, LLC.

(3) Consists of 750,000 shares of common stock, all of which were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued in consideration of extinguishment of debt.

(4) Consists of 800,000 shares of common stock and 800,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(5) Consists of a warrant to purchase 2,500 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(6) Consists of a warrant to purchase 23,898 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(7) Consists of a warrant to purchase 750 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(8) Consists of a warrant to purchase 494,694 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(9) Consists of a warrant to purchase 90,028 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share issued to the Placement Agent. The warrant was issued for services provided by the Placement Agent in exchange for the warrant issued in the 2015 Offering. Mr. Crowe has voting and dispositive power with respect to the warrants and the underlying shares owned by the Placement Agent. Also consists of a warrant to purchase 15,482 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is the Chief Executive Officer of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(10) Consists of 2,581,008 shares of common stock which were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued in consideration of extinguishment of debt, 1,308,440 shares of common stock which were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued as consideration for consulting services and 158,333 shares were acquired in a private transaction. The principal of Delinvest Commercial Ltd. is Alex Motorin.

(11) Consists of 56,000 shares of common stock and 56,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(12) Consists of 480,000 shares of common stock and 480,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering. Jack Sweigart is the Partner of ECT LP that has control over the voting and disposition of the securities owned ECT LP.

(13) Consists of 80,000 shares of common stock and 80,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering. Max LaPrelle Elliott is the Trustee of The Elliot Family Trust dated February 19, 1992.

(14) Consists of 80,000 shares of common stock and 80,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering. George Conniff is the Trustee of the Esther M. Harpe Trust.

(15) Consists of 1,920,000 shares of common stock which were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued as consideration for consulting services. Sam Harake is the principal of Eurosa, Inc.

(16) Consists of a warrant to purchase 22,500 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant in issued the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(17) Consists of 400,000 shares of common stock and 400,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share acquired in the 2015 Offering, 1,920,000 shares of common stock which were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued to Gibbs International Inc. as consideration for consulting services, 1,025,000 shares of common stock acquired in a private transaction and 1,065,000 shares of common stock which were issued in the Merger in exchange for shares of common stock of Qpagos Corporation that has been issued to Gibbs Investment Holdings, LLC as consideration for consulting services. Jimmy Gibbs is an equity holder of Gibbs Investment Holdings LLC, and as such shares the power to vote and dispose of the shares of common stock owned by Gibbs Investment Holdings, LLC. Jimmy Gibbs is the principal of Gibbs International, Inc. The information was obtained from a Schedule 13G/A filed on July 22, 2016 with the SEC on behalf of Gibbs International Inc. and Jimmy Gibbs.

(18) Consists of 100,000 shares of common stock acquired in a private transaction and 48,000 shares of common stock and 48,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering.

(19) Consists of 1,234,326 shares of common stock of which 1,000,000 were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued in consideration of extinguishment of debt, and 234,326 shares were acquired in a private transaction. Joseph Abrams is the Trustee of The Joseph W. and Patricia G. Abrams Family Trust.

(20) Consists of 480,000 shares of common stock and 480,000 warrants which were issued in a private transaction.

(21) Consists of 363,817 shares of common stock of which 250,000 were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued in consideration of extinguishment of debt, and 113,817 shares acquired in a private transaction.

(22) Consists of 160,000 shares of common stock and 160,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(23) Consists of 80,000 shares of common stock and 80,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(24) Consists of 883,333 shares of common stock of which 750,000 were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued in consideration of extinguishment of debt, and 166,667 shares acquired in a private transaction.

(25) Consists of a warrant to purchase 4,484 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(26) Consists of 3,507,540 shares of common stock, of which 1,908,336 shares of common stock were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued in consideration of extinguishment of debt and 1,599,204 were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued as consideration for consulting services. The principal of Panatrade Business Limited is Fermin Milciades Castanedas Chacon or by Power of Attorney Victor Amirov.

(27) Consists of a warrant to purchase 23,898 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(28) Consists of 40,000 shares of common stock and 40,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(29) Consists of 160,000 shares of common stock and 160,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(30) Consists of a warrant to purchase 90,028 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued as compensation for services provided by the Placement Agent in connection with the 2015 offering in exchange for the warrant issued as compensation for services provided in connection with the 2015 Offering. The Placement Agent is a registered broker- dealer that served as the placement agent in the 2015 Offering. Mr. Byron Crowe in his position of Chief Executive Officer at Paulson has voting and disposition control over the warrants issued to the Placement Agent and the underlying shares.

(31) Consists of 1,000,000 shares of common stock of which 750,000 shares of common stock were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued to investors in consideration of extinguishment of debt, and 250,000 shares acquired in a private transaction.

(32) Consists of 160,000 shares of common stock and 160,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering.

(33) Consists of 160,000 shares of common stock and 160,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering. Bradley C. Karp is the President of Renaissance Interests, LP.

(34) Consists of 40,000 shares of common stock and 40,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering. Jonathan Mark Ropner is the CEO and Sole Member of Ropner Investments LLC.

(35) Consists of 40,000 shares of common stock and 40,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(36) Consists of 20,000 shares of common stock and 20,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering. Shai Stern and Josh Greenberg have the power to control the vote and disposition of the securities owned by S2 Filings, LLC.

(37) Consists of 40,000 shares of common stock and 40,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock and warrant acquired in the 2015 Offering.

(38) Consists of a warrant to purchase 23,898 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(39) Consists of 240,000 shares of common stock which were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued as consideration for consulting services.

(40) Consists of a warrant to purchase 4,484 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(41) Consists of 3,122,150 shares of common stock, of which 1,250,000 shares of common stock were issued in the Merger in exchange for the shares of common stock of Qpagos Corporation that had been issued to investors in consideration of extinguishment of debt, and 1,872,150 shares of common stock had been acquired in private transactions. The principal of Strategic IR is Anna Mosk.

(42) Consists of 40,000 shares of common stock and 40,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering.

(43) Consists of 800,000 shares of common stock and 800,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering. C. Dan Adams is the Trustee of The Capital Corporation of America 401K Plan.

(44) Consists of a warrant to purchase 8,984 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(45) Consists of 20,000 shares of common stock and 20,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share. Seth Farbman has the power to control the vote and disposition of the securities owned by Vstock, LLC, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering.

(46) Consists of a warrant to purchase 2,000 units at an exercise price of $.625 per share, with each unit comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $.625 per share. The warrant was issued to the selling stockholder as the designee of the Placement Agent in exchange for the warrant issued in the 2015 Offering. The stockholder is an employee of the Placement Agent, a registered broker-dealer, and as such is an affiliate of a broker-dealer.

(47) Consists of 120,000 shares of common stock and 120,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering.

(48) Consists of 320,000 shares of common stock and 320,000 shares of common stock issuable upon exercise of a warrant with an exercise price of $.625 per share, which were issued in the Merger in exchange for common stock acquired in the 2015 Offering. Michael Yurkowsky is the Managing Member of YP Holdings LLC.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The table below sets certain information concerning our executive officers and directors, including their names, ages, anticipated positions with us. Our executive officers are chosen by our Board and hold their respective offices until their resignation or earlier removal by the Board.

In accordance with our Certificate of Incorporation, incumbent directors are elected to serve until our next annual meeting and until each director's successor is duly elected and qualified.

Name	**Age**	**Position**
Gaston Pereira	70	Chief Executive Officer and Chairman of the Board
Andrey Novikov	45	Chief Operating Officer, Secretary and Director
Mark Korb	49	Chief Financial Officer
Sarmad Harake	50	Director
James Fuller	77	Director

The following information pertains to the members of our Board and executive officers, their principal occupations and other public company directorships for at least the last five years and information regarding their specific experiences, qualifications, attributes and skills:

Gaston Pereira, President, Chief Executive Officer and Chairman of the Board

Mr. Pereira has served as our President, Chief Executive Officer and Chairman of the Board since the consummation of the Merger, on May 12, 2016. Since the incorporation of Qpagos Corporation, Mr. Pereira has served as its President, Chief Executive Officer and Chairman of the Board and has served in the same capacity for each of Qpagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V. since their incorporation in Mexico in November 2013. From August 2013 until November 2013, Mr. Pereira served as a consultant to Panatrade, Inc., an international business consulting firm, where he was responsible for the research and development of a strategy for implementation of electronic payment services in Mexico. Panatrade, Inc. was the largest stockholder of Qpagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. it distributed its interest in each of Qpagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V. to its stockholders. From July 2012 until July 2013, he served as the Chief Marketing Officer of Liberty Card, Inc., where he was responsible for developing the strategy for the 24/7 CARD. From June 2010 until July 2012, he was President of SUMACARD, a program manager for prepaid debit cards. He also served as the President of STAR Strategic Partners, LLC, a consulting firm from January 2009 until July 2012, providing market and telecom consulting to the Hispanic market and from March 2004 until October 2008, he served as Chief Sales and Marketing Officer for SIGUE, Corp. a money transfer operator. We chose Mr. Pereira to serve as a member of our Board of Directors due to his vast knowledge of the Hispanic market and our industry, as well extensive experience in banking in the region (CITIBANK), as well as in the telecom industry (Bell Atlantic, Tellabs).

Andrey Novikov, Chief Operating Officer and Director

Mr. Novikov has served as our Chief Operating Officer since the consummation of the Merger on May 12, 2016. Mr. Novikov has served as the Chief Operating Officer and a director of Qpagos Corporation and has served in the same capacity for each of Qpagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V. since their incorporation in Mexico since April 2014. Mr. Novikov served as the QIWI Vice President of International Business Development from May 2008 until 2012, where as Vice President of International Business Development he had a leading role in QIWI startups in several countries, including China, Brazil, Argentina, Chile, and Peru. From December 2012 until October 2014, Mr. Novikov serves as an adviser for QIWI International Development. We chose Mr. Novikov to serve as a member of our Board of Directors due to his vast knowledge of the industry.

Mark Korb, Chief Financial Officer

Mark Korb has served as the Chief Financial Officer of Qpagos Corporation since June 2015 and as our Chief Executive Officer from May 6, 2016 until May 12, 2016 and our Chief Financial Officer since May 6, 2016. Mr. Korb has over 20 years' experience with high-growth companies and experience taking startup operations to the next level. Mr. Korb also serves as Chief Financial Officer of Icagen, Inc., a biotech company, and First South Africa Management, a company that provides financial management and strategic management services to various companies.

From 2007 to 2009 Mr. Korb was the group chief financial officer and director of Foodcorp (Proprietary) Limited ("Foodcorp"), a multimillion dollar consumer goods company based in South Africa. In his role as chief financial officer, Mr. Korb delivered operational and strategic leadership for the full group financial function during a period of change including Mergers, acquisitions and organic growth. As a board director he cultivated relationships with shareholders, bond holders, financial institutions, rating agencies, and auditors. Mr. Korb was also responsible for leading the group IT strategy and implementation and supervised 16 direct reports including 10 divisional financial directors. From 2001 to 2007 Mr. Korb was the group Chief Financial Officer of First Lifestyle, initially a publicly traded company on the Johannesburg Stock Exchange in South Africa which was then purchased by management which included Mr. Korb. He anchored the full group financial function with responsibility for mergers and acquisitions activity, successfully leading the process whereby the Company was sold to Foodcorp mentioned above. Upon completion of the merger, Mr. Korb was appointed as the group Chief Financial Officer of Foodcorp.

Sarmad Harake, Director

Mr. Harake was appointed to our Board of Directors in May 2016. He is the principal of Eurosa, Inc. and a partner in Gibbs Investment Holdings, a multi-class asset investment company, including technology, energy and software development businesses. From 2009 to 2015 he was the principal of Eurofund Holdings, a holding company that invests in technology companies, customer support businesses, online sales and marketing verticals. From 2008 to 2015, Mr. Harake served as an advisor to the president of the Union of Comoros, Ambassador at Large and the Honorary Consul of the Union of Comoros in Turkey, Comoros Alt Rep at the United Nations. From 2004 to 2006 he served as the Middle East Representative of Eurosa Corporation Ltd, an international trading house. We chose Mr. Harake to serve as a member of our Board of Directors due to his extensive international business experience, which makes him a valuable member of our Board of Directors.

James Fuller, Director

Mr. James W. Fuller, MBA, was appointed to our Board of Directors in June, 2016. He has been the Chief Executive Officer, President, Chief Financial Officer and Secretary of Beauty Brands Group Inc. since February 5, 2013 and serves as its Chairman and Principal Accounting Officer. Since March 2008, Mr. Fuller has been a Partner in the Private equity firm, Baytree Capital Associates, LLC, where he oversees the West Coast operations and their interests in the Far East including China. In 2007 and 2008, he was the Owner of Northcoast Financial brokerage. He served as Senior Vice President of Marketing for Charles Schwab and Company from 1981 to 1985. Subsequently, he served key roles as the President of Bull & Bear Group, a mutual fund/discount brokerage company in New York. He served as the Senior Vice President of the New York Stock Exchange (NYSE) from 1976 to 1981, where he was responsible for corporate development, marketing, corporate listing and regulation oversight, research and public affairs. He served as Senior Vice president of Bridge Information Systems. He was the Founder and Head of Morgan Fuller Capital Group. He has over 30 years experience in the brokerage and related financial services industries. His financial career started in 1968 with J. Barth & Company in San Francisco. He served as West Coast Managing Director for New York based investment banking and trading firm from 1972 to 1974. He managed the consulting practice for the Investment Industries Division of SRI International, where he directed a study on the future of the Securities Industry from 1974 to 1976. His other projects included the development and implementation of the Cash Management Account for Merrill Lynch, which is a standard throughout the brokerage industry. He served as the Chairman of Pacific Research Institute. He has been a Director at Beauty Brands Group Inc. since February 5, 2013, Kogeto, Inc. since April 10, 2015 and Oklahoma Energy Corp. since 1998. He has been an Independent Director of Cavitation Technologies, Inc., since February 15, 2010 and serves as its Member of Advisory Board. He served as a Director of Bridge Information Systems. He served as an Independent Director of Propell Technologies Group, Inc. from October 14, 2011 to February 17, 2015. He served as a Director of TapImmune, Inc. from May 18, 2012 to February 6, 2013. He served on the Board of Trustees of the University of California, Santa Cruz for 12 years. He served on the Board of Directors of the Securities Investor Protection Corporation (SIPC) until 1987. He is a Member of the Board of the International Institute of Education. He is an Elected Member and Vice Chairman for Finance of the San Francisco Republican Central Committee and is a Member of the Pacific Council for International Policy, Commonwealth Club. He was a Member of the Committee of Foreign Relations. Mr. Fuller received his MBA in Finance from California State University and Bachelor of Science in Marketing and Political Science from San Jose State University.

We chose Mr. Fuller to serve as a member of our Board of Directors due to his extensive business experience, which makes him a valuable member of our Board of Directors.

Involvement in Legal Proceedings

To our knowledge, none of our officers or our directors has, during the last ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;

- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

To our knowledge, there are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Family Relationships

There are no family relationships among the members of our Board or our executive officers.

Composition of the Board

In accordance with our Articles of Incorporation, our Board is elected annually as a single class.

Communications with our Board of Directors

Our stockholders may send correspondence to our Board of Directors c/o the Corporate Secretary at QPAGOS, 1900 Glades Road, Suite 265, Boca Raton, Florida 33431. Our Corporate Secretary will forward stockholder communications to our Board of Directors prior to the board's next regularly scheduled meeting following the receipt of the communication.

Code of Business Conduct and Ethics

Effective as of May 12, 2016, we adopted a Code of Business Conduct and Ethics that applies to, among other persons, our president or chief executive officer as well as the individuals performing the functions of our chief financial officer, corporate secretary and controller. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

- full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to regulatory agencies, including the SEC;

- the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and

- accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our personnel be afforded full access to our president or chief executive officer with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our personnel are to be afforded full access to our Board of Directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our president or chief executive officer.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our president or chief executive officer. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by our president or chief executive officer, the incident must be reported to any member of our Board of Directors or use of a confidential and anonymous hotline phone number. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our Code of Business Conduct and Ethics by another. Our Code of Business Conduct and Ethics is available, free of charge, to any stockholder upon written request to our Corporate Secretary at QPAGOS, 1900 Glades Road, Suite 265, Boca Raton, Florida 33431. A copy of our Code of Business Conduct and Ethics is included as an exhibit to this Annual Report on Form 10-K and can also be found at http://ir.qpagos.com/code-of-conduct-and- ethics.

Composition of the Board

In accordance with our Articles of Incorporation, our Board is elected annually as a single class.

Board Committees

We currently do not have a separate Audit Committee, Nominating, Governance Committee or Compensation Committee, however, we intend to create such committees. Our full board currently serves as our Audit Committee. None of our directors is considered an “Audit Committee” financial expert. Due to the complexities of our business caused by the operations being conducted in a foreign country and our inability to compensate directors for service on our Board, it has been difficult for us to attract a financial expert that would understand our business. The Audit Committee will review the results and scope of the audit and other services provided by the independent auditors and review and evaluate the system of internal controls. The Compensation Committee will manage any stock option plan we may establish and review and recommend compensation arrangements for the officers. The Nominating and Governance Committee will assist our Board of Directors in fulfilling its oversight responsibilities and identify, select and evaluate our Board of Directors and committees. No final determination has yet been made as to the memberships of the other committees.

We will reimburse all directors for any expenses incurred in attending directors’ meetings provided that we have the resources to pay these fees. We will provide officers and directors liability insurance.

Leadership Structure

The chairman of our Board of Directors and Chief Executive Officer positions are currently the same person, Mr. Pereira. Our Bylaws do not require our Board of Directors to separate the roles of chairman and chief executive officer but provides our Board of Directors with the flexibility to determine whether the two roles should be combined or separated based upon our needs. Our Board of Directors believes the combination of the chairman and the chief executive officer roles is the appropriate structure for our company at this time. Our Board of Directors believes the current leadership structure serves as an aid in the Board of Directors’ oversight of management and it provides us with sound corporate governance practices in the management of our business.

Risk Management

The Board of Directors discharges its responsibilities, and assesses the information provided by our management and the independent auditor, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, and management is responsible for conducting business in an ethical and risk mitigating manner where decisions are undertaken with a culture of ownership. Our Board of Directors oversees management in their duty to manage the risk of our company and each of our subsidiaries. Our Board of Directors regularly reviews information provided by management as management works to manage risks in the business. Our Board of Directors intends to establish Board Committees to assist the full Board of Directors’ oversight by focusing on risks related to the particular area of concentration of the relevant committee. For example, the Compensation Committee will oversee risks related to our executive compensation plans and arrangements, the Audit Committee will oversee the financial reporting and control risks and the Nominating and Governance Committee will oversee risks associated with the independence of our Board of Directors and potential conflicts of interest. If a risk is of sufficient magnitude, a committee will report on the discussions of the applicable relevant risk to the full Board of Directors during the committee reports portion of the Board of Directors meetings. The full Board of Directors will incorporate the insight provided by these reports into its overall risk management analysis.

Meetings

No director who served as a director during the past year of Qpagos Corporation attended fewer than 75% of the aggregate of the total number of meetings of the Corporation Board of Directors.

Executive Compensation

Qpagos Corporation became our wholly owned subsidiary as a result of the consummation of the Merger on May 12, 2016. The following table summarizes all compensation earned in each of QPAGOS, Qpagos Corporation and its subsidiaries during its last two fiscal years ended December 31, 2016 and 2015 by: (i) its principal executive officer; and (ii) its most highly compensated executive officer other than the principal executive officer who was serving as an executive officer of QPAGOS as of the end of the last completed fiscal year. The tables below reflect the compensation for the QPAGOS Corporation executive officers who are also named executive officers of the combined company.

Name and principal position	Year	Salary	Bonus	Stock awards	Option awards	All other comp.	Total
Gaston Pereira/	2016	$ 240,000	-	$ -	-	$ 23,168a	$ 263,168
Chief Executive Officer (1)	2015	$ 240,000	-	$ 288,000	-	$ 21,600b	$ 549,600
Andrey Novikov/	2016	$ 180,000	-	$ -	-	$ 31,700c	$ 211,700
Chief Operating Officer (2)	2015	$ 165,976	-	$ 144,000	-	$ 51,946d	$ 361,922
Mark Korb/Chief Financial Officer (3)	2016	$ 90,000	-	-	-	-	$ 90,000
	2015	$ 37,500	-	-	-	-	37,500

(a) Consists of an annual housing allowance of $20,908 and home leave expenses of $2,260.
(b) Consists of an annual housing allowance of $21,600.
(c) Consists of a housing allowance of $26,700 and home leave expenses of $5,000.
(d) Consists of a housing allowance of $25,946, a vehicle allowance of $16,000 and a relocation allowance of $10,000.

(1) Mr. Pereira has served as the President, Chief Executive Officer and Treasurer and a director of Qpagos Corporation and has served in the same capacity for each of Qpagos, S.A.P.I. de C.V. and Redpag Electronicos S.A.P.I. de C.V. since their incorporation in Mexico in November 2013.
(2) Mr. Novikov has served as our Chief Operating Officer and a director of Qpagos Corporation and has served in the same capacity for each of Qpagos, S.A.P.I. de C.V. and Redpag Electronicos S.A.P.I. de C.V. since their incorporation in Mexico in April 2014.
(3) Mr. Korb has served as Chief Financial Officer of Qpagos Corporation since June 2015. Qpagos Corporation pays Mr. Korb's employer, First South Africa Management a fee of $7,500 per month.

Agreements with Named Executive Officers

On May 18, 2015, Qpagos Corporation entered into a three-year employment agreement with Gaston Pereira to serve as its Chief Executive Officer, President and Treasurer. During the term of the employment agreement, Mr. Pereira receives an annual base salary of not less than $240,000 and is entitled to an annual performance cash bonus targeted at up to 50% of his base salary, in the discretion of the Board of Directors. Mr. Pereira was issued 1,440,000 shares of Qpagos Corporation common stock that vest on the one-year anniversary of the date of issuance which were exchanged in the Merger for 2,880,000 shares of our common stock. Mr. Pereira is generally entitled to receive all other benefits provided to other employees, including health and disability insurance. He also receives a housing allowance of $1,800 a month. The agreement also provides for a one-time payment of moving expenses up to $25,000 and $10,000 of reimbursement of fees of a tax attorney for professional services regarding legal advice in connection with the employment agreement.

On May 18, 2015, Qpagos Corporation entered into a three-year employment agreement with Andrey Novikov to serve as its Chief Operating Officer and Secretary. During the term of the employment agreement, Mr. Novikov receives an annual base salary of not less than $180,000 and is entitled to an annual performance cash bonus targeted at up to 50% of his base salary, in the discretion of the Board of Directors. Mr. Novikov was issued 720,000 shares of Qpagos Corporation common stock that vest on the one year anniversary of the date of issuance which were exchange in the Merger for 1,440,000 shares of our common stock. Mr. Novikov is generally entitled to receive all other benefits provided to other employees, including health and disability insurance. He also receives a housing allowance of approximately $2,000 a month. The agreement also provides for a one- time payment of moving expenses up to $15,000.

The employment agreement with each of Mr. Pereira and Mr. Novikov (the "Employment Agreements") also include confidentiality obligations and inventions assignments by each of Mr. Pereira and Mr. Novikov (the "Executives") and non-solicitation and non-competition provisions.

The Employment Agreements have a stated term of three years but may be terminated earlier pursuant to their terms. If the Executive's employment is terminated for any reason, he or his estate as the case may be, will be entitled to receive the accrued base salary, vacation pay, expense reimbursement and any other entitlements accrued by him to the extent not previously paid (the "Accrued Obligations"); provided , however , that if his employment is terminated (i) by us without Cause or by the Executive for Good Reason (as each is defined below) then in addition to paying the Accrued Obligations, (x) we will continue to pay his then current base salary and continue to provide benefits at least equal to those which were provided at the time of termination for a period of 12 months and (y) he shall have the right to exercise any vested equity awards until the earlier of six months after termination or the remaining term of the awards, or (ii) by reason of his death or Disability (as defined in the Employment Agreements), then in addition to paying the Accrued Obligations, he would have the right to exercise any vested options until the earlier of six months after termination or the remaining term of the awards. In such event, if the Executive commenced employment with another employer and becomes eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits to be provided by us as described herein will terminate.

The Employment Agreements provide that upon the closing of a "Change in Control" (as defined below), all unvested options shall immediately vest and the time period that the Executive will have to exercise all vested stock options and other awards that the Executive may have will be equal to the shorter of: (i) six months after termination, or (ii) the remaining term of the award(s). If within one year after the occurrence of a Change in Control, the Executive terminates his employment for "Good Reason" or we terminate his employment for any reason other than death, disability or Cause, the Executive will be entitled to receive: (i) the portion of his base salary for periods prior to the effective date of termination accrued but unpaid (if any); (ii) all unreimbursed expenses (if any); (iii) an aggregate amount (the "Change in Control Severance Amount") equal to two times the sum of the base salary plus an amount equal to the bonus that would be payable if the "target" level performance were achieved under our annual bonus plan (if any) in respect of the fiscal year during which the termination occurs (or the prior fiscal year if bonus levels have not yet been established for the year of termination); and (iv) the payment or provision of any other benefits.

For the purposes of the Employment Agreement "Change in Control" is defined as: (i) any person or entity becoming the beneficial owner, directly or indirectly, of our securities representing 50% of the total voting power of all its then outstanding voting securities; (ii) a Merger or consolidation of our company in which its voting securities immediately prior to the Merger or consolidation do not represent, or are not converted into securities that represent, a majority of the voting power of all voting securities of the surviving entity immediately after the Merger or consolidation; or (iii) a sale of substantially all of our assets or our liquidation or dissolution.

For purpose of the Employment Agreement, "Good Reason" is defined as the occurrence of any of the following events without Executive's consent: (i) a material reduction in the Executive's base salary (other than an across-the-board decrease in base salary applicable to all of our executive officers; (ii) a material breach of the employment agreement by us; (iii) a material reduction in the Executive's duties, authority and responsibilities relative to the Executive's duties, authority, and responsibilities in effect immediately prior to such reduction; or (iv) the relocation of the Executive's principal place of employment, without Executive's consent, in a manner that lengthens his one-way commute distance by 50 or more miles from his then-current principal place of employment immediately prior to such relocation.

For purposes of the Employment Agreements, "Cause" is defined as (i) Executive's conviction (which, through lapse of time or otherwise, is not subject to appeal) of any crime or offense involving money or other property of our company or its subsidiaries or which constitutes a felony in the jurisdiction involved; (ii) Executive's performance of any act or his failure to act, for which if he were prosecuted and convicted, a crime or offense involving money or property of our company or its subsidiaries, or which would constitute a felony in the jurisdiction involved would have occurred; (iii) Executive's breach of any of the representations, warranties or covenants set forth in the Employment Agreement; or (iv) Executive's continuing, repeated, willful failure or refusal to perform his duties required by the Employment Agreement, provided that Executive shall have first received written notice from us stating with specificity the nature of such failure and refusal and affording Executive an opportunity, as soon as practicable, to correct the acts or omissions complained of.

Outstanding Equity Awards at Fiscal Year End

The following table lists the outstanding equity awards held by Qpagos Corporation's named executive officers at December 31, 2016:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS (1)					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercisable Price	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested(1)	Market Value of Shares or Units of Stock that have not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested
Gaston Pereira	-	-	-	-	-	-	$ -	-	-
Andrey Novikov	-	-	-	-	-	-	$ -	-	-
Mark Korb	-	-	-	-	-	-	-	-	-

(1) Reflects number of shares of common stock held post-Merger

Director Compensation

Qpagos Corporation did not pay any fees to any of our directors for their service as directors; however, each of Messrs. Pereira and Novikov received compensation for service as officers of Qpagos Corporation.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of June 1, 2017 for:

- each of our directors and nominees for director;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person, entity or group, who beneficially owned more than 5% of each of our classes of securities.

We have based our calculations of the percentage of beneficial ownership on 55,604,000 shares of our common stock. We have deemed shares of our common stock subject to warrants that are currently exercisable within 60 days of June 1, 2017 to be outstanding and to be beneficially owned by the person holding the warrant or restricted stock unit for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the mailing address of each beneficial owner is c/o QPAGOS, 1900 Glades Road., Suite 265, Boca Raton, Florida 33431.

The information provided in the table is based on our records, information filed with the SEC, and information provided to us, except where otherwise noted.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership Common Stock Included	Percentage of Common Stock Beneficially Owned
Gaston Pereira (Chief Executive Officer)	2,880,000(1)	5.2%
Andrey Novikov (Chief Operating Officer)	1,440,000(2)	2.6%
Mark Korb (Chief Financial Officer)	25,000(3)	*
Sarmad Harake (Director)	1,920,000(4)	3.5%
James Fuller (Director)	30,000(5)	*
Irina Galikhanova	3,800,000(6)	6.8%
Panatrade Business Limited	3,507,540(7)	6.3%
Delinvest Commercial Ltd.	3,889,448(8)	7.0%
Olga Akhmetova	3,889,448(9)	7.0%
Huppay Global Corp.	3,215,430(10)	5.8%
Newvello Ltd.	3,200,000(11)	5.8%
Gibbs International, Inc. and Jimmy Gibbs	5,290,000(12)	9.4%
All officers and directors as a group (4 persons)	6,265,000	11.3%

*Less than 1%

(1) Consists of 2,880,000 shares of common stock.

(2) Consists of 1,440,000 shares of common stock.

(3) Consists of 25,000 shares of common stock.

(4) Consists of 1,920,000 shares of common stock that is owned by Eurosa, Inc. in connection with consulting services. Sarmad Harake is the principal of Eurosa, Inc.

(5) Consists of 30,000 shares of commons tock

(6) Consists of 3,800,000 shares of common stock.

(7) Consists of 3,507,540 shares of common stock. The principal of Panatrade Business Limited is Fermin Milciades Castanedas Chacon or by Power of Attorney Victor Amirov and the address is Parque Lefevre Condominio Maria Nr. 5B Republic of Panama.

(8) Consists of 3,889,448 shares of common stock. The principal of Delinvest Commercial Ltd. is Alex Motorin and the address is Drake Chambers, P.O. Box 3321 Road Town, Tortola, British Virgin Islands.

(9) Consists of 3,889,448 shares of common stock. The address for Olga Akhmetova is 9 Gzhatskaya Street, Apt. 100, Saint Petersburg, Russia 195220.

(10) Consists of 3,215,430 shares of common stock. The principal of Huppay Global Corp. is Director, A.J.K. CORPORATE MANAGEMENT INC., represented by Cherlin Armstrong as a sole director and the address is 33 Porter Road. P.O. Box 3169 PMB 103. Road Town, Tortola, British Virgin Islands.

(11) Consists of 3,200,000 shares of common stock. The principal of Newvello Ltd. is Vladimir Skigin and the address is P.O. Box 146, Road Town, Tortola, British Virgin Islands.

(12) Consists of 3,345,000 shares of common stock and 800,000 shares of common stock, upon exercise of warrants owed by Gibbs International, Inc. Jimmy Gibbs is the principal of Gibbs International, Inc. Also includes 1,065,000 shares of common stock owned by Gibbs Investment Holdings, LLC of which

Jimmy Gibbs is an equity holder and as such shares the power to vote and dispose of the shares of common stock owned by Gibbs Investment Holdings, LLC. The address of Gibbs International, Inc. and Gibbs Investment Holdings, LLC is 9855 Warren H. Abernathy Highway, Spartanburg, South Carolina 29301. The information was obtained from a Schedule 13G/A filed on July 22, 2016 with the SEC on behalf of Gibbs International, Inc. and Jimmy Gibbs.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Related Persons

The following includes a summary of any transaction occurring since January 1, 2015 for Qpagos Corporation and its subsidiaries or any proposed transaction, in which we or Qpagos Corporation and its subsidiaries were or are to be a participant and the amount involved exceeded or exceeds $120,000, and in which any related person had or will have a direct or indirect material interest (other than compensation described under “Executive Compensation” above). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions:

In May 2015, Qpagos Corporation issued 2,880,000 (1,440,000 prior to consummating the Merger) shares of common stock to Gaston Pereira, in consideration of his services to be rendered as our Chief Executive Officer, and 1,440,000 (720,000 prior to consummating the Merger) shares of common stock to Andrey Novikov in consideration of his services to be rendered as our Chief Operating Officer.

In February 2016, Qpagos Corporation issued 1,065,000 (532,000 prior to consummating the Merger) and 1,920,000 (960,000 prior to consummating the Merger) shares of common stock to Gibbs Investment Holdings and Eurosa, Inc., respectively. Mr. Harake is a principal of Eurosa, Inc. and a partner in Gibbs Investment Holdings.

On September 15, 2016, the Company executed a revolving line of credit note for $100,000 with our CEO pursuant to the terms of a Revolving Line of Credit Agreement. The note bears interest at 6% and is due and payable 6 months from the effective date. Provided the borrower is not in default, the borrower may extend and renew the note for an additional 6 month term. As of May 4, 2017, the outstanding balance under the revolving line of credit was $0.

Review and Approval of Transactions with Related Persons

In reviewing and approving transactions with related persons, our Board of Directors considered all material factors in relation to such related person’s role in a proposed transaction, including, without limitation, the related person’s indirect or direct financial interest in the proposed transaction, other interests such related person may have in the proposed transaction, the terms and conditions of the proposed transaction, and whether such transaction is on an equivalent to arms-length basis. After reviewing and factoring all these considerations, our Board of Directors, determined whether to approve the proposed transaction with the respective related person. While we do not have any written polices with respect to review and approval of any such transactions with related persons, we believe the processes our Board of Directors has followed ensure the appropriateness of its entry into such transactions with related persons and that they were entered into on terms on an equivalent basis to an arms-length transaction.

Director Independence

Board of Directors

The Board, in the exercise of its reasonable business judgment, has determined that none of our directors qualifies as an independent director pursuant to Nasdaq Stock Market Rule 5605(a)(2) and applicable SEC rules and regulations. Mr. Pereira and Mr. Novikov currently employed as our and Qpagos Corporation’s Chief Executive Officer and Chief Operating Officer, respectively, and therefore would not be considered independent directors. Mr. Harake is one of our consultants and has received stock compensation valued in excess of $100,000 and therefore would not be considered independent.

Potential Conflicts of Interest

Since we did not have an Audit Committee or Compensation Committee comprised of independent directors, the functions that would have been performed by such committees were performed by our directors. Thus, there was an inherent conflict of interest.

PLAN OF DISTRIBUTION

We are registering the Shares to permit the resale of the Shares by the holders of the Shares from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Stockholders of the shares of common stock. However, we will receive net proceeds of any Warrants exercised (unless warrants are exercised on a cashless basis, which feature only applies to certain warrants). See “Use of Proceeds.” We will bear all fees and expenses incident to our obligation to register the shares of common stock.

The Selling Stockholders, or their pledgees, donees, transferees, or any of their successors in interest selling shares received from a Selling Stockholder as a gift, partnership distribution or other non-sale related transfer after the date of this prospectus, may sell all or a portion of the shares of common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker- dealers or agents. If the Shares of common stock are sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The Shares may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. The Selling Stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. These sales may be affected in transactions, which may involve crosses or block transactions,

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- through the distribution of the common stock by any Selling Stockholders to its partners, members or stockholders;
- through one or more underwritten offerings on a firm commitment or best efforts basis;
- sales pursuant to Rule 144;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also transfer the Shares by gift. The Selling Stockholders may engage brokers and dealers, and any brokers or dealers may arrange for other brokers or dealers to participate in effecting sales of the Shares. These brokers, dealers or underwriters may act as principals, or as an agent of a Selling Stockholder. Broker-dealers may agree with a Selling Stockholder to sell a specified number of the Shares at a stipulated price per security. If the broker-dealer is unable to sell the Shares acting as agent for a Selling Stockholder, it may purchase as principal any unsold Shares at the stipulated price. Broker-dealers who acquire Shares as principals may thereafter resell the Shares from time to time in transactions in any stock exchange or automated interdealer quotation system on which the Shares are then listed, at prices and on terms then prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. Broker-dealers may use block transactions and sales to and through broker-dealers, including transactions of the nature described above.

The Selling Stockholders may also sell the Shares in accordance with Rule 144 under the Securities Act, rather than pursuant to this prospectus, regardless of whether the Shares are covered by this prospectus.

If the Selling Stockholders effect such transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of common stock or otherwise, the Selling Stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The Selling Stockholders may also sell shares of common stock short and deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The Selling Stockholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares.

The Selling Stockholders may pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In addition, a Selling Stockholder may, from time to time, sell the Shares short, and, in those instances, this prospectus may be delivered in connection with the short sales and the Shares offered under this prospectus may be used to cover short sales.

The Selling Stockholders and any broker-dealer participating in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Stockholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers. The Selling Stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares of common stock against certain liabilities, including liabilities arising under the Securities Act.

Under the securities laws of some states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any Selling Stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The Selling Stockholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the Selling Stockholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

The shares of common stock offered hereby were originally issued to the Selling Stockholders pursuant to an exemption from the registration requirements of the Securities Act. We agreed to register the shares of common stock under the Securities Act, and to keep the registration statement of which this prospectus is a part effective until the earlier of the date on which the Selling Stockholders have sold all of the securities or one year after the shares were acquired by the Selling Stockholder. We will pay all expenses of the registration of the shares of common stock pursuant to the Registration Rights Agreement, estimated to be $50,000 in total, including, without limitation, SEC filing fees and expenses of compliance with state securities or "Blue Sky" laws; provided, however, that a Selling Stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the Selling Stockholders against liabilities, including some liabilities under the Securities Act, in accordance with the Registration Rights Agreement, or the Selling Stockholders will be entitled to contribution. We may be indemnified by the Selling Stockholders against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the Selling Stockholder specifically for use in this prospectus, in accordance with Registration Rights Agreement, or we may be entitled to contribution.

Once sold under this registration statement, of which this prospectus forms a part, the Shares of common stock will be freely tradable in the hands of persons other than our affiliates.

DESCRIPTION OF SECURITIES

Our authorized capital stock consists of 100,000,000 shares of common stock, par value $0.0001 per share, and 25,000,000 shares of preferred stock, par value $0.0001 per share.

Common Stock

Of the authorized common stock, 55,604,000 shares are outstanding as of the date of this prospectus. The holders of our common stock are entitled to receive dividends from our funds legally available therefor only when, as and if declared by our Board, and are entitled to share ratably in all of our assets available for distribution to holders of our common stock upon the liquidation, dissolution or winding-up of our affairs. Holders of our common stock do not have any preemptive, subscription, redemption or conversion rights. Holders of our common stock are entitled to one vote per share on all matters which they are entitled to vote upon at meetings of stockholders or upon actions taken by written consent pursuant to Nevada corporate law. The holders of our common stock do not have cumulative voting rights, which mean that the holders of a plurality of the outstanding shares can elect all of our directors. All of the shares of our common stock currently issued and outstanding are fully-paid and nonassessable. No dividends have been paid to holders of our common stock since our incorporation, and no cash dividends are anticipated to be declared or paid in the reasonably foreseeable future.

Preferred Stock

There are no shares of preferred stock outstanding as of the date of this prospectus.

Warrants

Pursuant to the terms of the Merger, we have assumed the warrants previously issued by Qpagos Corporation, which are currently exercisable for a total of 6,219,200 shares of common stock. Of these warrants, 4,784,000 were issued to investors in the 2015 Offering. The remaining 1,435,200 warrants were issued to the Placement Agent and its designees in the 2015 Offering. All of the warrants have a term of five years, are immediately exercisable and have an exercise price of $.625 per share. The warrants issued to the investors are exercisable for shares of common stock and the warrants issued to the Placement Agent and its designees is exercisable for a unit comprised of a warrant to purchase a share of common stock and an additional warrant, upon the exercise of the first warrant, to acquire a share of common stock. The warrant issued to the Placement Agent and its designees has a cashless exercise feature. The warrant holders are entitled to registration rights as described below. The warrants issued to the Placement Agent were exchanged for two warrants in QPAGOS after the Merger. The exercise price and the number of shares underlying the warrants are subject to appropriate adjustment in the event of stock splits, stock dividends, stock combinations or similar events affecting our common stock. This description of the warrants does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the form of warrant which is filed as an exhibit to this Registration Statement on Form S-1/A.

Registration Rights

Qpagos Corporation entered into a Registration Rights Agreement with each investor in its 2015 Offering pursuant to which it agreed to register the resale of the shares of common stock and shares of common stock underlying the Warrants that were issued to investors in its 2015 Offering and the shares of common stock underlying the warrants issued to the Placement Agent for the 2015 Offering (i) 90 days following the date on which our common stock begins trading on an exchange or in the over-the-counter market in the United States or (ii) if our fiscal year end falls within such 90-day period, 30 days following the date on which we would be required to file our Annual Report on Form 10-K.

Equity Compensation Plan Information

We currently do not have any equity compensation plans.

Anti-Takeover Effects of Certain Provisions of our Certificate of Incorporation, our Bylaws and Nevada Law

Anti-takeover Effects of Nevada Law

Business Combination

The "business combination" provisions of Sections 78.411 to 78.444, inclusive, of the Nevada Revised Statutes ("NRS"), generally prohibit a Nevada corporation with at least 200 stockholders from engaging in various "combination" transactions with any interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the transaction is approved by the Board of Directors prior to the date the interested stockholder obtained such status; and extends beyond the expiration of the three-year period, unless:

- the transaction was approved by the Board of Directors prior to the person becoming an interested stockholder or is later approved by a majority of the voting power held by disinterested stockholders, or

- if the consideration to be paid by the interested stockholder is at least equal to the highest of: (a) the highest price per share paid by the interested stockholder within the three years immediately preceding the date of the announcement of the combination or in the transaction in which it became an interested stockholder, whichever is higher, (b) the market value per share of common stock on the date of announcement of the combination and the date the interested stockholder acquired the shares, whichever is higher, or (c) for holders of preferred stock, the highest liquidation value of the preferred stock, if it is higher.

A "combination" is generally defined to include Mergers or consolidations or any sale, lease exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions, with an "interested stockholder" having: (a) an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation, (b) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation, (c) 10% or more of the earning power or net income of the corporation, and (d) certain other transactions with an interested stockholder or an affiliate or associate of an interested stockholder.

In general, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 10% or more of a corporation's voting stock. The statute could prohibit or delay Mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire our Company even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Currently, we have no Nevada stockholders and since this offering will not be made in the State of Nevada, no shares will be sold to its residents. Further, we do not do business in Nevada directly or through an affiliate corporation and we do not intend to do so. Accordingly, there are no anti-takeover provisions that have the effect of delaying or preventing a change in our control.

Control Share Acquisition

The "control share" provisions of Sections 78.378 to 78.3793, inclusive, of the NRS apply to "issuing corporations," which are Nevada corporations with at least 200 stockholders, including at least 100 stockholders of record who are Nevada residents, and which conduct business directly or indirectly in Nevada. The control share statute prohibits an acquirer, under certain circumstances, from voting its shares of a target corporation's stock after crossing certain ownership threshold percentages, unless the acquirer obtains approval of the target corporation's disinterested stockholders. The statute specifies three thresholds: one-fifth or more but less than one-third, one-third but less than a majority, and a majority or more, of the outstanding voting power. Generally, once an acquirer crosses one of the above thresholds, those shares in an offer or acquisition and acquired within 90 days thereof become "control shares" and such control shares are deprived of the right to vote until disinterested stockholders restore the right. These provisions also provide that if control shares are accorded full voting rights and the acquiring person has acquired a majority or more of all voting power, all other stockholders who do not vote in favor of authorizing voting rights to the control shares are entitled to demand payment for the fair value of their shares in accordance with statutory procedures established for dissenters' rights.

A corporation may elect to not be governed by, or "opt out" of, the control share provisions by making an election in its articles of incorporation or bylaws, provided that the opt-out election must be in place on the tenth day following the date an acquiring person has acquired a controlling interest, that is, crossing any of the three thresholds described above. We have not opted out of the control share statutes, and will be subject to these statutes if we are an "issuing corporation" as defined in such statutes.

At this time, we do not have 100 stockholders of record resident of Nevada. Therefore, the provisions of the control share acquisition act do not apply to acquisitions of our shares and will not until such time as these requirements have been met. At such time as they may apply to us, the provisions of the control share acquisition act may discourage companies or persons interested in acquiring a significant interest in or control of the Company, regardless of whether such acquisition may be in the interest of our stockholders.

Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies

We were a shell company prior to the filing of this Registration Statement on Form S-1. Historically, the SEC staff has taken the position that Rule 144 is not available for the resale of securities initially issued by companies that are, or previously were, blank check companies, like us. The SEC has codified and expanded this position in the amendments discussed above by prohibiting the use of Rule 144 for resale of securities issued by any shell companies (other than business combination related shell companies) or any issuer that has been at any time previously a shell company. The SEC has provided an important exception to this prohibition, however, if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Current Reports on Form 8-K; and
- at least one year has elapsed from the time that the issuer filed current comprehensive disclosure with the SEC reflecting its status as an entity that is not a shell company.

As a result, it is likely that pursuant to Rule 144 our stockholders will be able to sell their shares of our common stock from and after the one year anniversary of our filing of current comprehensive disclosure in this Registration Statement on Form S-1 without registration.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

Listing of common stock

Our common stock is currently quoted on the OTCQB under the trading symbol "QPAG."

Transfer Agent

We have retained Globex Transfer, LLC as our transfer agent. They are located at 780 Deltona Boulevard, Suite 202, Deltona, Florida 32725. Their telephone number is (813) 344-4490.

EXPERTS

The consolidated financial statements of Qpagos as of December 31, 2016 and 2015 and for the years then ended, have been so included in reliance on the report of the RBSM LLP an independent registered public accounting firm given on the authority of said firm as experts in auditing and accounting.

DISCLOSURE OF THE SECURITIES AND EXCHANGE COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Nevada law and certain provisions of our bylaws under certain circumstances provide for indemnification of our officers, directors and controlling persons against liabilities which they may incur in such capacities. A summary of the circumstances in which such indemnification is provided for is contained herein, but this description is qualified in its entirety by reference to our bylaws and to the statutory provisions.

In general, any officer, director, employee or agent may be indemnified against expenses, fines, settlements or judgments arising in connection with a legal proceeding to which such person is a party, if that person's actions were in good faith, were believed to be in our best interest, and were not unlawful. Unless such person is successful upon the merits in such an action, indemnification may be awarded only after a determination by independent decision of our Board, by legal counsel, or by a vote of the stockholders, that the applicable standard of conduct was met by the person to be indemnified.

The circumstances under which indemnification is granted in connection with an action brought on our behalf is generally the same as those set forth above; however, with respect to such actions, indemnification is granted only with respect to expenses actually incurred in connection with the defense or settlement of the action. In such actions, the person to be indemnified must have acted in good faith and in a manner believed to have been in our best interest, and have not been adjudged liable for negligence or misconduct.

The rights of indemnification provided in our bylaws are not exclusive of any other rights that may be available under any insurance or other agreement, by vote of stockholders or disinterested directors or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC this type of indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

LEGAL MATTERS

The validity of our common stock offered hereby will be passed upon for us by Parsons Behle & Latimer, Reno, Nevada, Gracin & Marlow, LLP, New York, New York is representing us in connection with the offering.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and file annual, quarterly and current reports, proxy statements and other information with the SEC. These reports, proxy statements and other information filed by us can be read and copied at the SEC's Public Reference Room at 100 F Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains a website that contains reports, proxy statements, information statements and other information concerning our company located at www.sec.gov. This prospectus does not contain all the information required to be included in the registration statement (including the exhibits), which we have filed with the SEC under the Securities Act and to which reference is made in this prospectus.

You may obtain, free of charge, a copy of any of our filings by writing or calling us at the following address and telephone number: 1900 Glades Road, Suite 265, Boca Raton, Florida or calling (561) 479-0040. Our website address is www.qpagos.com. The information contained on our website or that can be accessed through our website does not constitute part of this document.

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)

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March 31, 2017

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2017 (Unaudited)	December 31, 2016
Assets		
Current Assets		
Cash	$ 33,865	$ 46,286
Accounts receivable, net	175,711	79,943
Inventory	297,810	350,273
Recoverable IVA taxes and credits	352,993	353,780
Other current assets	246,565	279,878
Total Current Assets	1,106,944	1,110,160
Non-Current Assets		
Plant and equipment, net	201,757	231,328
Intangibles, net	157,667	168,417
Investment	3,000	3,000
Other assets	7,305	9,847
Total Non-Current Assets	369,729	412,592
Total Assets	$ 1,476,673	$ 1,522,752
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued expenses	$ 198,414	$ 320,487
Notes payable	562,750	526,750
Convertible debt, net of unamortized discount of $420,326 and $75,888, respectively	120,957	1,180
Derivative liability	818,844	113,074
IVA and other taxes payable	147,136	166,108
Advances from customers	150,571	132,133
Total Current Liabilities	1,998,672	1,259,732
Total Liabilities	1,998,672	1,259,732
Stockholders' Equity (Deficit)		
Preferred stock, $0.0001 par value; 25,000,000 shares authorized, no preferred shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	-	-
Common stock, $0.0001 par value; 100,000,000 shares authorized, 55,454,000 and 55,454,000 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively.	5,545	5,545
Additional paid-in-capital	8,284,522	8,284,522
Accumulated deficit	(9,313,135)	(8,757,197)
Accumulated other comprehensive income	501,069	730,150
Total stockholder's equity - controlling interest	(521,999)	263,020
Non-controlling interest	-	-
Total Stockholders' Equity (Deficit)	(521,999)	263,020
Total Liabilities and Stockholders' Equity (Deficit)	$ 1,476,673	$ 1,522,752

See notes to the unaudited condensed consolidated financial statements

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016 (As Restated)
Net Revenue	$ 927,310	$ 629,934
Cost of Goods Sold	853,452	618,921
Gross Profit	73,858	11,013
General and administrative	457,587	2,693,703
Depreciation and amortization	16,791	17,239
Total Expense	474,378	2,710,942
Loss from Operations	(400,520)	(2,699,929)
Other income	100	2,999
Interest expense, net	(141,600)	(2,992)
Change in fair value of derivative liability	(247,770)	-
Foreign currency gain	233,852	30,984
Loss before Provision for Income Taxes	(555,938)	(2,668,938)
Provision for Income Taxes	-	-
Net Loss	(555,938)	(2,668,938)
Net loss attributable to non-controlling interest	-	-
Net Loss Attributable to Controlling Interest	$ (555,938)	$ (2,668,938)
Net Loss Per Share - Basic and Diluted	**$ (0.01)**	**$ (0.06)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	**55,454,000**	**42,895,154**
Other Comprehensive Income (Loss)		
Foreign currency translation adjustment	(229,081)	46,774
Total Comprehensive loss	(785,019)	(2,622,164)
Comprehensive loss attributable to non-controlling interest	-	-
Comprehensive Loss Attributable to Controlling Interest	$ (785,019)	$ (2,622,164)

See notes to the unaudited condensed consolidated financial statements

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD JANUARY 1, 2017 TO MARCH 31, 2017 (Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Deficit)	Total Stockholders' Equity (Deficit) Controlling Interest	Non-Controlling Interest	Total Stockholders' Equity (Deficit)
Balance as of January 1, 2017	55,454,000	5,545	8,284,522	(8,757,197)	730,150	**263,020**		**263,020**
Translation adjustment	-	-	-	-	(229,081)	**(229,081)**	-	**(229,081)**
Net loss for the three months ended March 31, 2017	-	-	-	(555,938)	-	**(555,938)**	-	**(555,938)**
Balance as of March 31, 2017	55,454,000	$ 5,545	$ 8,284,522	$ (9,313,135)	$ 501,069	**$ (521,999)**	$ -	**$ (521,999)**

See notes to unaudited condensed consolidated financial statements

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to the company	$ (555,938)	$ (2,668,938)
Less: loss attributable to non-controlling interest	-	-
Net loss	(555,938)	(2,668,938)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation expense	14,790	15,888
Amortization expense	10,969	10,984
Equity based compensation charge	-	108,000
Shares issued for services	-	2,032,275
Derivative liability	247,770	-
Amortized discount on convertible note payable	113,563	-
Non- cash investment in affiliates	-	(3,000)
Other foreign currency movements	-	(3,792)
Changes in Assets and Liabilities		
Accounts receivable	(95,769)	(155,999)
Inventory	52,463	115,308
Recoverable IVA taxes and credits	787	(109,700)
Other current assets	33,313	(17,408)
Other assets	2,542	(68)
Accounts payable and accrued expenses	(122,073)	38,711
IVA and other taxes payable	(18,972)	3,303
Advances from customers	18,438	3,873
Interest accruals	27,216	2,992
CASH USED IN OPERATING ACTIVITIES	(270,901)	(627,571)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(454)
NET CASH USED IN INVESTING ACTIVITIES	-	(454)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	15,000	-
Proceeds from convertible debt	458,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	473,000	-
Effect of exchange rate changes on cash and cash equivalents	(214,520)	46,774
NET DECREASE IN CASH	(12,421)	(581,251)
CASH AT BEGINNING OF PERIOD	46,286	832,159
CASH AT END OF PERIOD	$ 33,865	$ 250,908
CASH PAID FOR INTEREST AND TAXES:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ 822	$ -

See notes to the unaudited condensed consolidated financial statements

1 ORGANIZATION AND DESCRIPTION OF BUSINESS

a) Organization

On May 12, 2016, QPAGOS (formerly known as Asiya Pearls, Inc.), a Nevada corporation ("QPAGOS"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Qpagos Corporation, a Delaware corporation ("Qpagos Corporation"), and Qpagos Merge, Inc., a Delaware corporation and wholly owned subsidiary of QPAGOS ("Merger Sub"). Pursuant to the Merger Agreement, on May 12, 2016, the merger was consummated and Qpagos Corporation and Merger Sub merged (the "Merger"), with Qpagos Corporation continuing as the surviving corporation of the Merger.

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of Qpagos Corporation's capital stock issued and outstanding immediately prior to the Merger was converted into the right to receive two shares of QPAGOS common stock, par value $0.0001 per share (the "Common Stock"). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, QPAGOS assumed all of Qpagos Corporation's warrants issued and outstanding immediately prior to the Merger, which are now exercisable for approximately 6,219,200 shares of Common Stock, respectively, as of the date of the Merger. Prior to and as a condition to the closing of the Merger, the then-current QPAGOS stockholder of 5,000,000 shares of Common Stock agreed to return to QPAGOS 4,975,000 shares of Common Stock held by such holder to QPAGOS and the then-current QPAGOS stockholder retained an aggregate of 25,000 shares of Common Stock and the other stockholders of QPAGOS retained 5,000,000 shares of Common Stock. Therefore, immediately following the Merger, Qpagos Corporation's former stockholders held 49,929,000 shares of QPAGOS common stock which represented approximately 91% of the outstanding Common Stock.

The Merger is being treated as a reverse acquisition of QPAGOS, a public shell company, for financial accounting and reporting purposes. As such, Qpagos Corporation is treated as the acquirer for accounting and financial reporting purposes while QPAGOS is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the historical financial statements that are reflected in this Quarterly Report on Form 10-Q and that will be reflected in the Company's future financial statements filed with the United States Securities and Exchange Commission ("SEC") will be those of Qpagos Corporation, and the Company's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of Qpagos Corporation.

Qpagos Corporation was incorporated on May 1, 2015 under the laws of Delaware under the name Qpagos Corporation as the holding company for two 99.99% owned operating subsidiaries, QPagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V. Each of these entities were incorporated in November 2013 in Mexico.

QPagos, S.A.P.I. de C.V. was formed to process payment transactions for service providers it contracts with, and Redpag Electrónicos S.A.P.I. de C.V. was formed to deploy and operate kiosks as a distributor.

On May 27, 2016, Asiya changed its name to QPAGOS. QPAGOS and its direct and indirect subsidiaries Qpagos Corporation, QPagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V., will be referred to hereafter as "the Company".

On June 1, 2016, the board of directors changed the Company's fiscal year end from October 31 to December 31.

b) Description of the business

QPAGOS, through its indirect subsidiaries QPagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V., provides physical and virtual payment services to the Mexican market. The Company provides an integrated network of kiosks, terminals and payment channels that enable consumers in Mexico to deposit cash, convert it into a digital form and remit the funds to any merchant in our network quickly and securely. The Company helps consumers and merchants connect more efficiently in markets and consumer segments, such as Mexico, that are largely cash-based and lack convenient alternatives for consumers to pay for goods and services in physical, online and mobile environments. For example, the Company's licensed technology can be used to pay bills, add minutes to mobile phones, purchase transportation tickets, shop online or at a retail store, buy digital services or send money to a friend or relative.

2 ACCOUNTING POLICIES AND ESTIMATES

a) Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, these unaudited condensed financial statements do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments (consisting only of normal recurring adjustments), which the Company considers necessary, for a fair presentation of those financial statements. The results of operations and cash flows for the three months ended March 31, 2017 may not necessarily be indicative of results that may be expected for any succeeding quarter or for the entire fiscal year. The information contained in this Quarterly Report on Form 10-Q should be read in conjunction with the audited financial statements of Qpagos for the year ended December 31, 2016, included in the current report on Form 10-K as filed with the Securities and Exchange Commission (the "SEC") on April 17, 2017.

All amounts referred to in the notes to the financial statements are in United States Dollars ($) unless stated otherwise.

b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary and its indirect subsidiaries. All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements. The entities included in these consolidated financial statements are as follows:

QPAGOS – Parent Company QPAGOS Corporation
Qpagos Corporation – 100% owned
QPagos, S.A. P.I de C.V., a Mexican entity (99.996% owned)
Redpag Electrónicos, S.A. P.I. de C.V., a Mexican entity (99.990% owned)

c) Mexican Operations

The financial statements of the Company's Mexican operations are measured using local currencies as their functional currencies.

The Company translates the assets and liabilities of its Mexican subsidiaries at the exchange rates in effect at year end and the results of operations at the average rate throughout the year. The translation adjustments are recorded directly as a separate component of stockholders' equity, while transaction gains (losses) are included in net income (loss). All sales to customers are in Mexico.

d) Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, which are evaluated on an ongoing basis, that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the amounts of revenues and expenses that are not readily apparent from other sources. Actual results could differ from those estimates and judgments. In particular, significant estimates and judgments include those related to: the estimated useful lives for plant and equipment, the fair value of warrants and stock options granted for services or compensation, estimates of the probability and potential magnitude of contingent liabilities, derivative liabilities, the valuation allowance for deferred tax assets due to continuing operating losses, those related to revenue recognition and the allowance for doubtful accounts.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our estimates.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

e) Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur.

The Company’s management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

f) Fair Value of Financial Instruments

The Company adopted the guidance of Accounting Standards Codification (“ASC”) 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, accounts receivable, other current assets, other assets, accounts payable, accrued liabilities, and notes payable, approximate fair value due to the relatively short period to maturity for these instruments. The Company has a derivative liability which arose on variable priced conversion rights of certain convertible notes. These conversion rights are valued initially using a Black-Scholes valuation model using level 1 inputs, as disclosed above and in note 11 below. The initial fair value measurement is credited to equity. At each reporting period the fair value of the conversion rights of the convertible securities is re-measured using level 1 inputs, as disclosed above and in note 11 below, and any subsequent movement in fair value is recorded in the statement of operations as either a charge or a credit. Other than the conversion rights of convertible notes, the Company did not identify any other assets or liabilities that are required to be presented on the balance sheets at fair value in accordance with the accounting guidance.

ASC 825-10 “ *Financial Instruments* ” allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

g) Risks and Uncertainties

The Company's operations will be subject to significant risk and uncertainties including financial, operational, regulatory and other risks associated, including the potential risk of business failure. The recent global economic crisis has caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and extreme volatility in credit, equity and fixed income markets. These conditions not only limit the Company’s access to capital, but also make it difficult for its customers, vendors and the Company to accurately forecast and plan future business activities.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

g) Risks and Uncertainties (continued)

The Company's operations are carried out in Mexico. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in Mexico and by the general state of that economy. The Company's results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, and rates and methods of taxation, among other things.

h) Recent Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-02, an amendment to Topic 805, Business Combinations. The amendments in this Update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this Update affect all reporting entities that must determine whether they have acquired or sold a business. The amendments in this Update provide a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this Update apply to annual periods beginning after December 15, 2017. The amendments in this Update should be applied prospectively on or after the effective date. No disclosures are required at transition. The Company does not expect this guidance to have a material impact on its financial statements.

In January 2017, the FASB issued ASU 2017-04, an amendment to Topic 350, Intangibles – Goodwill and Other, that provides that an entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Because these amendments eliminate Step 2 from the goodwill impairment test, they should reduce the cost and complexity of evaluating goodwill for impairment. An entity should apply the amendments in this Update on a prospective basis. The amendments in this Update are effective for Goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently evaluating the effect ASU 2017-04 will have on our unaudited condensed consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, an amendment to Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets.

The amendments in this Update are required for public business entities and other entities and clarify the following:

1. that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset. The amendments define the term in substance nonfinancial asset, in part, as a financial asset promised to a counterparty in a contract if substantially all of the fair value of the assets (recognized and unrecognized) that are promised to the counterparty in the contract is concentrated in nonfinancial assets. If substantially all of the fair value of the assets that are promised to the counterparty in a contract is concentrated in nonfinancial assets, then all of the financial assets promised to the counterparty are in substance nonfinancial assets within the scope of Subtopic 610-20. Nonfinancial assets within the scope of Subtopic 610-20 may include nonfinancial assets transferred within a legal entity to a counterparty. A contract that includes the transfer of ownership interests in one or more consolidated subsidiaries is within the scope of Subtopic 610-20 if substantially all of the fair value of the assets that are promised to the counterparty in a contract is concentrated in nonfinancial assets. The amendments in this Update also define in substance nonfinancial asset as a financial asset that is held in an individual consolidated subsidiary within a contract if substantially all the fair value of the assets (recognized and unrecognized) that are promised to the counterparty in that subsidiary is concentrated in nonfinancial assets.

2. that an entity should identify each distinct nonfinancial asset or in substance nonfinancial asset promised to a counterparty and derecognize each asset when a counterparty obtains control of it. The amendments also clarify that an entity should allocate consideration to each distinct asset by applying the guidance in Topic 606 on allocating the transaction price to performance obligations.

3. require an entity to derecognize a distinct nonfinancial asset or distinct in substance nonfinancial asset in a partial sale transaction when it (1) does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with Topic 810 and (2) transfers control of the asset in accordance with Topic 606. Once an entity transfers control of a distinct nonfinancial asset or distinct in substance nonfinancial asset, it is required to measure any noncontrolling interest it receives (or retains) at fair value.

The amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Public entities may apply the guidance earlier but only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. An entity may elect to apply the amendments in this Update either retrospectively to each period presented in the financial statements in accordance with the guidance on accounting changes in paragraphs 250- 10-45-5 through 45-10 or Retrospectively with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. We are currently evaluating the effect ASU 2017-05 will have on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, Compensation-Retirement Benefits (Topic 715). This Update is being issued primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. This Update also includes amendments to the Overview and Background Sections of the FASB Accounting Standards Codification. Under generally accepted accounting principles (GAAP), defined benefit pension cost and postretirement benefit cost (net benefit cost) comprise several components that reflect different aspects of an employer's financial arrangements as well as the cost of benefits provided to employees. Those components are aggregated for reporting in the financial statements. The amendments in this Update apply to all employers, including not-for-profit entities that offer to their employees defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under Topic 715. 2 What Are the Main Provisions? The amendments in this Update require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization. The amendments in this Update are effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those 3 annual periods. For other entities, the amendments in this Update are effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period for which financial statements have not been issued or made available for issuance. The amendments in this Update should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. We are currently evaluating the effect ASU 2017-07 will have on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20) Premium Amortization of Purchased Callable Debt Securities. The amendments in this Update affect all entities that hold investments in callable debt securities that have an amortized cost basis in excess of the amount that is repayable by the issuer at the earliest call date (that is, at a premium). The amendments in this Update shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. Under current GAAP, premiums and discounts on callable debt securities generally are amortized to the maturity date. The amendments in this Update more closely align the amortization period of premiums and discounts to expectations incorporated in market pricing on the underlying securities. As a result, the amendments more closely align interest income recorded on bonds held at a premium or a discount with the economics of the underlying instrument. For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity should apply the amendments in this Update on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Additionally, in the period of adoption, an entity should provide disclosures about a change in accounting principle. We are currently evaluating the effect ASU 2017-08 will have on our consolidated financial statements.

Any new accounting standards, not disclosed above, that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

i) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. At March 31, 2017 and December 31, 2016, respectively, the Company had no cash equivalents.

The Company minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution in the United States. The balance at times may exceed federally insured limits. At March 31, 2017 and December 31, 2016, cash balances in the United States did not exceed the federally insured limit.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

j) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported at realizable value, net of allowances for doubtful accounts, which is estimated and recorded in the period the related revenue is recorded. The Company has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for doubtful accounts. In addition, the Company regularly assesses the state of its billing operations in order to identify issues, which may impact the collectability of these receivables or reserve estimates. Revisions to the allowance for doubtful accounts estimates are recorded as an adjustment to bad debt expense. Receivables deemed uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. There were no recoveries during the three months ended March 31, 2017. The allowance for doubtful debts as of March 31, 2017 and 2016 was $0.

k) Cost Method Investments

Investee companies not accounted for under the consolidation or the equity method are accounted for under the cost method of accounting. Under this method, the Company's share of earnings or losses of such investee companies is not included in the condensed consolidated balance sheet or statement of comprehensive loss. However, impairment charges are recognized in the condensed consolidated statement of comprehensive loss. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded. There is no impairment of investment at March 31, 2017.

l) Inventory

The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out basis. The Company identifies and writes down its excess and obsolete inventories to net realizable value based on usage forecasts, order volume and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write-down discontinued product to the lower of cost or net realizable value.

m) Advances received from customers

Other than the sale of kiosks to customers, the provision of services through our kiosks is conducted on a cash basis. Customers are required to deposit cash with the Company to meet anticipated demand for services provided through kiosks either owned or operated by them. The services provided through the customer owned or operated kiosks are deducted from the deposits held on their behalf, the Company requires that these deposits be replenished as and when the services are provided.

n) Revenue Recognition

The Company's revenue recognition policy is consistent with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 605, Revenue Recognition (ASC 605). In general, the Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized, or realizable and earned when, persuasive evidence of an arrangement exists, the products or services have been approved by the customer after delivery and/or installation acceptance or performance of services; the sales price is fixed or determinable within the contract; and collectability is reasonably assured.

The Company has the following sources of revenue which is recognized on the basis described below.

- ***Revenue from the sale of services .***

Prepaid services are acquired from providers and is sold to end-users through kiosks that the Company owns or kiosks that are owned by third parties. The Company recognizes the revenue on the sale of these services when the end-user deposits funds into the terminal and the prepaid service is delivered to the end-user. The revenue is recognized at the gross value, including margin, of the prepaid service to the Company, net of any value-added tax which is collected on behalf of the Mexican Revenue Authorities.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

n) Revenue Recognition (continued)

· ***Payment processing provided to end-users***

The Company provides a secure means for end-users to pay for certain services, such as utilities through our kiosks. The Company earns either a fixed per-transaction fee or a fixed percentage of the service sold. The Company acts as a collection agent and recognizes the payment processing fee, net of any value-added taxes collected on behalf of the Mexican Revenue Authorities, when the funds are deposited into the kiosk and the customer has settled his liability or has acquired a prepaid service.

· ***Revenue from the sale of kiosks.***

The Company imports, assembles and sell kiosks that are used to generate the revenues discussed above. Revenue is recognized on the full value of the kiosks sold, net of any valued added taxation collected on behalf of the Mexican Revenue Authorities, when the customer takes delivery of the kiosk and all the risks and rewards of ownership are passed to the customer.

The Company does not enter into any leasing of kiosks arrangements with customers and the Company does not generate any revenues from merchants who access its terminals as yet.

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Fixed Assets

The Company reclassified certain kiosk assets used in the production of income, previously recorded in inventory as fixed assets and applied an appropriate depreciation policy to these kiosks.

The restated Unaudited Condensed Consolidated Balance Sheet, Statements of Operations and Comprehensive loss and the Statement of Cash Flows for the three months ended March 31, 2016, is presented below:

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

QPAGOS
CONDENSED CONSOLIDATED BALANCE SHEET
March 31, 2016

	As Previously Reported (Unaudited)	Adjustments	Notes	As Restated (Unaudited)
Assets				
Current Assets				
Cash	$ 250,908	$		$ 250,908
Accounts receivable	398,074			398,074
Inventory	553,259	(281,364)	**(A)**	271,895
Recoverable IVA taxes and credits	527,597			527,597
Other current assets	69.422			69,422
Total Current Assets	1,799,260	(281,364)		1,517,896
Non-Current Assets				
Plant and equipment, net	62,395	222,563	**(A)**	284,958
Intangibles, net	200,667			200,667
Investment	3,000			3,000
Other assets	11,780			11,780
Total Non-Current Assets	277,842	222,563		500,405
Total Assets	$ 2,077,102	$ (58,801)		$ 2,018,301
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable	$ 77,082	$		$ 77,082
Notes payable	106,312			106,312
IVA and other taxes payable	195,347			195,347
Advances from customers	5,859			5,859
Total Current Liabilities	384,600			384,600
Total Liabilities	384,600			384,600
Stockholders' Equity				
Common stock, $0.0001 par value; 100,000,000 shares authorized, 49,929,000 shares issued and outstanding as of March 31, 2016.	4,993			4,993
Additional paid-in-capital	7,875,621			7,875,621
Accumulated deficit	(6,651,100)	(49,158)		(6,700,258)
Accumulated other comprehensive income	462,988	(9,643)		453,345
Total stockholder's equity - controlling interest	1,692,502	(58,801)		1,633,701
Non-controlling interest	-	-		-
Total Stockholders' Equity	1,692,502	(58,801)		1,633,701
Total Liabilities and Stockholders' Equity	$ 2,077,102	$ (58,801)		$ 2,018,301

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

QPAGOS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
For The Three Months Ended March 31, 2016

	As Previously Reported	Adjustments	Notes	As Restated
Revenues				
Airtime	$ 497,985	$		$ 497,985
Kiosk sales	130,972			130,972
Commissions on services	977			977
	629,934	-		629,934
Cost of Goods Sold				
Airtime	483,885			483,885
Kiosk sales	113,357			113,357
Depreciation - kiosks	-	9,633	**(A)**	9,633
Other	12,046			12,046
	609,288	9,633		618,921
Gross (Loss) Profit	20,646	(9,633)		11,013
General and administrative	2,693,703			2,693,703
Depreciation and amortization	19,345	(2,106)	**(A)**	17,239
Total Expense	2,713,048	(2,106)		2,710,942
Loss from Operations	(2,692,402)	(7,527)		(2,699,929)
Other (expense) income	2,999			2,999
Interest expense, net	(2,992)			(2,992)
Foreign currency gain	30,984	-		30,984
Loss before Provision for Income Taxes	(2,661,411)	(7,527)		(2,668,938)
Provision for Income Taxes	-	-		-
Net Loss	(2,661,411)	(7,527)		(2,668,938)
Net loss attributable to non-controlling interest	-	-		-
Net Loss Attributable to Controlling Interest	$ (2,661,411)	$ (7,527)		$ (2,668,938)
Net Loss Per Share - Basic and Diluted	$ (0.06)			$ (0.06)
Weighted Average Number of Shares Outstanding - Basic and Diluted	42,895,154			42,895,154
Other Comprehensive Income				
Foreign currency translation adjustment	42,982	3,792		46,774
Total Comprehensive Loss	(2,618,429)	(3,735)		(2,622,164)
Comprehensive loss attributable to non-controlling interest	-	-		-
Comprehensive Loss Attributable to Controlling Interest	$ (2,618,429)	$ (3,735)		$ (2,622,164)

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

QPAGOS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Three Months Ended March 31, 2016

	As Previously Reported	Adjustments	Notes	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss attributable to the company	$ (2,661,411)	$ (7,527)	**(A)**	$ (2,668,938)
Less: loss attributable to non-controlling interest	-			-
Net loss	(2,661,411)	(7,527)		(2,668,938)
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation expense	8,415	7,473	**(A)**	15,888
Amortization expense	10,930	54	**(A)**	10,984
Equity based compensation charge	108,000			108,000
Shares issued for services	2,032,275			2,032,275
Non- cash investment in affiliates	(3,000)			(3,000)
Other foreign currency movements	-	(3,792)	**(A)**	(3,792)
Changes in Assets and Liabilities				
Accounts receivable	(155,999)			(155,999)
Inventory	115,308			115,308
Recoverable IVA taxes and credits	(109,700)			(109,700)
Prepayments	(17,408)			(17,408)
Other assets	(68)			(68)
Accounts payable and accrued expenses	38,711			38,711
IVA and other taxes payable	3,303			3,303
Advances from customers	3,873			3,873
Interest accruals	2,992			2,992
CASH USED IN OPERATING ACTIVITIES	(623,779)	(3,792)		(627,571)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(454)			(454)
NET CASH USED IN INVESTING ACTIVITIES	(454)	-		(454)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from loans payable	-			-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-		-
Effect of exchange rate changes on cash and cash equivalents	42,982	3,792		46,774
NET DECREASE IN CASH	(581,251)	-		(581,251)
CASH AT BEGINNING OF PERIOD	832,159			832,159
CASH AT END OF PERIOD	$ 250,908	$ -		$ 250,908

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

NOTES

A. To correct an error in classifying kiosks acquired in 2015 as inventory and available for sale, to property and equipment, along with the recording of related accumulated depreciation and depreciation expense.

4 GOING CONCERN

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred a loss since inception resulting in an accumulated deficit of $9,313,135 as of March 31, 2017 and has not generated sufficient revenue to cover its operating expenditure, raising substantial doubt about the Company's ability to continue as a going concern for one year from the issuance of the financial statements. In addition to operational expenses, as the Company executes its business plan, additional capital resources will be required. The Company will need to raise capital in the near term in order to continue operating and executing its business plan. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company's plan is to expand its market penetration by deploying more kiosks through various channels, thereby increasing revenues. In addition, the Company intends to raise additional equity or loan funds to meet its short term working capital needs. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

5 INVENTORY

Inventory consisted of the following:

	March 31, 2017	December 31, 2016
Kiosks and accessories	$ 297,810	$ 350,273
	$ 297,810	$ 350,273

6 PLANT AND EQUIPMENT

Plant and Equipment consisted of the following:

	March 31, 2017	December 31, 2016
Kiosks	$ 259,792	$ 269,810
Computer equipment	76,852	69,577
Office equipment	10,416	9,430
Leasehold improvement	9,048	8,192
Total cost	356,108	357,009
Less: accumulated depreciation and amortization	(154,351)	(125,681)
Plant and equipment, net	$ 201,757	$ 231,328

Depreciation and amortization expense totaled $15,009 and $16,122 for the three months ended March 31, 2017 and 2016, respectively.

7 INTANGIBLES

License

Localization and implementation of the different software and technology modules is supported through a Localization Agreement. Under this agreement, at a cost of $215,000, the licensor allocated engineering and programming resources to the Company. The cost is being amortized over 5 years.

On May 1, 2015, Qpagos Corporation entered into a renewable ten-year license with the Licensor for the non-exclusive right to license technology to provide payment services. Subsequently, on November 1, 2015, the Company and the Licensor concluded an additional amendment to the License Agreement by which the Licensor agreed to the exclusivity to the Mexican market subject to the payment of $20,000 per year payable in quarterly installments, the first two such installments payable December 1, 2015. The agreement may be terminated early by the Licensor if Qpagos Corporation fails to comply with its terms and conditions.

Intangibles consisted of the following:

	March 31, 2017	December 31, 2016
Software Localization Agreement	$ 215,000	$ 215,000
Total cost	215,000	215,000
Less: accumulated amortization	(57,333)	(46,583)
Intangibles, net	$ 157,667	$ 168,417

Amortization expense was $10,750 and $10,750 for the three months ended March 31, 2017 and 2016, respectively.

8 NOTES PAYABLE

Notes payable consisted of the following:

Description	Interest Rate	Maturity	March 31, 2017	December 31, 2016
YP Holdings LLC	12%	December 31, 2015	$ 163,312	$ 151,353
Strategic IR	10%	January 1, 2017 to May 30, 2017	165,253	146,575
Gibbs International Holdings	15%	June 13, 2017	52,493	50,986
Cobbolo Limited	10%	May 30, 2017	103,932	101,466
Joseph W and Patricia G Abrams	15%	June 13, 2017	25,486	25,534
Delinvest Commercial LTD	15%	June 29, 2017	52,274	50,836
Total notes payable			$ 562,750	$ 526,750

Interest expense totaled $21,822 and $2,992 for the three months ended March 31, 2017 and 2016, respectively.

8 NOTES PAYABLE (continued)

YP Holdings LLC

On September 21, 2015, Qpagos Corporation borrowed $100,000 from YP Holdings LLC ("YP"), pursuant to an unsecured loan agreement. The unpaid balance and any accrued interest was due on December 31, 2015. The loan bears interest at a rate of 12%. The debt remains outstanding as of the date of this report and is expected to be settled within 12 months. We are currently negotiating with YP to extend the term of the loan, however in terms of loan agreement we have accrued default interest at the rate of 0.1% per day as the loan and interest payment deadlines were not met, this default interest amounted to $9,000 for the quarter ended March 31, 2017 and is included in the loan balance. Accrued interest included in the loan balance totaled $63,312 and $51,353, at March 31, 2017 and December 31, 2016, respectively.

Strategic IR

Effective October 14, 2016 the Company executed an unsecured promissory note for $50,000, for an advance that took place on September 29, 2016, which matured on February 13, 2017, bearing interest at 10% per annum. The maturity date of this loan was recently extended on May 19, 2017 by the execution of an Extension Agreement.

On May 19, 2017 the Company executed a Secured Grid Note for advances totaling $110,000 which took place between December 12, 2016 and March 6, 2017, bearing interest at 10% per annum maturing on May 30, 2017 or earlier upon acceleration by Strategic IR.

Accrued interest included in the loan balances totaled $5,253 and $1,575, at March 31, 2017 and December 31, 2016, respectively.

Gibbs International Holdings

Effective October 20, 2016, the Company executed an unsecured promissory note for $50,000 with an investor, bearing interest at 10% per annum payable on February 19, 2017. On February 19, 2017, the Company executed an amended and restated promissory note extending the maturity date to June 13, 2017 and increasing the interest rate to 15% per annum. Accrued interest included in the loan balance totaled $2,493 and $986, at March 31, 2017 and December 31, 2016, respectively.

Cobbolo Limited

Between October 21, 2016 and November 25, 2016, the Company executed unsecured promissory notes totaling $100,000 with an investor, bearing interest at 10% per annum maturing between February 17, 2017 and March 25, 2017. The maturity date of these notes has been extended to May 30, 2017. Accrued interest included in the loan balance totaled $3,932 and $1,466, at March 31, 2017 and December 31, 2016, respectively.

Joseph W and Patricia G Abrams

Effective October 14, 2016, the Company executed an unsecured promissory note for $25,000 with an investor, bearing interest at 10% per annum payable on February 13, 2017. On February 13, 2017, the Company executed an amended and restated promissory note extending the maturity date to June 13, 2017 and increasing the interest rate to 15% per annum. Accrued interest included in the loan balance totaled $486 and $534, at March 31, 2017 and December 31, 2016, respectively.

Delinvest Commercial LTD

Effective October 31, 2016, the Company executed an unsecured promissory note for $50,000 with an investor, bearing interest at 10% per annum payable on March 1, 2017. On March 1, 2017, the Company executed an amended and restated promissory note extending the maturity date to June 29, 2017 and increasing the interest rate to 15% per annum. Accrued interest included in the loan balance totaled $2,274 and $836, at March 31, 2017 and December 31, 2016, respectively.

9 CONVERTIBLE NOTES PAYABLE

Convertible notes payable consists of the following:

Note Holder	Principal	Accrued Interest	Debt Discount	Interest Rate	Maturity	March 31, 2017
Power Up Lending Group Ltd	$ 77,000	$ 1,586	$ (50,870)	8%	September 30, 2017	$ 27,716
Power Up Lending Group Ltd	53,000	441	(45,858)	8%	November 30, 2017	7,583
Labrys Fund, LP	105,000	1,450	(68,453)	8%	July 27, 2017	37,997
JSJ Investments Inc.	200,000	2,323	(161,172)	8%	November 6,2017	41,151
Vista Capital Investment, LLC	100,000	483	(93,973)	8%	March 9,2018	6,510
	$ 535,000	$ 6,283	$ (420,326)			$ 120,957

Note Holder	Principal	Accrued Interest	Debt Discount	Interest Rate	Maturity	December 31, 2016
Power Up Lending Group Ltd	$ 77,000	$ 68	$ (75,888)	8%	September 30, 2017	$ 1,180

Interest expense totaled $6,216 and $0 for the three months ended March 31, 2017 and 2016, respectively.

Power Up Lending Group Ltd.

On December 28, 2016, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $77,000. The Note has a maturity date of September 30, 2017 and a coupon of eight percent per annum. The Company has the right to prepay the Note, provided it makes a payment to the purchaser as set forth in the Note within 180 days of its Issue Date. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Note holder during the period beginning on the date that is 180 days following the Issue Date into shares of the Company's common stock, at a conversion price equal to 58% of the average of the lowest three closing bid prices of the Company's common stock for the ten trading days prior to conversion. The balance of the Note plus accrued interest at March 31, 2017 and December 31, 2016, was $27,716 and $1,180, net of unamortized discount of $50,870 and $75,888, respectively.

9 CONVERTIBLE NOTES PAYABLE (continued)

Power Up Lending Group Ltd. (continued)

On February 21, 2017, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $53,000. The Note has a maturity date of November 30, 2017 and a coupon of eight percent per annum. The Company has the right to prepay the Note, provided it makes a payment to the Purchaser as set forth in the Note within 180 days of its Issue Date. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Note holder during the period beginning on the date that is 180 days following the Issue Date into shares of the Company's common stock, at a conversion price equal to 60% of the average of the lowest three closing bid prices of the Company's common stock for the ten trading days prior to conversion. The balance of the Note plus accrued interest at March 31, 2017 was $7,583, net of unamortized discount of $45,858.

Labrys Fund, LP

On January 27, 2017, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $105,000. The Note has a maturity date of July 27, 2017 and a coupon of eight percent per annum. In connection with the issuance of the note, the Company was required to issue 150,000 shares of common stock as a commitment fee valued at $66,000. The shares are returnable to the Company if no Event of Default has occurred prior to the date the Note is fully repaid. Management has determined that it is probable that the Company will meet the conditions under the Note and therefore it more likely than not that the Company will not be in Default as defined in the Note. As a result, management has concluded that it is probable that the shares would be returned and therefore the value of the 150,000 shares will not be recorded. The Company will reassess the likelihood of such at each period end.

The Company has the right to prepay the Note within 180 days of its Issue Date. After the 180 days, the Company has no right to prepayment. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Note holder during the period beginning on the date that is 180 days following the Issue Date into shares of the Company's common stock, at a conversion price equal to 60% of the average of the lowest three closing bid prices of the Company's common stock for the ten trading days prior to conversion. The balance of the Note plus accrued interest at March 31, 2017 was $37,997, net of unamortized discount of $68,453.

JSJ Investments Inc.

On February 6, 2017, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $200,000. The Note has a maturity date of November 6, 2017 and a coupon of eight percent per annum. The Company has the right to prepay the Note within 180 days of its Issue Date. After the 180 days, the Company has no right to prepayment. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Note holder during the period beginning on the date that is 180 days following the Issue Date into shares of the Company's common stock, at a conversion price equal to 60% of the average of the lowest three closing bid prices of the Company's common stock for the ten trading days prior to conversion. The balance of the Note plus accrued interest at March 31, 2017 was $41,151, net of unamortized discount of $161,172.

Vista Capital Investments, LLC

On March 9, 2017, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $100,000. The Note has a maturity date of March 9, 2018 and a coupon of eight percent per annum. The Company has the right to prepay the Note, provided it makes a payment to the Purchaser as set forth in the Note through the maturity date. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Note holder during the period beginning on the date that is 150 days following the Issue Date into shares of the Company's common stock, at a conversion price equal to 60% of the average of the last two lowest trading bid prices during the fifteen trading days prior to conversion. The balance of the Note plus accrued interest at March 31, 2017 was $6,510, net of unamortized discount of $93,973.

10 DERIVATIVE LIABILITY

The short-term convertible notes disclosed in note 9 above, have variable priced conversion rights with no fixed floor price and will re-price dependent on the share price performance over varying periods of time. This gives rise to a derivative financial liability, which was initially valued at inception of the convertible note using a Black-Scholes valuation model. The value of this derivative financial liability was re-assessed at March 31, 2017 and March 31, 2016, and $247,770 and $0 was charged to the statement of operations and comprehensive loss, respectively. The value of the derivative liability will be re-assessed at each financial reporting period, with any movement thereon recorded in the statement of operations in the period in which it is incurred.

10 DERIVATIVE LIABILITY (continued)

The following assumptions were used in the Black-Scholes valuation model:

	Three Months Ended March 31, 2017	Year ended December 31, 2016
Conversion price	$ 0.11 to 0.22	$ 0.22 to 0.23
Risk free interest rate	0.63 to 1.04%	0.85%
Expected life of derivative liability	4 to 11 months	9 months
expected volatility of underlying stock	132.56 to 138.19%	133.0%
Expected dividend rate	0%	0%

The movement in derivative liability is as follows:

	March 31, 2017	December 31, 2016
Opening balance	$ 113,074	$ -
Derivative financial liability arising from convertible note	458,000	77,000
Fair value adjustment to derivative liability	247,770	36,074
	$ 818,844	$ 113,074

11 STOCKHOLDERS' EQUITY

a) Common Stock

The Company has authorized 100,000,000 common shares with a par value of $0.0001 each, and issued and has outstanding 55,454,000 shares of common stock as of March 31, 2017.

The Company has recorded an expense of $0 and $108,000 for the three months ended March 31, 2017 and 2016, respectively, relating to restricted stock awards, which were fully vested in April 2016.

11 STOCKHOLDERS' EQUITY (continued)

b) Preferred Stock

The Company has authorized 25,000,000 shares of preferred stock with a par value of $0.0001, no preferred stock is issued and outstanding as of March 31, 2017.

c) Warrants

In connection with the Merger, outstanding Qpagos Corporation warrants were assumed by QPAGOS and converted to QPAGOS warrants at a ratio of two QPAGOS warrants for each Qpagos Corporation warrant issued.

During the period June 2015 to December 2015, pursuant to the private placement agreement and individual Securities Purchase Agreements entered into, new, qualified investors, acquired 4,784,000 (2,392,000 pre-merger) common units of the Company at a price of $0.625 ($1.25 pre-merger) per unit, each unit consisting of one share of Common Stock and a five year warrant exercisable for one share of common stock at an exercise price of $0.625 ($1.25 pre-merger) per share.

The placement agent was also issued, in terms of a placement agent agreement, five year warrants to purchase 717,600 (358,800 pre-QPAGOS Merger) units at $0.625 ($1.25 pre-QPAGOS Merger)) per unit, each consisting of one share of Common stock and an additional five year warrant exercisable for one shares of Common Stock at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger)) per share, giving a total of 1,435,200 (717,600 pre-QPAGOS Merger) warrants to purchase common shares at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger)) per share if all placement agent warrants are exercised.

The warrants outstanding and exercisable at March 31, 2017 are as follows:

	Warrants Outstanding			Warrants Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual life in years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual life in years
$ 0.625	6,219,200	3.51	$ 0.625	6,219,200	$ 0.625	3.51

The warrants outstanding have an intrinsic value of $0 and $0 as of March 31, 2017 and December 31, 2016, respectively.

12 REVENUE

Revenue is derived from the following sources:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Sales of services	$ 801,692	$ 497,985
Payment processing fees	10,060	977
Kiosk sales	113,921	130,972
Other	1,637	-
	$ 927,310	629,934

13 EQUITY BASED COMPENSATION

Equity based compensation is made up of the following:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Stock issued for services rendered	-	2,032,275
	$ -	$ 2,032,275

14 NET LOSS PER SHARE

Basic loss per share is based on the weighted-average number of common shares outstanding during each period. Diluted loss per share is based on basic shares as determined above plus common stock equivalents. The computation of diluted net loss per share does not assume the issuance of common shares that have an anti-dilutive effect on net loss per share. For the three months ended March 31, 2017 and 2016, all unvested restricted stock awards and warrants, were excluded from the computation of diluted net loss per share. Dilutive shares which could exist pursuant to the exercise of outstanding stock instruments and which were not included in the calculation because their affect would have been anti-dilutive are as follows:

	Three Months Ended March 31, 2017 (Shares)	Three Months Ended March 31, 2016 (Shares)
Restricted stock awards – unvested	-	1,160,000
Warrants	6,219,200	6,219,200
	6,219,200	7,379,200

15 COMMITMENTS AND CONTINGENCIES

The Company operates from an office facility in Mexico. The office is leased under a three (3) year non-cancellable operating lease, which ends on December 16, 2019. The lease calls for monthly rental payment, including maintenance, of $2,846, as adjusted for exchange rate changes. The Company also leases space on a month-to-month basis for its data servers at a monthly rate of $1,680. In addition, Qpagos leases warehouse space on a month-to-month basis for $1,081 per month.

The future minimum lease installments under the office facility lease agreement as of March 31, 2017 are $25,614 for the remainder of 2017 and $34,152 for each year 2018 and 2019, subject to exchange rate changes.

16 SUBSEQUENT EVENTS

On April 6, 2017, the Company entered into a Convertible Promissory Note in the aggregate principal amount of $100,000. The Note has a maturity date of January 6, 2018 and a coupon of eight percent (8%) per annum. The Company has the right to prepay the Note, provided it makes a pre-payment penalty as specified in the Note. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Holder into shares of the Company's common stock, par value $0.0001 per share (the "Common Stock") at a conversion price equal to a 40% discount to the average of the two (2) lowest trading bid prices during the previous fifteen (15) trading days to the date of conversion.

On April 25, 2017, the Company, entered into a Securities Purchase Agreement with Power Up Lending Group Ltd., pursuant to which the Company issued to the Purchaser a Convertible Promissory Note in the aggregate principal amount of $33,000. The Note has a maturity date of February 10, 2018 and the Company has agreed to pay interest on the unpaid principal balance of the Note at the rate of eight percent per annum from the date on which the Note is issued until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. The Company shall have the right to prepay the Note in terms of agreement. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Purchaser during the period beginning on the date that is 180 days following the issue date into shares of the Company's common stock at a conversion price equal to 40% discount to market price as set forth in the Note.

Other than disclosed above, in accordance with ASC 855-10, the Company has analyzed its operations subsequent to March 31, 2017 to the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements.

INDEX TO FINANCIAL STATEMENTS

QPAGOS

December 31, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Qpagos (formerly known as Asiya Pearls, Inc.)

We have audited the accompanying consolidated balance sheets of Qpagos and subsidiaries (the “Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2016. These consolidated financial statements are the responsibility of Qpagos’ management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of QPAGOS and subsidiaries as of December 31, 2016 and 2015 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has suffered losses from operations, which raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 3, the financial statements for the year ended December 31, 2015 have been restated. We audited the adjustment described in Note 3 that were applied to restate 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

/s/ RBSM, LLP

Henderson, Nevada
April 17, 2017

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015 (As Restated)
Assets		
Current Assets		
Cash	$ 46,286	$ 832,159
Accounts receivable	79,943	242,075
Inventory	350,273	388,821
Recoverable IVA taxes and credits	353,780	417,897
Prepayments	279,878	52,014
Total Current Assets	1,110,160	1,932,966
Non-Current Assets		
Plant and equipment, net	231,328	300,388
Intangibles, net	168,417	211,417
Investment	3,000	-
Other assets	9,847	11,712
Total Non-Current Assets	412,592	523,517
Total Assets	$ 1,522,752	$ 2,456,483
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 320,487	$ 38,372
Notes payable	526,750	103,320
Convertible debt, net of unamortized discount of $75,888 and $0, respectively	1,180	-
Derivative liability	113,074	-
IVA and other taxes payable	166,108	192,044
Advances from customers	132,133	1,986
Total Current Liabilities	1,259,732	335,722
Total Liabilities	1,259,732	335,722
Stockholders' Equity		
Preferred stock, $0.0001 par value; 25,000,000 shares authorized, no preferred shares issued and outstanding at December 31, 2016 and 2015, respectively	-	-
Common stock, $0.0001 par value; 100,000,000 shares authorized, 55,454,000 and 44,784,000 shares issued and outstanding as of December 31, 2016 and December 31, 2015, respectively.	5,545	4,478
Additional paid-in-capital	8,284,522	5,735,861
Accumulated deficit	(8,757,197)	(4,026,148)
Accumulated other comprehensive income	730,150	406,570
Total stockholder's equity - controlling interest	263,020	2,120,761
Non-controlling interest	-	-
Total Stockholders' Equity	263,020	2,120,761
Total Liabilities and Stockholders' Equity	$ 1,522,752	$ 2,456,483

See notes to the consolidated financial statements

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended December 31, 2016	Year Ended December 31, 2015 (As Restated)
Net Revenue	$ 2,691,896	$ 1,127,944
Cost of Goods Sold	2,595,012	1,155,732
Gross Profit (Loss)	96,884	(27,788)
General and administrative	4,312,107	2,780,576
Depreciation and amortization	68,075	32,351
Total Expense	4,380,182	2,812,927
Loss from Operations	(4,283,298)	(2,840,715)
Other income	788	203
Interest expense, net	(54,610)	(2,241)
Change in fair value of derivative liability	(36,074)	-
Foreign currency loss	(357,855)	(466,920)
Loss before Provision for Income Taxes	(4,731,049)	(3,309,673)
Provision for Income Taxes	-	-
Net Loss	(4,731,049)	(3,309,673)
Net loss attributable to non-controlling interest	-	-
Net Loss Attributable to Controlling Interest	$ (4,731,049)	$ (3,309,673)
Net Loss Per Share - Basic and Diluted	**$ (0.09)**	**$ (0.13)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	52,728,587	25,698,747
Other Comprehensive Income		
Foreign currency translation adjustment	323,580	253,821
Total Comprehensive loss	(4,407,469)	(3,055,852)
Comprehensive loss attributable to non-controlling interest	-	-
Comprehensive Loss Attributable to Controlling Interest	$ (4,407,469)	$ (3,055,852)

See notes to the consolidated financial statements

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity Controlling Interest	Non-Controlling Interest	Total Stockholders' Equity
Balance as of January 1, 2015, as restated	**9,238,628**	**$ 924**	**$ 61,977**	**$ (1,490,185)**	**$ 152,749**	**$ (1,274,535)**	**$ -**	**$ (1,274,535)**
Correction of prior period errors	(9,238,628)	(924)	226,633	(232,131)	-	**(6,422)**	-	**(6,422)**
Balance as of December 31, 2014, as restated	**-**	**$ -**	**$ 288,610**	**$ (1,722,316)**	**$ 152,749**	**$ (1,280,957)**	**$ -**	**$ (1,280,957)**
Stock based compensation	4,320,000	432	287,568	-	-	**288,000**	-	**288,000**
Shares issued for services	4,918,628	492	491,370	-	-	**491,862**	-	**491,862**
Recapitalization on reverse merger transaction	-	-	(1,005,571)	1,005,571	-	**-**	-	**-**
Withholding tax adjustment at foreign subsidiary	-	-	-	270	-	**270**	-	**270**
Shares issued for services	1,667,150	167	166,548	-	-	**166,715**	-	**166,715**
Issuance of shares of common stock	4,784,000	478	2,989,522	-	-	**2,990,000**	-	**2,990,000**
Share issuance expense	-	-	(388,700)	-	-	**(388,700)**	-	**(388,700)**
Conversion of debt to equity	29,094,222	2,909	2,906,514	-	-	**2,909,423**	-	**2,909,423**
Translation adjustment	-	-	-	-	253,821	**253,821**	-	**253,821**
Net loss for the year ended December 31, 2015	-	-	-	(3,309,673)	-	**(3,309,673)**	-	**(3,309,673)**
Balance as of December 31, 2015	**44,784,000**	**4,478**	**5,735,861**	**(4,026,148)**	**$ 406,570**	**$ 2,120,761**	**$ -**	**$ 2,120,761**
Equity based compensation	-	-	144,000	-	-	**144,000**	-	**144,000**
Shares issued for services	5,145,000	515	2,031,760	-	-	**2,032,275**	-	**2,032,275**
Shares retained by accounting acquirer in reverse merger transaction	5,025,000	503	(2,050)			**(1,547)**		**(1,547)**
Shares issued for cash	500,000	49	374,951	-	-	**375,000**	-	**375,000**
Translation adjustment	-	-	-	-	323,580	**323,580**	-	**323,580**
Net loss for the year ended December 31, 2016	-	-	-	(4,731,049)	-	**(4,731,049)**	-	**(4,731,049)**
Balance as of December 31, 2016	**55,454,000**	**$ 5,545**	**$ 8,284,522**	**$ (8,757,197)**	**$ 730,150**	**$ 263,020**	**-**	**$ 263,020**

See notes to consolidated financial statements

QPAGOS
(FORMERLY KNOWN AS ASIYA PEARLS, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2016	Year Ended December 31, 2015 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to the company	$ (4,731,049)	$ (3,309,673)
Less: loss attributable to non-controlling interest	-	-
Net loss	(4,731,049)	(3,309,673)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation expense	61,412	64,264
Amortization expense	43,907	3,583
Equity based compensation charge	144,000	288,000
Shares issued for services	2,032,275	658,577
Other foreign currency movements	-	13,436
Derivative liability	36,074	-
Amortized discount on convertible note payable	1,112	-
Non- cash investment in affiliates	(3,000)	-
Changes in Assets and Liabilities		
Accounts receivable	162,132	(226,161)
Inventory	45,742	(21,581)
Recoverable IVA taxes and credits	64,117	(246,697)
Prepayments	(227,864)	(2,014)
Other assets	1,865	(5,520)
Accounts payable and accrued expenses	282,115	(64,129)
IVA and other taxes payable	(25,936)	183,689
Advances from customers	130,147	(1,106)
Interest accruals	53,498	3,320
CASH USED IN OPERATING ACTIVITIES	(1,929,453)	(2,675,448)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reverse merger transaction	(1,547)	-
Purchase of property and equipment	(453)	(4,779)
Intangibles assets	-	(215,000)
NET CASH USED IN INVESTING ACTIVITIES	(2,000)	(219,779)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on common stock issued	375,000	2,990,000
Share issue expenses	-	(388,700)
Proceeds from loans payable	370,000	685,001
Proceeds from convertible debt	77,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	822,000	3,286,301
Effect of exchange rate changes on cash and cash equivalents	323,580	253,821
NET (DECREASE) INCREASE IN CASH	(785,873)	658,331
CASH AT BEGINNING OF PERIOD	832,159	173,828
CASH AT END OF PERIOD	$ 46,286	$ 832,159
CASH PAID FOR INTEREST AND TAXES:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -
NON-CASH INVESTING AND FINANCING AVTIVITIES		
Conversion of debt to equity	$ -	$ 2,909,423

See notes to the consolidated financial statements

1 ORGANIZATION AND DESCRIPTION OF BUSINESS

a) Organization

On May 12, 2016, QPAGOS (formerly known as Asiya Pearls, Inc.), a Nevada corporation ("QPAGOS"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Qpagos Corporation, a Delaware corporation ("Qpagos Corporation"), and Qpagos Merge, Inc., a Delaware corporation and wholly owned subsidiary of QPAGOS ("Merger Sub"). Pursuant to the Merger Agreement, on May 12, 2016, the merger was consummated and Qpagos Corporation and Merger Sub merged (the "Merger"), with Qpagos Corporation continuing as the surviving corporation of the Merger.

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of Qpagos Corporation's capital stock issued and outstanding immediately prior to the Merger was converted into the right to receive two shares of QPAGOS common stock, par value $0.0001 per share (the "Common Stock"). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, QPAGOS assumed all of Qpagos Corporation's warrants issued and outstanding immediately prior to the Merger, which are now exercisable for approximately 6,219,200 shares of Common Stock, respectively, as of the date of the Merger. Prior to and as a condition to the closing of the Merger, the then-current QPAGOS stockholder of 5,000,000 shares of Common Stock agreed to return to QPAGOS 4,975,000 shares of Common Stock held by such holder to QPAGOS and the then-current QPAGOS stockholder retained an aggregate of 25,000 shares of Common Stock and the other stockholders of QPAGOS retained 5,000,000 shares of Common Stock. Therefore, immediately following the Merger, Qpagos Corporation's former stockholders held 49,929,000 shares of QPAGOS common stock which represented approximately 91% of the outstanding Common Stock.

The Merger is being treated as a reverse acquisition of QPAGOS, a public shell company, for financial accounting and reporting purposes. As such, Qpagos Corporation is treated as the acquirer for accounting and financial reporting purposes while QPAGOS is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the historical financial statements that are reflected in this Annual Report on Form 10-K and that will be reflected in the Company's future financial statements filed with the United States Securities and Exchange Commission ("SEC") will be those of Qpagos Corporation, and the Company's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of Qpagos Corporation.

QPAGOS Corporation ("the Company") was incorporated on May 1, 2015 under the laws of the state of Delaware to effectuate a reverse merger transaction with Qpagos, S.A.P.I. de C.V. (Qpagos) and Redpag Electrónicos S.A.P.I. de C.V. (Redpag). Each of the entities were incorporated in November 2013 in Mexico.

QPagos, S.A.P.I. de C.V. was formed to process payment transactions for service providers it contracts with, and Redpag Electrónicos S.A.P.I. de C.V. was formed to deploy and operate kiosks as a distributor.

On August 31, 2015, QPAGOS Corporation entered into various agreements with the shareholders of Qpagos and Redpag to give effect to a reverse merger transaction (the "Reverse Merger"). Pursuant to the Reverse Merger, the majority of the shareholders of Qpagos and Redpag, effectively received shares in QPAGOS through various consulting and management agreements entered into with QPAGOS and sold an effective 99.996% and 99.990% of the outstanding shares of Qpagos and Redpag, respectively, to QPAGOS. The series of transactions closed effective August 31, 2015. Upon the close of the Reverse Merger, QPAGOS Corporation became the parent of Qpagos and Redpag and assumed the operations of these two companies as its sole business.

On May 27, 2016 Asiya changed its name to QPAGOS. QPAGOS and its direct and indirect subsidiaries Qpagos Corporation, QPagos, S.A.P.I. de C.V. and Redpag Electrónicos S.A.P.I. de C.V., will be referred to hereafter as "the Company".

On June 1, 2016, the board of directors changed the Company's fiscal year end from October 31 to December 31.

b) Description of the business

QPAGOS Corporation, through its subsidiaries Qpagos and Redpag, provide physical and virtual payment services to the Mexican market. The Company provides an integrated network of kiosks, terminals and payment channels that enable consumers in Mexico to deposit cash, convert it into a digital form and remit the funds to any merchant in our network quickly and securely. The Company helps consumers and merchants connect more efficiently in markets and consumer segments, such as Mexico, that are largely cash-based and lack convenient alternatives for consumers to pay for goods and services in physical, online and mobile environments. For example, our licensed technology can be used to pay bills, add minutes to mobile phones, purchase transportation and tickets, shop online or at a retail store, buy digital services or send money to a friend or relative.

2 ACCOUNTING POLICIES AND ESTIMATES

a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

All amounts referred to in the notes to the financial statements are in United States Dollars ($) unless stated otherwise.

b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary in which it has a majority voting interest. All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements. The entities included in these consolidated financial statements are as follows:

QPAGOS – Parent Company
Qpagos Corporation – 100% owned
Qpagos, S.A. P.I de C.V., a Mexican entity (99.996% owned)
Redpag Electrónicos, S.A. P.I. de C.V., a Mexican entity (99.990% owned)

c) Mexican Operations

The financial statements of the Company's Mexican operations are measured using local currencies as their functional currencies.

The Company translates the assets and liabilities of its Mexican subsidiaries at the exchange rates in effect at year end and the results of operations at the average rate throughout the year. The translation adjustments are recorded directly as a separate component of stockholders' equity, while transaction gains (losses) are included in net income (loss). All sales to customers are in Mexico.

d) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, which are evaluated on an ongoing basis, that affect the amounts reported in the consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the amounts of revenues and expenses that are not readily apparent from other sources. Actual results could differ from those estimates and judgments. In particular, significant estimates and judgments include those related to: the estimated useful lives for plant and equipment, the fair value of warrants and stock options granted for services or compensation, estimates of the probability and potential magnitude of contingent liabilities, derivative liabilities, the valuation allowance for deferred tax assets due to continuing operating losses, those related to revenue recognition and the allowance for doubtful accounts.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our estimates.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

e) Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur.

The Company’s management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

f) Fair Value of Financial Instruments

The Company adopted the guidance of Accounting Standards Codification (“ASC”) 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, accounts receivable, other current assets, other assets, accounts payable, accrued liabilities, and notes payable, approximate fair value due to the relatively short period to maturity for these instruments. The Company has a derivative liability which arose on variable priced conversion rights of certain convertible notes. These conversion rights are valued initially using a Black-Scholes valuation model using level 1 inputs, as disclosed above and in note 11 below. The initial fair value measurement is credited to equity. At each reporting, period the fair value of the conversion rights of the convertible securities is re-measured using level 1 inputs, as disclosed above and in note 11 below, and any subsequent movement in fair value is recorded in the statement of operations as either a charge or a credit. Other than the conversion rights of convertible notes, the Company did not identify any other assets or liabilities that are required to be presented on the balance sheets at fair value in accordance with the accounting guidance.

ASC 825-10 “Financial *Instruments* ” allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

g) Risks and Uncertainties

The Company's operations will be subject to significant risk and uncertainties including financial, operational, regulatory and other risks associated, including the potential risk of business failure. The recent global economic crisis has caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and extreme volatility in credit, equity and fixed income markets. These conditions not only limit the Company’s access to capital, but also make it difficult for its customers, vendors and the Company to accurately forecast and plan future business activities.

The Company’s operations are carried out in Mexico. Accordingly, the Company’s business, financial condition and results of operations may be influenced by the political, economic and legal environment in Mexico and by the general state of that economy. The Company’s results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, and rates and methods of taxation, among other things.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

h) Recent Accounting Pronouncements

In January 2016 , the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016 – 01 *"Recognition and Measurement of Financial Assets and Financial Liabilities "* intended to improve the recognition and measurement of financial instruments. The ASU affects public and private companies, not-for-profit organizations, and employee benefit plans that hold financial assets or owe financial liabilities. The new guidance makes targeted improvements to existing GAAP by: Requiring equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; Requiring public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; Requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; Eliminating the requirement to disclose the fair value of financial instruments measured at amortized cost for organizations that are not public business entities; Eliminating the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet, and; Requiring a reporting organization to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit") when the organization has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The ASU on recognition and measurement will take effect for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For private companies, not-for-profit organizations, and employee benefit plans, the standard becomes effective for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. The ASU permits early adoption of the own credit provision (referenced above). Additionally, it permits early adoption of the provision that exempts private companies and not-for-profit organizations from having to disclose fair value information about financial instruments measured at amortized cost. This updated guidance is not expected to have a material impact on our results of operations, cash flows or financial condition.

In February 2016 , the FASB (FASB) issued an Accounting Standards Update (ASU) No. 2016 – 02, *"Leases"* intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, office equipment and manufacturing equipment. The ASU will require organizations that lease assets—referred to as "lessees"—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The accounting by organizations that own the assets leased by the lessee—also known as lessor accounting—will remain largely unchanged from current GAAP. However, the ASU contains some targeted improvements that are intended to align, where necessary, lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. The ASU on leases will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other organizations, the ASU on leases will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. This updated guidance is not expected to have a material impact on our results of operations, cash flows or financial condition.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

In March 2016 , the FASB issued an Accounting Standards Update (ASU) No. 2016 – 09 *"Improvements to Employee Share-Based Payment Accounting"* which is intended to improve the accounting for employee share-based payments. The ASU affects all organizations that issue share-based payment awards to their employees. The ASU, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, simplifies several aspects of the accounting for share-based payment award transactions, including; the income tax consequences, classification of awards as either equity or liabilities, and the classification on the statement of cash flows. The ASU simplifies two areas specific to private companies, with regards to the expected term and intrinsic value measurements. The ASU simplifies the following areas to private and public companies; (a) tax benefits and tax deficiencies with regards to the differences between book and tax deductions, (b) changes in the excess tax benefits classification in the statement of cash flows, (c) make an entity wide accounting policy election for accrual of vested awards verses individual awards, (d) changes in the amount qualifying as an equity award classification subject to statutory tax withholdings, (e) clarification in the classification of shares withheld for statutory tax withholdings on the statement of cash flows. For public companies, the amendments in this ASU are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For private companies, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for any organization in any interim or annual period. This updated guidance is not expected to have a material impact on our results of operations, cash flows or financial condition.

In April 2016 , the FASB issued an Accounting Standards Update (ASU) No. 2016 – 10 *"Revenue from Contract with Customers (Topic 606): identifying Performance Obligations and Licensing "* . The amendments in this Update do not change the core principle of the guidance in Topic 606. Rather, the amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. Topic 606 includes implementation guidance on (a) contracts with customers to transfer goods and services in exchange for consideration and (b) determining whether an entity's promise to grant a license provides a customer with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time). The amendments in this Update are intended render more detailed implementation guidance with the expectation to reduce the degree of judgement necessary to comply with Topic 606. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. Management is currently evaluating the impact this updated guidance will have on our results of operations, cash flows or financial condition.

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU 2016-13 will replace the current incurred loss approach with an expected loss model for instruments measured at amortized cost and require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount under the current other-than-temporary impairment model. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. We are currently evaluating the effect ASU 2016-13 will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the effect ASU 2016-15 will have on our consolidated statements of cash flows.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

In October 2016, the FASB issued Accounting Standards Update No. ("ASU") 2016-16, "Intra-Entity Transfers of Assets Other Than Inventory." ASU 2016-16 requires immediate recognition of income tax consequences of intercompany asset transfers, other than inventory transfers. Existing GAAP prohibits recognition of income tax consequences of intercompany asset transfers whereby the seller defers any net tax effect and the buyer is prohibited from recognizing a deferred tax asset on the difference between the newly created tax basis of the asset in its tax jurisdiction and its financial statement carrying amount as reported in the consolidated financial statements. ASU 2016-16 specifically excludes from its scope intercompany inventory transfers whereby the recognition of tax consequences will take place when the inventory is sold to third parties. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. We are currently evaluating the effect ASU 2016-16 will have on our consolidated financial statements.

In October 2016, the FASB issued Accounting Standards Update No. ("ASU") 2016-17, Consolidation (Topic 810): Amendments to the Consolidation Analysis. Upon the effective date of Update 2015-02, a single decision maker of a variable interest entity (VIE) is required to consider indirect economic interests in the entity held through related parties on a proportionate basis when determining whether it is the primary beneficiary of that VIE unless the single decision maker and its related parties are under common control. If a single decision maker and its related parties are under common control, the single decision maker is required to consider indirect interests in the entity held through those related parties to be the equivalent of direct interests in their entirety. The Board is issuing this Update to amend the consolidation guidance on how a reporting entity that is the single decision maker of a VIE should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The primary beneficiary of a VIE is the reporting entity that has a controlling financial interest in a VIE and, therefore, consolidates the VIE. A reporting entity has an indirect interest in a VIE if it has a direct interest in a related party that, in turn, has a direct interest in the VIE. As part of a separate initiative, the Board will consider whether other changes to the consolidation guidance for common control arrangements are necessary. The amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company does not expect this guidance to have a material impact on its financial statements.

In November 2016, the FASB issued Accounting Standards Update No. ("ASU") 2016-18, Topic 230, Statement of Cash Flows. Entities classify transfers between cash and restricted cash as operating, investing, or financing activities, or as a combination of those activities, in the statement of cash flows.] The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. The amendments in this Update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The amendments in this Update should be applied using a retrospective transition method to each period presented. We are currently evaluating the effect ASU 2016-18 will have on our consolidated financial statements.

In December 2016, the FASB issued Accounting Standards Update No. ("ASU") 2016-19, Technical Corrections and Improvements. Several topics are amended:

1. The amendment to Subtopic 350-40, Intangibles—Goodwill and Other— Internal-Use Software, adds a reference to guidance to use when accounting for internal-use software licensed from third parties that is within the scope of Subtopic 350-40. The transition guidance for that amendment is the same as the transition guidance in Accounting Standards Update No. 2015-05, Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement, to which the amendment relates. The Company does not expect this guidance to have a material impact on its financial statements.

2. The amendment to Subtopic 360-20, Property, Plant, and Equipment— Real Estate Sales, corrects the guidance to include the final decision of the EITF that loans insured under the Federal Housing Administration and the Veterans Administration do not have to be fully insured by those government-insured programs to recognize profit using the full accrual method. The transition guidance for that amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The Company does not expect this guidance to have a material impact on its financial statements.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

3. The amendment to Topic 820, Fair Value Measurement, clarifies the difference between a valuation approach and a valuation technique when applying the guidance in that Topic. That amendment also requires an entity to disclose when there has been a change in either or both a valuation approach and/or a valuation technique. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The Company does not expect this guidance to have a material impact on its financial statements.

4. The amendment to Subtopic 405-40, Liabilities—Obligations Resulting from Joint and Several Liability Arrangements, which clarifies that for an amount of an obligation under an arrangement to be considered fixed at the reporting date, the amount that must be fixed is not the amount that is the entity's portion of the obligation but, rather, is the obligation in its entirety. The transition guidance for that amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The Company does not expect this guidance to have a material impact on its financial statements.

5. The amendment to Subtopic 860-20, Transfers and Servicing—Sales of Financial Assets, aligns implementation guidance in paragraph 860-20- 55-41 with its corresponding guidance in paragraph 860-20-25-11. That amendment clarifies the considerations that should be included in an analysis to determine whether a transferor once again has effective control over transferred financial assets. The transition guidance for that amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The Company does not expect this guidance to have a material impact on its financial statements.

6. The amendment to Subtopic 860-50, Transfers and Servicing—Servicing Assets and Liabilities, adds guidance that existed in AICPA Statement of 5 Position 01-6, Accounting by Certain Entities (Including Entities with Trade Receivables) That Lend to or Finance the Activities of Others, on the accounting for the sale of servicing rights when the transferor retains loans that was omitted from the Accounting Standards Codification. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The Company does not expect this guidance to have a material impact on its financial statements.

In November 2016, the FASB issued Accounting Standards Update No. ("ASU") 2016-20, an amendment to Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU addressed several areas related to contracts with customers. This topic is not yet effective and will become effective with Topic 606. We are currently evaluating the effect ASU 2016-20 will have on our consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. ("ASU") 2017-02, an amendment to Topic 805, Business Combinations. The amendments in this Update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this Update affect all reporting entities that must determine whether they have acquired or sold a business. The amendments in this Update provide a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this Update apply to annual periods beginning after December 15, 2017. The amendments in this Update should be applied prospectively on or after the effective date. No disclosures are required at transition. The Company does not expect this guidance to have a material impact on its financial statements.

In January 2017, the FASB issued Accounting Standards Update No. ("ASU") 2017-04, an amendment to Topic 350, Intangibles – Goodwill and Other, an entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Because these amendments eliminate Step 3 2 from the goodwill impairment test, they should reduce the cost and complexity of evaluating goodwill for impairment. An entity should apply the amendments in this Update on a prospective basis. The amendments in this Update are effective for Goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently evaluating the effect ASU 2017-04 will have on our consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, an amendment to Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets.

The amendments in this Update are required for public business entities and other entities and clarify the following:

1. that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset. The amendments define the term in substance nonfinancial asset, in part, as a financial asset promised to a counterparty in a contract if substantially all of the fair value of the assets (recognized and unrecognized) that are promised to the counterparty in the contract is concentrated in nonfinancial assets. If substantially all of the fair value of the assets that are promised to the counterparty in a contract is concentrated in nonfinancial assets, then all of the financial assets promised to the counterparty are in substance nonfinancial assets within the scope of Subtopic 610-20. Nonfinancial assets within the scope of Subtopic 610-20 may include nonfinancial assets transferred within a legal entity to a counterparty. A contract that includes the transfer of ownership interests in one or more consolidated subsidiaries is within the scope of Subtopic 610-20 if substantially all of the fair value of the assets that are promised to the counterparty in a contract is concentrated in nonfinancial assets. The amendments in this Update also define in substance nonfinancial asset as a financial asset that is held in an individual consolidated subsidiary within a contract if substantially all the fair value of the assets (recognized and unrecognized) that are promised to the counterparty in that subsidiary is concentrated in nonfinancial assets.

2. that an entity should identify each distinct nonfinancial asset or in substance nonfinancial asset promised to a counterparty and derecognize each asset

when a counterparty obtains control of it. The amendments also clarify that an entity should allocate consideration to each distinct asset by applying the guidance in Topic 606 on allocating the transaction price to performance obligations.

3. require an entity to derecognize a distinct nonfinancial asset or distinct in substance nonfinancial asset in a partial sale transaction when it (1) does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with Topic 810 and (2) transfers control of the asset in accordance with Topic 606. Once an entity transfers control of a distinct nonfinancial asset or distinct in substance nonfinancial asset, it is required to measure any noncontrolling interest it receives (or retains) at fair value.

The amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Public entities may apply the guidance earlier but only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. An entity may elect to apply the amendments in this Update either retrospectively to each period presented in the financial statements in accordance with the guidance on accounting changes in paragraphs 250- 10-45-5 through 45-10 or Retrospectively with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. We are currently evaluating the effect ASU 2017-05 will have on our consolidated financial statements.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

Any new accounting standards, not disclosed above, that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

i) Reporting by Segment

No segmental information is required as the Company currently only has one segment of business, providing physical and virtual payment services in the Mexican Market.

j) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. At December 31, 2016 and December 31, 2015, respectively, the Company had no cash equivalents.

The Company minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution in the United States. The balance at times may exceed federally insured limits. At December 31, 2016, the balance did not exceed the federally insured limit. At December 31, 2015, the Company had cash balances in the United States, which exceeded the federally insured limits by $531,238.

k) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported at realizable value, net of allowances for doubtful accounts, which is estimated and recorded in the period the related revenue is recorded. The Company has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for doubtful accounts. In addition, the Company regularly assesses the state of its billing operations in order to identify issues, which may impact the collectability of these receivables or reserve estimates. Revisions to the allowance for doubtful accounts estimates are recorded as an adjustment to bad debt expense. Receivables deemed uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. There were no recoveries during the period ended December 31, 2016 and 2015. The allowance for doubtful debts as of December 31, 2016 and 2015 was $0.

l) Cost Method Investments

Investee companies not accounted for under the consolidation or the equity method are accounted for under the cost method of accounting. Under this method, the Company's share of earnings or losses of such investee companies is not included in the consolidated balance sheet or statement of operations and comprehensive loss. However, impairment charges are recognized in the consolidated statement of operations and comprehensive loss. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded. There is no impairment of investment at December 31, 2016.

m) Inventory

The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out basis. The Company identifies and writes down its excess and obsolete inventories to net realizable value based on usage forecasts, order volume and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write-down discontinued product to the lower of cost or net realizable value.

n) Advances received from customers

Other than the sale of kiosks to customers, the provision of services through our kiosks is conducted on a cash basis. Customers are required to deposit cash with the Company to meet anticipated demand for services provided through kiosks either owned or operated by them. The services provided through the customer owned or operated kiosks are deducted from the deposits held on their behalf, the Company requires that these deposits be replenished as and when the services are provided.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

o) Plant and Equipment

Plant and equipment is stated at cost, less accumulated depreciation. Plant and equipment with costs greater than $1,000 are capitalized and depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Description	**Estimated Useful Life**
Kiosks	7 years
Computer equipment	3 years
Leasehold improvements	Lesser of estimated useful life or life of lease
Office equipment	10 years

The cost of repairs and maintenance is expensed as incurred. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition.

p) Intangibles

All of our intangible assets are subject to amortization. We evaluate the recoverability of intangible assets periodically by taking into account events or circumstances that may warrant revised estimates of useful lives or that indicate the asset may be impaired. Where intangibles are deemed to be impaired we recognize an impairment loss measured as the difference between the estimated fair value of the intangible and its book value.

i) License Agreements

License agreements acquired by the Company are reported at acquisition value less accumulated amortization and impairments.

ii) Amortization

Amortization is reported in the income statement on a straight-line basis over the estimated useful life of the intangible assets, unless the useful life is indefinite. Amortizable intangible assets are amortized from the date that they are available for use. The estimated useful life of the license agreement is five years which is the expected period for which we expect to derive a benefit from the underlying license agreements.

q) Long-Term Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

r) Revenue Recognition

The Company's revenue recognition policy is consistent with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 605, Revenue Recognition (ASC 605). In general, the Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized, or realizable and earned when, persuasive evidence of an arrangement exists, the products or services have been approved by the customer after delivery and/or installation acceptance or performance of services; the sales price is fixed or determinable within the contract; and collectability is reasonably assured.

The Company has the following sources of revenue which is recognized on the basis described below.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

r) Revenue Recognition (continued)

- ***Revenue from the sale of services .***

Prepaid services are acquired from providers and is sold to end-users through kiosks that the company owns or kiosks that are owned by third parties. We recognize the revenue on the sale of these services when the end-user deposits funds into the terminal and the prepaid service is delivered to the end-user. The revenue is recognized at the gross value, including margin, of the prepaid service to the Company, net of any value-added tax which is collected on behalf of the Mexican Revenue Authorities.

- ***Payment processing provided to end-users***

The Company provides a secure means for end-users to pay for certain services, such as utilities through our kiosks. The Company earns either a fixed per-transaction fee or a fixed percentage of the service sold. The Company acts as a collection agent and recognizes the payment processing fee, net of any value-added taxes collected on behalf of the Mexican Revenue Authorities, when the funds are deposited into the kiosk and the customer has settled his liability or has acquired a prepaid service.

- ***Revenue from the sale of kiosks.***

The Company imports, assembles and sell kiosks that are used to generate the revenues discussed above. Revenue is recognized on the full value of the kiosks sold, net of any valued added taxation collected on behalf of the Mexican Revenue Authorities, when the customer takes delivery of the kiosk and all the risks and rewards of ownership are passed to the customer.

The Company does not enter into any leasing of kiosks arrangements with customers and we do not generate any revenues from merchants who access our terminals as yet.

s) Share-Based Payment Arrangements

Generally, all forms of share-based payments, including stock option grants, restricted stock grants and stock appreciation rights are measured at their fair value on the awards' grant date, based on the estimated number of awards that are ultimately expected to vest. Share-based compensation awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The expense resulting from share-based payments is recorded in operating expenses in the consolidated statement of operations.

Prior to the Company's reverse merger which took place on May 12, 2016, all share-based payments were based on management's estimate of market value of the Company's equity. The factors considered in determining managements estimate of market value includes, assumptions of future revenues, expected cash flows, market acceptability of our technology and the current market conditions. These assumptions are complex and highly subjective, compounded by the business being in its early stage of development in a new market with limited data available.

Where equity transactions with arms-length third parties, who had applied their own assumptions and estimates in determining the market value of our equity, had taken place prior to and within a reasonable time frame of any share-based payments, the value of those share transactions have been used as the fair value for any share-based equity payments.

Where equity transactions with arms-length third parties, included both shares and warrants, the value of the warrants have been eliminated from the unit price of the securities using a Black-Scholes valuation model to determine the value of the warrants. The assumptions used in the Black Scholes valuation model includes market related interest rates for risk-free government issued treasury securities with similar maturities; the expected volatility of the Company's common stock based on companies operating in similar industries and markets; the estimated stock price of the Company; the expected dividend yield of the Company and; the expected life of the warrants being valued.

Subsequent to the Company's reverse merger which took place on May 12, 2016, the Company has utilized the market value of its common stock as quoted on the OTCBB, as an indicator of the fair value of its common stock in determining share- based payment arrangements.

2 ACCOUNTING POLICIES AND ESTIMATES (continued)

t) Derivative Liabilities

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re- measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

u) Income Taxes

The Company's primary operations are based in Mexico and currently enacted tax laws in Mexico are used in the calculation of income taxes, the holding company is based in the US and currently enacted US tax laws are used in the calculation of income taxes.

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A full valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized. It is the Company's policy to classify interest and penalties on income taxes as interest expense or penalties expense. As of December 31, 2016 and 2015, there have been no interest or penalties incurred on income taxes.

v) Comprehensive income

Comprehensive income is defined as the change in equity of a company during a period from transactions and other events and circumstances excluding transactions resulting from investments from owners and distributions to owners. For the Company, comprehensive income for the periods presented includes translation adjustment and net loss.

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Organization – Reverse Merger

The reverse merger recapitalization upon the acquisition of Qpagos S.A.P.I de C.V. and Redpag S.A.P.I de C.V. were originally pushed back to the earliest period presented, this has been restated to the reflect the position at the date of the reverse merger recapitalization, August 31, 2015. The statement of operations and comprehensive loss, the Statement of Cash Flows and the balance sheet has been restated to eliminate the effects of pushing back the reverse merger transactions to the opening balance of the earliest period presented.

Fixed Assets

The Company reclassified certain kiosk assets used in the production of income, previously recorded in inventory as fixed assets and applied an appropriate depreciation policy to these kiosks.

The restated Consolidated Balance Sheet as of December 31, 2015, the related Consolidated Statements of Operations and Comprehensive loss and the Statement of Cash Flows for the year ended December 31, 2015, is presented below:

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

QPAGOS CORPORATION
CONSOLIDATED BALANCE SHEET
December 31, 2015

	As Previously Reported	Adjustments	Notes	As Restated
Assets				
Current Assets				
Cash	$ 832,159			$ 832,159
Accounts receivable	242,075			242,075
Inventory	668,567	(279,746)	**(A)**	388,821
Recoverable IVA taxes and credits	417,897			417,897
Prepayments	52,014			52,014
Total Current Assets	2,212,712	(279,746)		1,932,966
Non-Current Assets				
Plant and equipment, net	70,537	229,851	**(A)**	300,388
Intangibles, net	211,417			211,417
Other assets	11,712			11,712
Total Non-Current Assets	293,666	229,851		523,517
Total Assets	$ 2,506,378	$ (49,895)		$ 2,456,483
Liabilities and Stockholders' Equity (Deficit)				
Current Liabilities				
Accounts payable	$ 38,372			$ 38,372
Notes payable	103,320			103,320
IVA and other taxes payable	192,044			192,044
Advances from customers	1,986			1,986
Total Current Liabilities	335,722	-		335,722
Total Liabilities	335,722	-		335,722
Stockholders' Equity (Deficit)				
Common stock, $0.001 par value; 50,000,000 shares authorized, 22,392,000 and 4,619,314 shares issued and outstanding as of December 31, 2015 and 2014, respectively.	4,478			4,478
Additional paid-in-capital	5,735,861			5,735,861
Accumulated deficit	(3,989,689)	(36,459)		(4,026,148)
Accumulated other comprehensive income	420,006	(13,436)		406,570
Total stockholder's equity (deficit) - controlling interest	2,170,656	(49,895)		2,120,761
Non-controlling interest	-	-		-
Total Stockholders' Equity (Deficit)	2,170,656	(49,895)		2,120,761
Total Liabilities and Stockholders' Equity (Deficit)	$ 2,506,378	$ (49,895)		$ 2,456,483

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

QPAGOS
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
Year Ended December 31, 2015

	As Previously Reported	Adjustments	Notes	As Restated
Revenues				
Airtime	$ 739,894			$ 739,894
Kiosk sales	321,239			321,239
Commissions on services	66,674			66,674
Other	137			137
	1,127,944	-		1,127,944
Cost of Goods Sold				
Airtime	710,155			710,155
Kiosk sales	369,909			369,909
Depreciation - kiosks	-	35,496	**(A)**	35,496
Other	40,172			40,172
	1,120,236	35,496		1,155,732
Gross (Loss) Profit	7,708	(35,496)		(27,788)
General and administrative	2,000,714	779,862	**(B)**	2,780,576
Depreciation and amortization	37,810	(5,459)	**(A)**	32,351
Total Expense	2,038,524	774,403		2,812,927
Loss from Operations	(2,030,816)	(809,899)		(2,840,715)
Other (expense) income	203			203
Interest expense, net	(2,241)			(2,241)
Foreign currency loss	(466,920)	-		(466,920)
Loss before Provision for Income Taxes	(2,499,774)	(809,899)		(3,309,673)
Provision for Income Taxes	-	-		-
Net Loss	(2,499,774)	(809,899)		(3,309,673)
Net loss attributable to non-controlling interest	-	-		-
Net Loss Attributable to Controlling Interest	$ (2,499,774)	$ (809,899)		$ (3,309,673)
Net Loss Per Share - Basic and Diluted	$ (0.10)			$ (0.13)
Weighted Average Number of Shares Outstanding - Basic and Diluted	25,698,747			25,698,747
Other Comprehensive Income				
Foreign currency translation adjustment	267,257	(13,436)		253,821
Total Comprehensive Loss	(2,232,517)	(823,335)		(3,055,852)
Comprehensive loss attributable to non-controlling interest	-	-		-
Comprehensive Loss Attributable to Controlling Interest	$ (2,232,517)	$ (823,335)		$ (3,055,852)

3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued)

QPAGOS
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2015

	As Previously Reported	Adjustments	Notes	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss attributable to the company	$ (2,499,774)	$ (809,899)		$ (3,309,673)
Less: loss attributable to non-controlling interest	-			-
Net loss	(2,499,774)	(809,899)		(3,309,673)
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation expense	34,227	30,037	**(A)**	64,264
Amortization expense	3,583			3,583
Equity based compensation charge	166,715	121,285	**(B)**	288,000
Shares issued for services	-	658,577	**(B)**	658,577
Other foreign currency movements	-	13,436	**(A)**	13,436
Changes in Assets and Liabilities				
Accounts receivable	(226,161)			(226,161)
Inventory	(21,581)			(21,581)
Recoverable IVA taxes and credits	(246,697)			(246,697)
Prepayments	(2,014)			(2,014)
Other assets	(5,520)			(5,520)
Accounts payable and accrued expenses	(64,129)			(64,129)
IVA and other taxes payable	183,689			183,689
Advances from customers	(1,106)			(1,106)
Interest accruals	3,320			3,320
CASH USED IN OPERATING ACTIVITIES	(2,675,448)	13,436		(2,662,012)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(4,779)			(4,779)
Intangible assets	(215,000)			(215,000)
NET CASH USED IN INVESTING ACTIVITIES	(219,779)	-		(219,779)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds on common stock issued	2,990,000			2,990,000
Share issue expenses	(388,700)			(388,700)
Proceeds from loans payable	685,001			685,001
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,286,301	-		3,286,301
Effect of exchange rate changes on cash and cash equivalents	267,257	(13,436)		253,821
NET INCREASE IN CASH	658,331	-		658,331
CASH AT BEGINNING OF PERIOD	173,828			173,828
CASH AT END OF PERIOD	$ 832,159	$ -		$ 832,159
CASH PAID FOR INTEREST AND TAXES:				
Cash paid for income taxes	$ -	$ -		$ -
Cash paid for interest	$ -	$ -		$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES				
Conversion of debt to equity	$ 2,909,423	$ -		$ 2,909,423

NOTES

A. To correct an error in classifying kiosks acquired in 2015 as inventory and available for sale, to property and equipment, along with the recording of related accumulated depreciation and depreciation expense.

B. To correct an error in the period in which the payment of equity based compensation to Officers of the Company and certain consultants was recorded. The Company initially charged the fair value equity compensation of the Company's common shares issued to Officers and consultants as a reduction in the accumulated deficit as of January 1, 2014. The common shares were issued pursuant to agreements executed in 2015. The correction reclassifies the equity based compensation expense to the year ended December 31, 2015.

4 GOING CONCERN

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred a loss since inception resulting in an accumulated deficit of $8,757,197 as of December 31, 2016 and has not generated sufficient revenue to cover its operating expenditure, raising substantial doubt about the Company's ability to continue as a going concern. In addition to operational expenses, as the Company executes its business plan, additional capital resources will be required. The Company will need to raise capital in the near term in order to continue operating and executing its business plan. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company's plan is to expand its market penetration by deploying more kiosks through various channels, thereby increasing revenues, in addition, the Company intends to raise additional equity or loan funds to meet its short term working capital needs. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

5 ACQUISITION

On August 27, 2015, Qpagos Corporation entered into a series of agreements which completed the Reverse Merger with Qpagos and Redpag. As part of the merger, 1,500 Series A shares and 1,548,480 Series B shares outstanding of Qpagos and 1,500 Series A Shares and 2,238,245 Series B shares of Redpag was acquired by QPAGOS. The original shareholders of Qpagos and Redpag were effectively issued 4,619,314 common shares of QPAGOS resulting in control of QPAGOS, effectuating the reverse merger transaction.

The acquisition of Qpagos and Redpag by QPAGOS Corporation has been accounted for as a reverse acquisition for financial accounting purposes. The Reverse Merger is deemed a capital transaction and the net assets of Qpagos and Redpag (the accounting acquirers) are carried forward to QPAGOS Corporation (the legal acquirer) at their carrying value before the combination. The acquisition process utilizes the capital structure of QPAGOS Corporation and the assets and liabilities of Qpagos and Redpag are recorded at historical cost. The financials statements of Qpagos, Redpag and QPAGOS Corporation are being combined for the period from January 1, 2014 through December 31, 2015. In these financial statements, Qpagos and Redpag are the operating entities for financial reporting purposes and the financial statements for all periods presented represent the consolidated financial position and results of operations of Qpagos and Redpag. The equity of Qpagos and Redpag is the historical equity of QPAGOS Corporation.

On May 12, 2016, Asiya Pearls, Inc., a Nevada corporation (the "Asiya"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Qpagos Corporation, a Delaware corporation ("Qpagos Corporation"), and Qpagos Merge, Inc., a Delaware corporation and wholly owned subsidiary of the Asiya ("Merger Sub"). Pursuant to the Merger Agreement, on May 12, 2016 the merger was consummated and Qpagos Corporation and Merger Sub merged (the "Merger"), with Qpagos Corporation continuing as the surviving corporation of the Merger.

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of Qpagos Corporation's capital stock issued and outstanding immediately prior to the Merger was converted into the right to receive two shares of Asiya's common stock, par value $0.0001 per share (the "Common Stock"). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, Asiya assumed all of Qpagos Corporation's warrants issued and outstanding immediately prior to the Merger, which are now exercisable for approximately 6,219,200 shares of Common Stock, respectively, as of the date of the Merger. Prior to and as a condition to the closing of the Merger, the then-current Asiya stockholder of 5,000,000 shares of Common Stock agreed to return to Asiya 4,975,000 shares of Common Stock held by such holder to Asiya and the then-current Asiya stockholder retained an aggregate of 25,000 shares of Common Stock and the other stockholders of Asiya retained 5,000,000 shares of Common Stock. Therefore, immediately following the Merger, Qpagos Corporation's former stockholders held 49,929,000 shares of Asiya common stock which represented approximately 91% of the Company Common Stock outstanding.

5 ACQUISITION (continued)

The Merger is being treated as a reverse acquisition of Asiya, a public shell company, for financial accounting and reporting purposes. As such, Qpagos Corporation is treated as the acquirer for accounting and financial reporting purposes while Asiya is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the historical financial statements that will be reflected in the Company's future financial statements filed with the United States Securities and Exchange Commission ("SEC") will be those of Qpagos Corporation, and the Company's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of Qpagos Corporation.

6 INVENTORY

Inventory consisted of the following as of December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Kiosks	$ 350,273	$ 388,821
	$ 350,273	$ 388,821

7 PLANT AND EQUIPMENT

Plant and Equipment consisted of the following as of December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Kiosks	$ 269,810	$ 279,746
Computer equipment	69,577	82,284
Office equipment	9,430	11,217
Leasehold improvement	8,191	9,740
Total cost	357,009	382,987
Less: accumulated depreciation and amortization	(125,681)	(82,599)
Property and equipment, net	$ 231,328	$ 300,388

Depreciation and amortization expense totaled $62,319 and $64,264 for the years ended December 31, 2016 and 2015, respectively.

8 INTANGIBLES

License

Localization and implementation of the different software and technology modules is supported through a Localization Agreement. Under this agreement, at a cost of $215,000, the Licensor allocated engineering and programming resources to the Company. The cost is being amortized over 5 years.

On May 1, 2015, the Company entered into a ten-year license with the Licensor for the non-exclusive right to license technology to provide payment services. Subsequently, on November 1, 2015, the Company and the Licensor concluded an additional amendment to the License Agreement by which the Licensor agreed to the exclusivity to the Mexican market subject to the payment of $20,000 per year payable in quarterly installments, the first two such installments payable December 1, 2015. The agreement may be terminated early by the Licensor if the Company fails to comply with its terms and conditions

The license with the Licensor is a license for the rights to use three software programs (the "Programs"): RG Switch Payment (designed to transfer payments to providers of services), RG Processing (designed processing and counting of payments) and RG Kiosk (designed for performance of payments through payment collection equipment functioning in the self-service kiosks) to be used in Mexico.

8 INTANGIBLES (continued)

License (continued)

Under this agreement, the Licensor is obligated to provide Qpagos Corporation with rights to use software updates developed by the Licensor. The ten-year term commences on the date of full payment of the localization contract. The Licensor retains exclusive rights to any intellectual property, including any addition, alteration, program updating, derivative or composed creation, obtained in the process of usage of the programs. The payment for the rights granted under the license is a total of $1,000, payable in annual payments of $100 per year over ten years and is in addition to the payments that we make under the Localization Agreement. The agreement provides, among other things, that we will pay the fee, ensure confidentiality of commercial and technical information received when performing the agreement and inform the Licensor of any changes in its structure. The Licensor has a right to terminate the agreement if we breach the terms of the agreement or do not properly perform or if we do not cure any breach or nonperformance within 30 days of receipt of notice of termination. If the Licensor suffers any damages, they are entitled to request compensation from the Company. The rights to use the Programs terminate upon termination of the Agreement.

Intangibles consisted of the following as of December 31, 2016 and 2015, respectively:

	December 31, 2016	December 31, 2015
Software license	$ 215,000	$ 215,000
Total cost	215,000	215,000
Less: accumulated amortization	(46,583)	(3,583)
Intangibles, net	$ 168,417	$ 211,417

Amortization expense was $43,000 and $3,583 for the year ended December 31, 2016 and 2015, respectively.

9 NOTES PAYABLE

Notes payable consisted of the following:

Description	Interest Rate	Maturity	December 31, 2016	December 31, 2015
YP Holdings LLC	12%	December 31, 2015	$ 151,353	$ 103,320
Strategic IR	10%	January 1, 2017 to March 19, 2017	146,575	-
Gibbs International Holdings	10%	February 19, 2017	50,986	-
Cobbolo Limited	10%	February 17, 2007 March 25, 2017	101,466	-
Joseph W and Patricia G Abrams	10%	February 13, 2017	25,534	-
Delinvest Commercial LTD	10%	March 1, 2017	50,836	
Gaston Pereira	6%	March 15, 2017	-	-
Total notes payable			$ 526,750	$ 103,320

YP Holdings LLC

On September 21, 2015, Qpagos Corporation borrowed $100,000 from YP Holdings LLC (“YP”), pursuant to an unsecured loan agreement. The unpaid balance and any accrued interest was due on December 31, 2015. The loan bears interest at a rate of 12%. The debt remains outstanding as of the date of this report and is expected to be settled within 12 months. We are currently negotiating with YP to extend the term of the loan, however in terms of loan agreement we have accrued default interest at the rate of 0.1% per day as the loan and interest payment deadlines were not met, this default interest amounted to $36,000 for the year ended December 31, 2016 and is included in the loan balance.

Strategic IR

Between September 29, 2016 and December 27, 2016, the Company executed a unsecured promissory notes totaling $145,000 with an investor, bearing interest at 10% per annum maturing between January 1, 2017 and April 26, 2017.

Gibbs International Holdings

Effective October 20, 2016, the Company executed an unsecured promissory note for $50,000 with an investor, bearing interest at 10% per annum payable on February 19, 2017.

Cobbolo Limited

Between October 21, 2016 and November 25, 2016, the Company executed unsecured promissory notes totaling $100,000 with an investor, bearing interest at 10% per annum maturing between February 17, 2017 and March 25, 2017.

Joseph W and Patricia G Abrams

Effective October 14, 2016, the Company executed an unsecured promissory note for $25,000 with an investor, bearing interest at 10% per annum payable on February 13, 2017.

Delinvest Commercial LTD

Effective October 31, 2016, the Company executed an unsecured promissory note for $50,000 with an investor, bearing interest at 10% per annum payable on March 1, 2017.

Gaston Pereira

On September 15, 2016, the Company executed a revolving line of credit note for $100,000 with our CEO pursuant to the terms of a Revolving Line of Credit Agreement. The note bears interest at 6% and is due and payable 6 months from the effective date. Provided the borrower is not in default, the borrower may extend and renew the note for an additional 6 month term. As of December 12, 2016, the outstanding balance under the revolving line of credit was $0.

10 CONVERTIBLE NOTE PAYABLE

On December 28, 2016, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $77,000. The Note has a maturity date of September 30, 2017 and a coupon of eight percent per annum. The Company has the right to prepay the Note, provided it makes a payment to the Purchaser as set forth in the Note within 180 days of its Issue Date. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Note holder during the period beginning on the date that is 180 days following the Issue Date into shares of the Company's common stock, at a conversion price equal to 58% of the average of the lowest three closing bid prices of the Company's common stock for the ten trading days prior to conversion.

11 DERIVATIVE LIABILITY

The short-term convertible note disclosed in note 10 above, has variable priced conversion rights with no fixed floor price and will re-price dependent on the share price performance over varying periods of time. This gives rise to a derivative financial liability, which was initially valued at $77,000 at inception of the convertible note using a Black-Scholes valuation model. The value of this derivative financial liability was re-assessed at December 31, 2016 and an additional charge of $36,074 was charged to the statement of operations and comprehensive loss. The value of the derivative liability will be re-assessed at each financial reporting period, with any movement thereon recorded in the statement of operations in the period in which it is incurred.

The following assumptions were used in the Black-Scholes valuation model:

	Year ended December 31, 2016
Conversion price	$ 0.22 to 0.23
Risk free interest rate	0.85%
Expected life of derivative liability	9 months
expected volatility of underlying stock	133.0%
Expected dividend rate	0%

The movement in derivative liability is as follows:

	December 31, 2016	December 31, 2015
Opening balance	$ -	$ -
Derivative financial liability arising from convertible note	77,000	-
Fair value adjustment to derivative liability	36,074	-
	$ 113,074	$ -

12 STOCKHOLDERS' EQUITY

a. Common Stock

After giving effect to the reverse merger consummated on May 12, 2016 and the issuances set forth below, the Company has authorized 100,000,000 common shares with a par value of $0.0001 each, and issued and has outstanding 55,454.000 shares of common stock as of December 31, 2016.

The following common shares were issued by the Company during the years ended December 31, 2015 and 2016:

1. In terms of the reverse merger agreements entered into with Qpagos and Redpag on August 27, 2015, certain shareholders, members of management and consultants who had performed services for Qpagos and Redpag since inception of these entities, in terms of agreements entered into prior to the reverse merger, were entitled to 9,238,628 (4,619,314 pre-QPAGOS Merger) shares in Qpagos and Redpag or its successor companies. These entitlements to shares, described below were considered in determining whether the requirements for a reverse merger had been met.

   i. an aggregate of 4,918,628 (2,459,314 pre-QPAGOS Merger) Common shares were issued to three consultants and advisors, Panatrade, Delinvest Commercial and Sergey Rumyantsev for services prior to and since inception of Qpagos and Redpag, for a total consideration of $491,862 at a at an issue price of $0.10 ($0.20 pre-QPAGOS Merger) per share, the determined value of our common stock when the shares were issued.

   ii. an aggregate of 4,320,000 (2,160,000 pre-QPAGOS Merger) shares of restricted common stock were issued to our Chief Executive Officer and Chief Operating Officer in terms of an employment agreements entered into with them for services rendered prior to and since inception of Qpagos and Redpag. These shares are restricted and vest on April 30, 2016 These restricted shares were valued at a total of $432,000 at an issue price of $0.10 ($0.20 pre-QPAGOS Merger) per share, the determined value of our common stock when these shares were issued.

12 STOCKHOLDERS' EQUITY (continued)

a. Common Stock (continued)

2. The following shares were issued by QPAGOS which were not considered as part of the reverse merger transaction.

i. In terms of a private placement agreement entered into on May 18, 2015 between the Company and a placement agent ("the Placement Agent"), the Placement Agent agreed to assist the Company in raising financing. The financing is in the form of equity. The Placement Agent received a fee of 10% of the gross proceeds raised together with a 3% expense recovery fee. In addition, to this the Placement Agent was issued warrants equal to 15% of the total number of shares issued to the investors, on the same terms and conditions of those units issued to investors.

During the period June 2015 to December 2015, pursuant to the private placement agreement and individual Securities Purchase Agreements entered into, new, qualified investors, acquired 4,784,000 (2,392,000 pre-QPAGOS Merger) common units of the Company at a price of $0.625 ($1.25 pre-QPAGOS Merger) per unit, each unit consisting of one share of Common Stock and a five year warrant exercisable for one share of common stock at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger) per share, for net proceeds of $2,601,300 after deducting placement agent fees and other share issue expenses of $388,700. The placement agent was also issued five year warrants to purchase 717,600 (358,800 pre-QPAGOS Merger) units, each unit consisting of a warrant to purchase one share of common stock at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger) per share and an additional five year warrant to purchase one share of common stock at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger) per share, totaling an additional 1,435,200 (717,600 pre-QPAGOS Merger) shares of common stock if all placement agent warrants are exercised.

ii. an aggregate of 1,667,150 (833,575 pre-QPAGOS Merger) Common shares were issued to consultants and advisors for services at an issue price of $0.10 ($0.20 pre-QPAGOS Merger) per share, the determined value of our common stock when the shares were issued.

iii. an aggregate of 29,094,222 (14,547,111 pre-QPAGOS Merger) Common shares issued to debt holders in a debt for equity swap at an issue price of $0.10 ($0.20 pre-QPAGOS Merger) per share to settle $2,909,423 in notes payable, including interest thereon. Of the notes payable converted to equity, $2,324,422 was included in Notes Payable on the balance sheet at December 31, 2014.

iv. On February 16, 2016, the Company entered into consulting agreements with Gibbs Investment Holdings, Gibbs International, Eurosa, Inc. and Robert Skaff, in terms of which the parties have provided consulting services to the Company and continue to provide such services and were issued a total of 2,572,500 common shares of Qpagos Corporation, which were subsequently converted to 5,145,000 shares of the Company at a value of $2,032,275.

v. During the period, May 16, 2016 to October 17, 2016, in terms of subscription agreements entered into, the Company issued 500,000 shares to a shareholder for gross proceeds of $375,000.

3. Restricted Stock awards

Included in 1 above, are restricted stock awards as follows:

(a) An aggregate of 2,880,000 (1,440,000 pre-QPAGOS Merger)) shares of restricted common stock were issued to our Chief Executive Officer in terms of an employment agreement entered into with him. These shares are restricted and were fully vested on April 30, 2016 These restricted shares were valued at $288,000 or $0.10 per share, the value per share determined by the board of directors based on value of shares issued to other investors, prior to this issue.

(b) An aggregate of 1,440,000 (720,000 pre-QPAGOS Merger) shares of restricted common stock were issued to our Chief Operating Officer in terms of an employment agreement entered into with him. These shares are restricted and were fully vested on April 30, 2016 These restricted shares were valued at $144,000 or $0.10 per share, the value per share determined by the board of directors based on value of shares issued to other investors, prior to this issue.

12 STOCKHOLDERS' EQUITY (continued)

a. Common Stock (continued)

The restricted stock granted and exercisable at December 31, 2016 is as follows:

	Restricted Stock Granted		Restricted Stock Vested	
Grant date Price	Number Granted	Weighted Average Fair Value per Share	Number Vested	Weighted Average Fair Value per Share
$ 0.10	2,880,000	$ 0.10	2,880,000	$ 0.10
$ 0.10	1,440,000	$ 0.10	1,440,000	$ 0.10
	4,320,000	$ 0.10	4,320,000	$ 0.10

The Company has recorded an expense of $144,000 and $288,000 for the year ended December 31, 2016 and 2015, relating to the restricted stock awards.

b) Preferred Stock

After giving effect to the reverse merger consummated on May 12, 2016, the Company has authorized 25,000,000 preferred shares with a par value of $0.0001 each, no preferred stock is issued and outstanding as of December 31, 2016.

(c) Warrants

During the period June 2015 to December 2015, pursuant to the private placement agreement and individual Securities Purchase Agreements entered into, new, qualified investors, acquired 4,784,000 (2,392,000 pre-QPAGOS Merger) common units of the Company at a price of $0.625 ($1.25 pre-QPAGOS Merger) per unit, each unit consisting of one share of Common Stock and a five year warrant exercisable for one share of common stock at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger) per share.

The placement agent was also issued, in terms of a placement agent agreement, five year warrants to purchase 717,600 (358,800 pre-QPAGOS Merger) units at $0.625 ($1.25 pre-QPAGOS Merger)) per unit, each consisting of one share of Common stock and an additional five year warrant exercisable for one shares of Common Stock at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger)) per share, giving a total of 1,435,200 (717,600 pre-QPAGOS Merger) warrants to purchase common shares at an exercise price of $0.625 ($1.25 pre-QPAGOS Merger)) per share if all placement agent warrants are exercised.

The fair value of Warrants issued were valued at $0.464 per share using the Black-Scholes pricing model and the following weighted average assumptions were used:

	Year ended December 31, 2015
Calculated stock price	$ 0.875
Risk-free interest rate	1.38% to 1.74%
Expected life of warrants (in years)	5
Expected volatility of the underlying stock	159.5%
Expected dividend rate	0%

The volatility of the common stock is estimated using historical data of companies in the same industry as the Company. The risk-free interest rate used in the Black-Scholes pricing model is determined by reference to historical U.S. Treasury constant maturity rates with maturities approximate to the life of the warrants granted. An expected dividend yield of zero is used in the valuation model, because the Company does not expect to pay any cash dividends in the foreseeable future. As of December 31, 2015, the Company does not anticipate any of the warrants will be forfeited in performing the valuation of the warrants.

12 STOCKHOLDERS' EQUITY (continued)

(c). Warrants (continued)

A summary of warrant activity during the period January 1, 2015 to December 31, 2016 is as follows:

	Shares Underlying Warrants	Exercise price per share	Weighted average exercise price
Outstanding January 1, 2015	-	$ -	$ -
Granted	6,219,200	0.625	0.625
Forfeited/Cancelled	-	-	-
Exercised	-	-	-
Outstanding December 31, 2015	6,219,200	$ 0.625	$ 0.625
Granted	-	-	-
Forfeited/Cancelled	-	-	-
Exercised	-	-	-
Outstanding December 31, 2016	6,219,200	$ 0.625	$ 0.625

The warrants outstanding and exercisable at December 31, 2016 are as follows:

	Warrants Outstanding			Warrants Exercisable		
Exercise Price	**Number Outstanding**	**Weighted Average Remaining Contractual life in years**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual life in years**
$ 0.625	6,219,200	3.75	$ 0.625	6,219,200	$ 0.625	3.75
	6,219,200		$	6,219,200	$	

The warrants outstanding have an intrinsic value of $0 and $0 as of December 31, 2016 and 2015, respectively.

12 STOCKHOLDERS' EQUITY (continued)

(d) Reverse merger transactions (continued)

Reverse Merger with QPAGOS

On May 12, 2016, Asiya Pearls, Inc., a Nevada corporation (the "Asiya"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Qpagos Corporation, a Delaware corporation ("Qpagos Corporation"), and Qpagos Merge, Inc., a Delaware corporation and wholly owned subsidiary of the Asiya ("Merger Sub"). Pursuant to the Merger Agreement, on May 12, 2016 the merger was consummated and Qpagos Corporation and Merger Sub merged (the "Merger"), with Qpagos Corporation continuing as the surviving corporation of the Merger.

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of Qpagos Corporation's capital stock issued and outstanding immediately prior to the Merger was converted into the right to receive two shares of Asiya's common stock, par value $0.0001 per share (the "Common Stock"). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, Asiya assumed all of Qpagos Corporation's warrants issued and outstanding immediately prior to the Merger, which are now exercisable for approximately 6,219,200 shares of Common Stock, respectively, as of the date of the Merger. Prior to and as a condition to the closing of the Merger, the then-current Asiya stockholder of 5,000,000 shares of Common Stock agreed to return to Asiya 4,975,000 shares of Common Stock held by such holder to Asiya and the then-current Asiya stockholder retained an aggregate of 25,000 shares of Common Stock and the other stockholders of Asiya retained 5,000,000 shares of Common Stock. Therefore, immediately following the Merger, Qpagos Corporation's former stockholders held 49,929,000 shares of Asiya common stock which represented approximately 91% of the Company Common Stock outstanding.

The Merger is being treated as a reverse acquisition of Asiya, a public shell company, for financial accounting and reporting purposes. As such, Qpagos Corporation is treated as the acquirer for accounting and financial reporting purposes while Asiya is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the historical financial statements that will be reflected in the Company's future financial statements filed with the United States Securities and Exchange Commission ("SEC") will be those of Qpagos Corporation, and the Company's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of Qpagos Corporation.

13 NET REVENUE

Revenue is derived from the following sources:

	Year ended December 31, 2016	Year ended December 31, 2015
Sales of services	$ 2,610,820	$ 739,894
Payment processing fees	34,916	66,674
Kiosk sales	44,606	321,239
Other	1,554	137
	$ 2,691,896	$ 1,127,944

14 INCOME TAXES

The provision for income taxes consists of the following:

	Year ended December 31, 2016	Year ended December 31, 2015
Current		
Federal	$ -	$ -
State	-	-
Foreign	-	-
	$ -	$ -
Deferred		
Federal	$ -	$ -
State	-	-
Foreign	-	-
	$ -	$ -

A reconciliation of the U.S. Federal statutory income tax to the effective income tax is as follows:

	Year ended December 31, 2016	Year ended December 31, 2015
Tax expense at the federal statutory rate	$ (1,656,874)	$ (1,079,097)
State tax expense, net of federal tax effect	-	-
Effect of foreign operations	65,642	87,799
Permanent timing differences	72,738	62,082
Deferred income tax asset valuation allowance	1,518,492	929,215
	-	$ -

Significant components of the Company's deferred income tax assets are as follows:

	December 31, 2016	December 31, 2015
Depreciation and amortization	$ (74,655)	$ (67,777)
Other	88,936	(25,916)
Net operating losses	1,504,212	1,022,907
Valuation allowance	(1,518,492)	(929,215)
Net deferred income tax assets	$ -	$ -

The valuation allowance for deferred income tax assets as of December 31, 2016 and December 31, 2015 was $1,518,492 and $929,215, respectively. The net change in the deferred income tax assets valuation allowance was an increase of $589,277 for 2016 and a decrease of 512,130 for 2015, respectively.

As of December 31, 2016, the prior three years remain open for examination by the federal or state regulatory agencies for purposes of an audit for tax purposes.

The Company's net operating loss carry-forwards of its foreign subsidiaries of $7,356,183 begin to expire in 2023 through 2026. Net operating loss carry-forwards of the US companies of $4,589,894 begin to expire in 2043 through 2046. In assessing the realizability of deferred income tax assets, management considers whether or not it is more likely than not that some portion or all deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

14 INCOME TAXES (continued)

The Company's ability to utilize the operating loss carry-forwards may be subject to an annual limitation in future periods pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, if future changes in ownership occur.

15 EQUITY BASED COMPENSATION

Equity based compensation is made up of the following:

	Year ended December 31, 2016	Year ended December 31, 2015
Stock based compensation	144,000	288,000
Stock issued for services rendered	2,032,275	658,577
	$ 2,176,275	$ 946,577

16 NET LOSS PER SHARE

Basic loss per share is based on the weighted-average number of common shares outstanding during each period. Diluted loss per share is based on basic shares as determined above plus common stock equivalents. The computation of diluted net loss per share does not assume the issuance of common shares that have an anti-dilutive effect on net loss per share. For the year ended December 31, 2016 and 2015, all unvested restricted stock awards and warrants, were excluded from the computation of diluted net loss per share. Dilutive shares which could exist pursuant to the exercise of outstanding stock instruments and which were not included in the calculation because their affect would have been anti-dilutive are as follows:

	Year ended December 31, 2016 (Shares)	Year ended December 31, 2015 (Shares)
Restricted stock awards – unvested	-	4,320,000
Warrants to purchase shares of common stock	6,219,200	6,219,200
	6,219,200	10,539,200

17 COMMITMENTS AND CONTINGENCIES

The Company operates from an office facility in Mexico. The office is leased under a three (3) year non-cancellable operating lease, which ends on December 16, 2019. The lease calls for monthly rental payment, including maintenance, of $2,846, as adjusted for exchange rate changes. The Company also leases space on a month-to-month basis for its data servers at a monthly rate of $1,680. In addition, Qpagos leases warehouse space on a month-to-month basis for $1,081 per month.

The future minimum lease installments under the office facility lease agreement as of December 31, 2016 are $34,152 for each year 2017, 2018 and 2019, subject to exchange rate changes.

18 SUBSEQUENT EVENTS

On January 27, 2017, the Company, entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $105,000. The Note has a maturity date of July 27, 2017 and a coupon of eight percent (8%) per annum. The Company has the right to prepay the Note, provided it makes a payment to the Purchaser as set forth in the Note within 180 days of its Issue Date. In connection with the issuance of the Note, the Company issued, as a commitment fee, 150,000 shares of its common stock (the “Returnable Shares”). The Returnable Shares will be returned to the Company’s treasury if no Event of Defaults (as defined in the Note) has occurred on or prior to the date that the Note is fully repaid and satisfied. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Purchaser during the period beginning on the date that is 180 days following the Issue Date into shares of the Company’s common stock, par value $0.0001 per share (the “Common Stock”) at a conversion price equal to 60% of the average of the lowest three closing bid prices of the Company’s common stock for the ten trading days prior to conversion.

On February 6, 2017, the Company entered into a Convertible Promissory Note in the aggregate principal amount of $200,000. The Note has a maturity date of November 6, 2017 and a coupon of eight percent (8%) per annum. The Company has the right to prepay the Note, provided it makes a pre-payment penalty as specified in the Note. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Purchaser during the period beginning on the date that is 180 days following the Issue Date into shares of the Company’s common stock, par value $0.0001 per share (the “Common Stock”) at a conversion price equal to 60% of the average of the lowest three closing bid prices of the Company’s common stock for the ten trading days prior to conversion.

On February 21, 2017, the Company, entered into a Securities Purchase Agreement, pursuant to which the Company issued a Convertible Promissory Note in the aggregate principal amount of $53,000. The Note has a maturity date of November 21, 2017 and a coupon of eight percent (8%) per annum. The Company has the right to prepay the Note, provided it makes a payment to the Purchaser at a pre-determined formula. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Purchaser during the period beginning on the date that is 180 days following the Issue Date into shares of the Company’s common stock, par value $0.0001 per share (the “Common Stock”) equal to 60% of the average of the lowest three closing bid prices of the Company’s common stock for the ten trading days prior to conversion.

On March 6, 2017, the Company approved the renewal of three notes with an aggregate principal of $125,000 for up to an additional 120 days at a 15% interest rate.

On March 9, 2017, the Company entered into a Convertible Promissory Note in the aggregate principal amount of $100,000. The Note has a maturity date of March 8, 2018 and a coupon of eight percent (8%) per annum. The Company has the right to prepay the Note, provided it makes a pre-payment penalty as specified in the Note. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Purchaser during the period beginning on the date that is 150 days following the Issue Date into shares of the Company’s common stock, par value $0.0001 per share (the “Common Stock”) at a conversion price equal to a 40% discount to the average of the two (2) lowest trading bid prices during the previous fifteen (15) trading days to the date of conversion.

On April 6, 2017, the Company entered into a Convertible Promissory Note in the aggregate principal amount of $100,000. The Note has a maturity date of January 6, 2018 and a coupon of eight percent (8%) per annum. The Company has the right to prepay the Note, provided it makes a pre-payment penalty as specified in the Note. The outstanding principal amount of the Note is convertible at any time and from time to time at the election of the Holder into shares of the Company’s common stock, par value $0.0001 per share (the “Common Stock”) at a conversion price equal to a 40% discount to the average of the two (2) lowest trading bid prices during the previous fifteen (15) trading days to the date of conversion.

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to December 31, 2016 to the date these financial statements were issued, and has determined that, except as disclosed, it does not have any material subsequent events to disclose in these financial statements.

16,136,274 SHARES OF COMMON STOCK

QPAGOS

PROSPECTUS

July 11, 2017

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