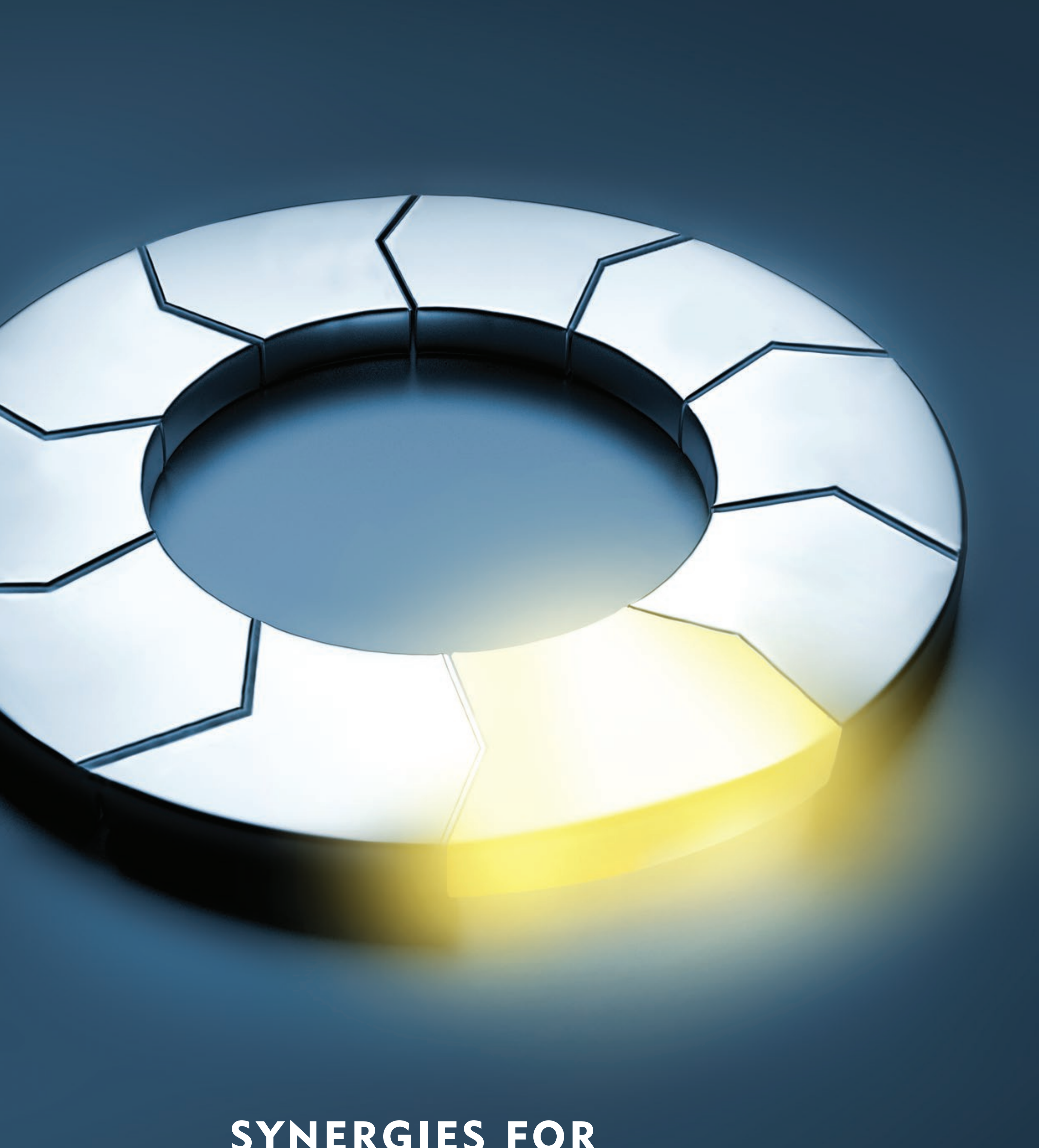


SYNERGIES FOR ENHANCED GROWTH

ZICO
HOLDINGS INC.

ANNUAL REPORT 2015

ZICO
HOLDINGS INC.

CONTENT

CORPORATE PROFILE

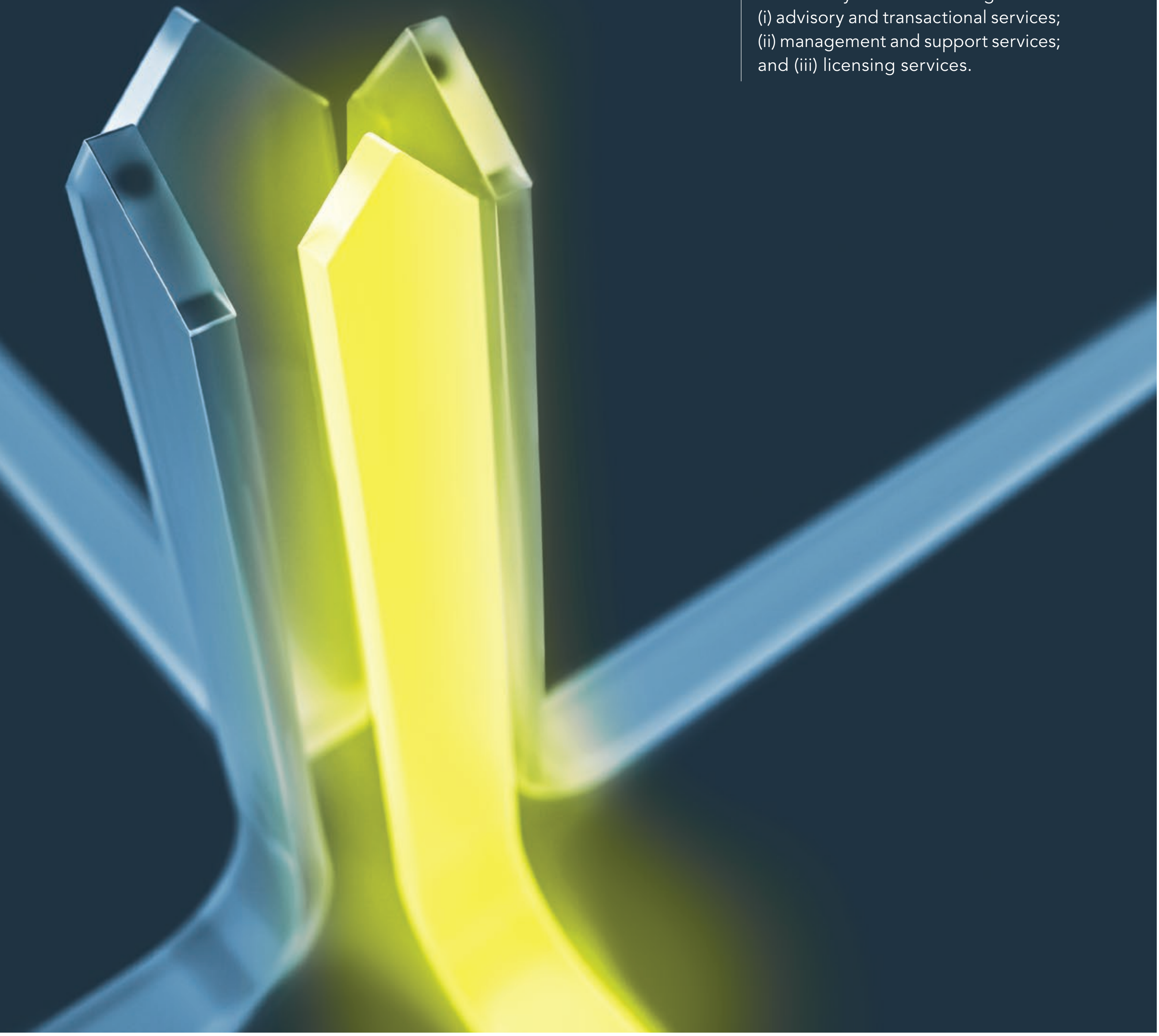
ZICO Holdings Inc. ("ZICO" and together with its subsidiaries and associated companies, the "Group") is an integrated provider of multidisciplinary professional services which was listed on Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 November 2014. The Group is focused on the ASEAN region and through its multidisciplinary services, regional capabilities and local insights, ZICO enables its clients to capitalise on opportunities across Southeast Asia.

The Group's clients include governments and government-linked companies, law firms, private and public listed companies, multinational corporations and high net worth individuals.

ZICO has business operations in Indonesia, Lao PDR, Malaysia, Myanmar and Singapore. The Group augments its existing regional presence with that of the ZICOlaw network to extend its reach to 8 out of 10 countries in Southeast Asia. These 8 countries include those where ZICO has business operations in as well as Cambodia, Thailand and Vietnam where ZICO does not presently have business operations.

It is also backed by a regional management team consisting of its Executive Directors who have, in aggregate, more than 70 years of experience in the professional services industry.

The Group currently operates in three key business segments: (i) advisory and transactional services; (ii) management and support services; and (iii) licensing services.



OUR BUSINESS SEGMENTS

ADVISORY & TRANSACTIONAL SERVICES

LEGAL SERVICES

- Offer legal services in Myanmar and Lao PDR through our Subsidiary Law Firms^

SHARIAH ADVISORY

- Advise on Sukuk issuances, Islamic funds, as well as on other Islamic capital market products and instruments
- Approved Shariah advisor and provider of Shariah review and Shariah audit services, by the Central Bank of Malaysia
- Key advisory services provided include advising regulatory authorities on Shariah issues in law reform to facilitate Islamic finance, advising and maintaining of Shariah-compliance funds, and structuring and advising on Islamic capital market instruments

TRUST SERVICES

- Carry out trust company business in Labuan International Banking and Financial Centre
- Provide trust services in Singapore

CORPORATE SERVICES

- Incorporation and corporate secretarial services in Malaysia and Singapore

CONSULTING SERVICES

- Strategic advice on business and governmental issues in the ASEAN region

INVESTOR SERVICES

- Provide a comprehensive suite of share registrar services

MULTI-FAMILY OFFICE

- Wealth Planning Services

MANAGEMENT & SUPPORT SERVICES

REGIONAL MANAGEMENT

- Strategic advisory
- Market intelligence
- Business relations
- Public sector relations
- Risk management

BUSINESS SUPPORT

- Finance and Accounting
- Information Technology
- Business Development and Client Communications
- Talent, Human Resource and Training
- Knowledge Management

LICENSING SERVICES

Licensing of the "ZICO", "ZICOlaw" and "ZICOlaw Trusted Business Advisor" trademarks

Business Agreements

Cross-promotion and Integration of Services

ZICOlaw NETWORK

- Roosdiono & Partners*
- SokSiphana&associates*
- Zaid Ibrahim & Co*
- ZICOlaw Sabah*
- ZICOlaw & Co.*
- ZICOlaw Singapore Pte. Ltd.*
- ZICOlaw (Thailand) Ltd*
- ZICOlaw (Vietnam) Ltd*

^ We provide legal services only to the extent permitted in the relevant jurisdictions. In other jurisdictions, we cooperate with and support independent and autonomous law firms which are members of the ZICOlaw network, in compliance with local professional regulations.

* These members of the ZICOlaw network are legally separate from our Group.

MULTIDISCIPLINARY PRACTICES
SUPPORTED BY INTEGRATED BUSINESS SOLUTIONS

ZICO

- ZICO advisory
- ZICO corporate
- ZICO insource
- ZICO trust
- ZICO shariah
- ZICO IP

Cross Referrals

ZICO law^

ZICOlaw NETWORK FIRMS

- Malaysia*
- Singapore*
- Indonesia*
- Thailand*
- Cambodia*
- Myanmar
- Lao PDR
- Vietnam*

Business Support

ZICO iRBS

1
Finance and Accounting
2
Information Technology
3
Business Development and Client Communications
4
Talent, Human Resource and Training
5
Knowledge Management

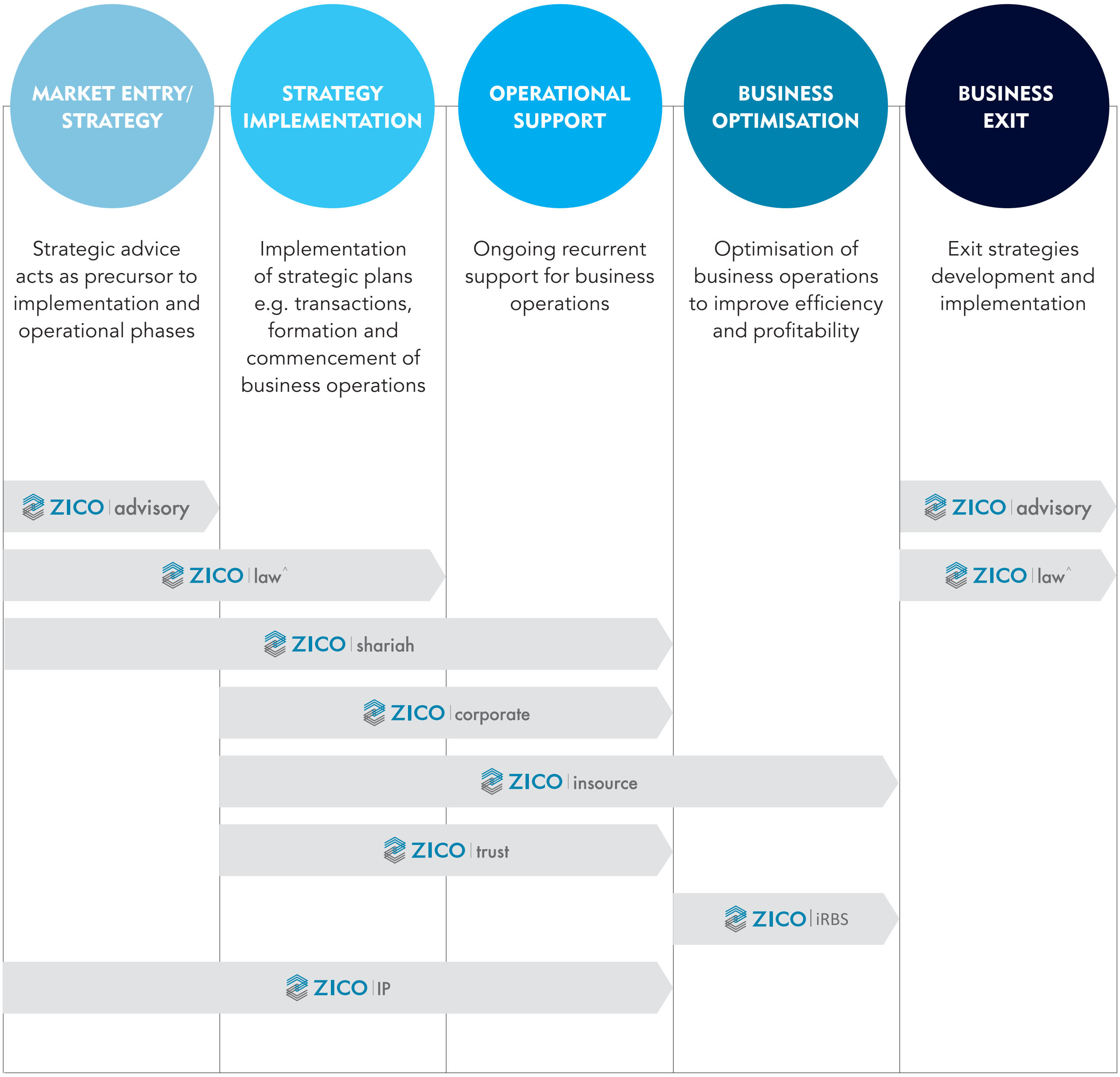
Supported By

Focused Teams
Specialised Technology
Streamlined Processes
Technical Infrastructure

^ We provide legal services only to the extent permitted in the relevant jurisdictions of Myanmar and Lao PDR through our Subsidiary Law Firms. In other jurisdictions, we cooperate with and support independent and autonomous law firms which are members of the ZICOlaw network, in compliance with local professional regulations.

* These members of the ZICOlaw network are legally separate from our Group.

OUR SERVICES ACROSS THE BUSINESS LIFE CYCLE



^ We provide legal services only to the extent permitted in the relevant jurisdictions of Myanmar and Lao PDR through our Subsidiary Law Firms. In other jurisdictions, we cooperate with and support independent and autonomous law firms which are members of the ZICOlaw network, in compliance with local professional regulations.

OUR PRESENCE

Together with the ZICOlaw network, ZICO has presence across 8 out of 10 ASEAN countries

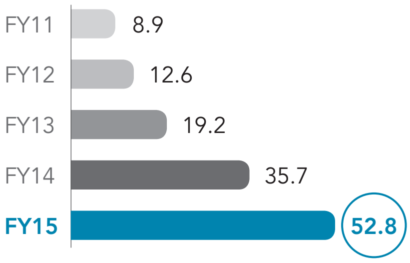
KEY CORPORATE MILESTONES FOR THE YEAR

2015

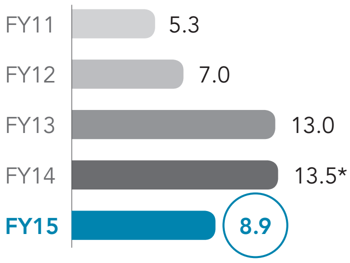
- Acquisition of a corporate secretarial portfolio.
- Acquisition of B.A.C.S. Private Limited, a share registrar firm in Singapore.
- Established ZICO Regional IP Inc. (51% shareholding) to provide intellectual property services.
- Established ZICOInsource Inc. to provide legal insourcing and advisory services.
- Established ZICO Knowledge Services Sdn. Bhd. to provide services in knowledge management, training and outsourcing.
- Acquisition of Finova Singapore Pte. Ltd. and Finova Associates Pte. Ltd. (now known as ZICO BPO Pte. Ltd.) which collectively provide business and management consultancy services to high-net-worth individuals and SME owners.
- ZICO Knowledge Services Sdn. Bhd. granted Multimedia Super Corridor status by Malaysia government.

FINANCIAL HIGHLIGHTS

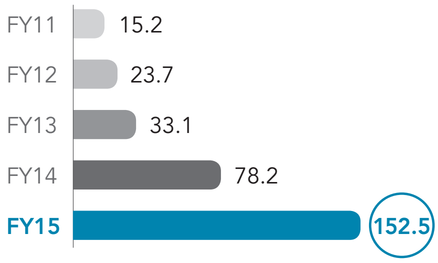
REVENUE (RM millions)



PROFIT BEFORE INCOME TAX (RM millions)

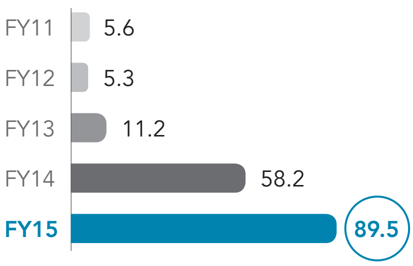


TOTAL ASSETS (RM millions)

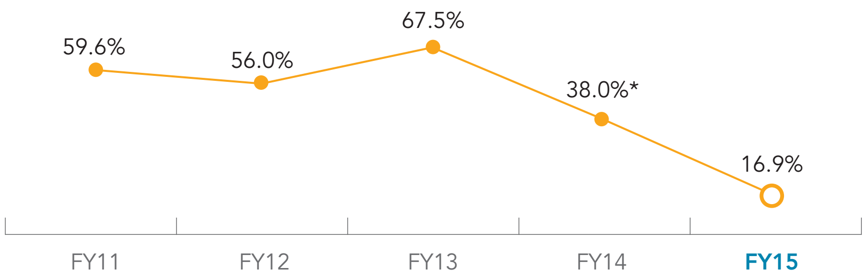


* Includes one-off listing expenses of RM4.8 million

TOTAL EQUITY (RM millions)



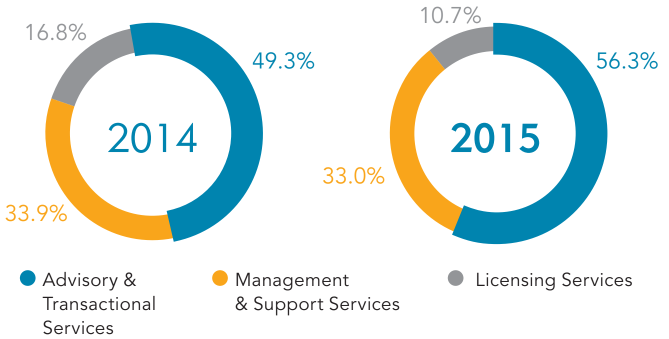
PROFIT BEFORE INCOME TAX MARGIN



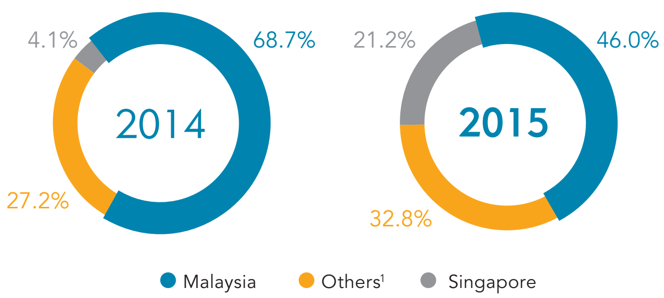
* Includes one-off listing expenses of RM4.8 million

REVENUE BREAKDOWN

Business Segment (%)



Geographical Segment (%)



[1] Others comprise Indonesia, Hong Kong, Thailand, United Kingdom, United States of America, and United Arab Emirates.

	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue and Profitability					
Revenue (RM millions)	**52.8**	35.7	19.2	12.6	8.9
Profit Before Income Tax (RM millions)	**8.9**	13.5	13.0	7.0	5.3
Financial Position					
Current Ratio	**1.3**	3.6	1.4	1.2	1.3
Total Assets (RM millions)	**152.5**	78.2	33.1	23.7	15.2
Total Equity (RM millions)	**89.5**	58.2	11.2	5.3	5.6
Key Financial Ratios					
Return on Asset	**4.8%**	13.7%	35.1%	26.8%	32.1%
Return on Equity	**8.1%**	18.4%	103.9%	119.3%	87.1%
Debt to Equity	**0.4**	0.0	0.2	0.0	0.0

Numerator/Denominator in thousands

* Includes one-off listing expenses of RM4.8 million

CHAIRMAN'S MESSAGE

WE ARE HONOURED TO BE RECOGNISED BY THE FINANCIAL TIMES IN JUNE 2015 AS A "GLOBAL FIRST". IT RECOGNISES OUR FIRST-MOVER ADVANTAGE AND OUR UNIQUE MULTIDISCIPLINARY MODEL, WHERE LAWYERS PARTNER NON-LAWYERS IN A PROFESSIONAL ENTITY THAT PROVIDES LEGAL AS WELL AS NON-LEGAL SERVICES.

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report for the full year ended 31 December 2015 ("FY2015").

The year under review presented many challenges to our industry. The world was unsettled by the Greek crisis, the collapse in oil prices and the US Federal Reserve rate hike for the first time in almost a decade that led to a round of rising short-term interest rates globally. In Asia, the stock market crash in China and subsequent depreciation of the Renminbi further roiled the global financial markets. These volatilities in the equities market and regional currencies adversely impacted different sectors of the markets, in which our clients operate in, thereby affecting the Group's operations and profitability.

PERFORMANCE REVIEW

ZICO's topline remained resilient, growing 47.9% to RM52.8 million in FY2015 as compared to RM35.7 million in the previous corresponding year ("FY2014"). This was largely attributable to revenue growth by two of the Group's larger contributors – the Advisory and Transactional Services ("ATS") and the Management and Support Services ("MSS") divisions, which collectively offset a marginal decline in the Licensing Services ("LS") business segment.

During the year, to enhance ZICO's competency in providing 'Multidisciplinary Services, Integrated Solutions', the Group invested in several new businesses and acquisitions. We have invested heavily in ZICO's management infrastructure to provide us with the depth in human capital to pursue compelling growth prospects. We are cognisant that this has placed pressure on our cost base and that time may be needed before the full spectrum of advantages become apparent. However, we believe our continued commitment towards a longer-term horizon will reap benefits and be a key driver of our business' sustainability.

Our Group's business expansion expenses, as well as general market weakness, impacted profit after tax which declined 31.9% to RM7.3 million in FY2015 as compared to RM10.7 million in FY2014.

SYNERGIES FOR ENHANCED GROWTH

2015 was an active year as we expanded our business both organically and through value accretive acquisitions of leading names in their respective fields – from a major player in the share registrar business, to a provider of business and management consultancy to high-networth individuals and SME owners. This is in line with our strategy of providing a holistic suite of multidisciplinary professional services housed under a regional brand that's synonymous with quality business solutions. These synergistic transactions form an integral part of our overarching strategy to enhance the growth of our recurring income streams and cross-referral opportunities, as well as to drive resource sharing for greater efficiencies.

Seen in the context of global and regional economic uncertainties, our acquisitions provide earnings resilience and ballast to ZICO. Further, as the billings of our acquired businesses are largely denominated in Singapore and United States Dollars, they will also mitigate the effects of our currency exposure to the weakening Ringgit.

The Board and management team paid particular attention to the smooth integration of the new acquisitions. With the process now fully completed, we will take a determined approach towards strengthening our ecosystem of professional services by further extracting efficiencies from our information technology and manpower infrastructure and leveraging on our network for cross-referrals. This integrated approach enables us to provide cost-effective and timely solutions to our clients.

Beyond acquisitive pursuits, we have also focused our energy on organic growth. We established a number of subsidiaries during the year to tap on the growing demand for services including advisory, outsourcing and insourcing of information technology, business and knowledge processes, and intellectual property.

The Board is confident that our acquisitions and organic growth will provide the synergy to drive ZICO forward.

Though we have charted a coherent strategy for growth, we will continue to seek opportunities to build greater breadth and depth to our services and bring additional innovative services into the fold to strengthen our overall value proposition. Our strategy of prudently seizing opportunities that are complementary and synergistic to our operations, but at reasonable valuations, remain intact.

We will leverage on good industry prospects and ZICO's and the ZICOlaw network's market presence across 15 cities in 8 countries to access clients throughout ASEAN. At the same time, we will continue to capitalise on the shifting trend towards the demand for multidisciplinary practices to enhance our branding, expand our business regionally and leverage on our ability to combine a range of professional services to offer clients customised integrated business solutions.

INDUSTRY PROSPECTS

Our prospects over the short-term are challenging, as the global and regional economy appear lacklustre and may cloud ZICO's growth prospects. However, the long-term industry outlook remains good, given that ASEAN is projected to increase its GDP from about US$2.1 trillion in 2015 to more than US$3.0 trillion in 2020[1]. For 2016 and 2017, ASEAN's GDP is expected to increase by 4.8% and 5.1% respectively[2]. The launch of the ASEAN Economic Community in 2015 is expected to accelerate domestic growth, regional trade and foreign investments, thus, spelling potential new opportunities for ZICO.

At this juncture, I would like to put on record that we are honoured to be recognised by the Financial Times in June 2015 as a "*global first*". It recognises our first-mover advantage and our unique multidisciplinary model, where lawyers partner non-lawyers in a professional entity that provides legal as well as non-legal services. ZICO's innovative business model with an integrated network of ASEAN-based professional services firms allows us to tap on the capital markets for growth.

WORDS OF APPRECIATION

I would like to thank all loyal shareholders for their trust, strong support and confidence in ZICO. In just a year, we have transformed our business towards greater integration with a number of significant transactions that have built our overall resilience and enhanced our operational capabilities. We intend to continue investing in resources to further enhance shareholders' value.

On behalf of the Board, I would also like to express our heartfelt appreciation to ZICO's clients, business partners and consultants for their unwavering support through the years.

To our management and staff, thank you for the hard work, loyalty and dedication in shaping ZICO during a year that saw many challenging developments. With your continued effort and cooperation, we will pursue similar value accretive opportunities to enhance our suite of multidisciplinary professional services in ASEAN.

To my fellow Board members, it has been a rewarding journey in charting ZICO's strategy and growth path with you. At this point, I would like to thank my predecessor, Mr Ng Quek Peng, for his wise counsel and support since ZICO's listing in 2014. He relinquished his role as Chairman in May 2015 and will not be seeking re-election at the coming annual general meeting. We wish him continued success in his future endeavours.

DATO' T. JASUDASEN
INDEPENDENT CHAIRMAN

1 International Monetary Fund's Database on World Economic Outlook, October 2015

2 International Monetary Fund's Database on World Economic Outlook, January 2016

MANAGING DIRECTOR'S MESSAGE

DEAR SHAREHOLDERS,

It has been a milestone year for ZICO, having completed three transformative acquisitions that have built our operational resilience and set the stage for our long-term growth as an integrated provider of multidisciplinary professional services.

TRANSFORMATIVE GROWTH

We utilised S$6.8 million during the year from our IPO proceeds and tapped on a combination of existing internal resources and borrowings to expand our business operations organically and via acquisitions.

In January 2015, we acquired a corporate secretarial portfolio for approximately S$2.4 million, integrating it with our existing corporate secretarial services to derive synergies from economies of scale.

In the same month, we seized another compelling opportunity in quick succession by acquiring B.A.C.S. Pte. Ltd. ("B.A.C.S."), a provider of share registrar services, for S$8.6 million of which 58.3% was paid in cash and the remaining 41.7% in new shares allotted. B.A.C.S. now forms the backbone of our new Investor Services business, within the ATS segment, and builds our portfolio of recurring income streams.

Our third and latest transaction in May 2015 was the collective acquisition of Finova Associates Pte. Ltd. (now known as ZICO BPO Pte. Ltd.) and Finova Singapore Pte. Ltd. for approximately S$8.8 million, consisting of 57.6% in cash, 36.8% in allotment of additional shares and 5.6% in earn-out consideration. With this transaction, it bolts on the capabilities of providing high-net-worth individuals and SME owners with business and management consultancy services, to our suite of professional services.

Since the completion of these acquisitions, they have been integrated successfully within ZICO's dynamic ecosystem of existing services. Beyond adding an additional dimension to the integrated solutions that we can offer to clients, within a few short months following the transactions, we successfully leveraged on our strengths across different professional services segments and tapped on cross-selling opportunities to a wider client base.

OTHER CORPORATE DEVELOPMENTS

During the year, we also consolidated our legal services business in Lao PDR by acquiring the remaining 30% equity interest in Vientiane Law Co., Ltd (now known as ZICOlaw (Laos) Sole Co., Ltd) for US$19,000. As such, we now have full equity interest in our legal services business in the country and are seeking opportunities to further grow our presence in Lao PDR, as well as in Myanmar where our legal practice is also wholly-owned.

On the organic growth front, we expanded our operations by incorporating a number of subsidiaries to leverage on fast growing trends within the industry. These included ZICO Regional IP Inc., ZICOInsource Inc., ZICO Knowledge Services Sdn. Bhd. ("ZICO Knowledge Services") and ZICOInsource Sdn. Bhd.

In particular, ZICO Knowledge Services was formed to leverage on our competencies in outsourcing and insourcing of information technology, business and knowledge process. Given ZICO Knowledge Services' value proposition of a unique service offering that combines process driven work and high level advisory work, the Malaysia government has granted it the Multimedia Super Corridor status. With this new development, the various financial and non-financial incentives such as tax incentives and the benefit of employing a certain number of foreign knowledge workers potentially allows us to optimise our cost base and operations. These in turn drive higher returns over the medium-term for the benefit of our shareholders.

FINANCIAL REVIEW

Overall, our topline saw a 47.9% growth to RM52.8 million during the year from RM35.7 million in FY2014 driven by our ATS and MSS segments. With our three new acquisitions and new businesses set up in FY2015, it contributed to a 68.8% sales growth in the ATS segment to RM29.7 million. As for our MSS segment, the higher fees generated from the provision of support services led the segment to achieve a 43.8% rise in revenue to RM17.4 million while the LS segment registered sales of RM5.7 million during the year.

As a result of FY2015's acquisitions, in which the majority of the businesses' billings were foreign currency denominated, ZICO's overall revenue base is now less reliant on Ringgit denominated billings. Foreign currency denominated billings accounted for 64.0% of total sales in FY2015 as compared to 44.0% in FY2014 while Ringgit denominated billings were 36.0% and 56.0% of the topline in FY2015 and FY2014 respectively.

Employee benefits expense continued to be our primary cost base, rising RM13.3 million to RM24.9 million in FY2015 from RM11.6 million in FY2014. This was due mainly to our heavy investments in growing ZICO through the hiring of experienced employees as well as the additional headcount from our acquired and new businesses. Further, a full year of executive directors' remuneration was accounted for in 2015 as compared to 2014 which recorded remuneration only after ZICO's listing on 11 November 2014.

Another key contributor to the rise in our operating expenses was the RM5.2 million increase in retainer and consultancy fees resulting from referral fees in conjunction with business development activities that were necessary for our growth process.

Consequently, these costs, coupled with expenses relating to rental, amortisation and depreciation, and expenditure for ZICO's business expansion, led to a 31.9% decrease in profit after tax to RM7.3 million during the year. Comparatively, profit after tax in FY2014 was RM10.7 million.

Our financial position as at 31 December 2015 remained stable, with cash and cash equivalents of RM26.4 million and shareholders' equity of RM89.5 million. While we took on borrowings which were necessary to fund the value-accretive acquisitions, the debt load of RM32.2 million as at year end remains manageable and leaves us with sufficient headroom to comfortably pursue organic and inorganic growth. As at 31 December 2015, we have a total of S$2.1 million in unutilised IPO proceeds.

WELCOMING OUR CHAIRMAN

I would like to take this opportunity to welcome Dato' Thambynathan Jasudasen as the Chairman of our Board and acknowledge his contributions to the Group. Dato' Jasudasen had been with ZICO as an Independent Director since February 2015 and took on the role of Chairman in May 2015. As a highly qualified diplomat with his deep experience amassed over 37 years in service to the Singapore government, we are confident that his guidance will be of great value in charting ZICO's strategy.

THE YEAR AHEAD

The challenging market conditions brought on by fluctuating oil and commodity prices, currencies and stock markets around the world may depress business sentiment. Thus, this will invariably affect our clients, particularly in the legal markets where members of the ZICOlaw network has a greater foothold. As such, this will in turn hamper our profitability and pace of growth. However, the highly recurring nature of the bulk of our businesses that provided us with a buffer against a volatile macro-environment in FY2015 is likely to blunt some of these uncertainties.

Over 2016 and the mid-term, to reinforce our backend systems that are crucial for supporting our business growth, we are also looking to tap on the remaining S$0.9 million in unutilised IPO proceeds earmarked to expand our information technology infrastructure.

With our acquisitions firmly integrated as spokes within our wheel of multidisciplinary professional services, our management team now has the bandwidth to continue strengthening the business on all fronts and assess long-term growth opportunities while maintaining financial flexibility.

CHEW SENG KOK
MANAGING DIRECTOR

BOARD OF DIRECTORS

DATO' THAMBYNATHAN JASUDASEN
INDEPENDENT CHAIRMAN

Dato' T. Jasudasen, our Independent Chairman, was appointed to the Board of Directors on 16 February 2015.

He retired from full-time diplomacy in September 2014 after 37 years of government service. He was the High Commissioner to the United Kingdom from 2011 to 2014, High Commissioner to Malaysia from 2006 to 2011, Ambassador to Myanmar from 2004 to 2006 and the Ambassador to France from 1997 to 2004. He has worked in all ten ASEAN countries and with international organisations including the United Nations; United Nations Educational, Scientific and Cultural Organization; the Organisation for Economic Co-operation and Development; and the Commonwealth Organisation.

He currently serves as Singapore's Non-Resident Ambassador to Ethiopia and Representative to the African Union.

Dato' T. Jasudasen was awarded a Silver Public Administration Medal PPA(P) in 1990, a Gold Medal PPA(E) in 2011 and a long service medal (PBS) in 2002 by the Singapore government. He also received a Dato'ship from HRH the Sultan of Pahang, Malaysia.

He graduated with an honours degree in Law from the University of Singapore and studied Public Administration at the Ecole Nationale D'Administration in France.

CHEW SENG KOK
MANAGING DIRECTOR

Mr Chew Seng Kok, our Managing Director, was appointed to the Board on 9 December 2010 and is primarily responsible for the business development and overall strategy and management of our Group. He started his career in 1985 as a legal assistant in Presgrave & Matthews before joining Chapman Tripp Sheffield Young in Wellington, New Zealand and subsequently joined Baker & McKenzie, Singapore in 1989. In 1991, he joined Zaid Ibrahim & Co as a partner where he rose up the ranks to become its managing partner in 2004. He assumed the role of regional managing partner of ZICOlaw in 2011.

Mr Chew graduated with a Bachelor of Laws (Honours) in 1984 and obtained a Master of Laws (First Class Honours) from Victoria University of Wellington in 1990. Mr Chew has been recognised as a leading lawyer in the Chambers Global Guide and acknowledged as one of Asia's leading business lawyers in the Asia Law Leading Lawyers and was shortlisted for the Most Innovative Lawyer award at the FT Asia-Pacific Innovative Lawyer Awards 2014. He is a member of the ASEAN Business Club and is also a member of the Executive Council of the International Centre for Law & Legal Studies, which is a body under the Attorney General's Chambers of Malaysia.

LIEW FOONG YUEN
EXECUTIVE DIRECTOR

Mr Liew Foong Yuen, our Executive Director, was appointed to the Board on 7 August 2014 and is primarily responsible for the overall management of the Advisory and Transactional Services Segment for our Group. Mr Liew joined Zaid Ibrahim & Co in 1997 and became a partner in 2002. He also assumed the position of resident partner of ZICOlaw Singapore Pte. Ltd. and was a registered foreign lawyer in Singapore.

He graduated with a Bachelor of Laws (Honours) from University of Warwick in 1992 and obtained a Masters of Business Administration (Finance) from City University, London in 2003.

NG HOCK HENG
EXECUTIVE DIRECTOR

Mr Ng Hock Heng, our Executive Director, was appointed to the Board on 9 December 2010 and is primarily responsible for the overall management of the Management and Support Services Segment as well as the Licensing Services Segment for our Group. Mr Ng started his career in KPMG (Australia) as a Tax Consultant before joining Deloitte Touche Tohmatsu (Australia & Hong Kong) as a Senior Tax Consultant in 1993. In 1995, Mr Ng joined Zaid Ibrahim & Co and became a partner in 1999.

Mr Ng graduated with a Bachelor of Economics (Double Major in Banking & Accountancy) in 1990, a Bachelor of Laws and a Masters of Laws (Distinctions) from Monash University in 1992 and 1995 respectively. He is also an associate of Certified Practising Accountants, Australia. Mr Ng was an Advocate and Solicitor of the High Court of Malaya and was a Registered Foreign Lawyer of the Law Society of New South Wales, Australia.

STEPHEN ARTHUR MALOY
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr Stephen Arthur Maloy, our Non-Executive Non-Independent Director, was appointed to the Board on 7 August 2014 and is currently a senior advisor of ZICOlaw and senior advisor of Jincheng, Tongda & Neal. Prior to this, Mr Maloy was General Electric ("GE")'s General Counsel for the Asia-Pacific Region and served in that role from 1983 to 2012, and had resided in various countries such as Singapore, Kuala Lumpur, Hong Kong and Shanghai during the period. Mr Maloy was responsible for the establishment of GE Pacific Pte. Ltd. ("GE Pacific") in Singapore, the holding company for most GE investments in Asia, and continued to serve as a non-executive director in GE Pacific until 2012.

Mr Maloy graduated with an A.B. (cum laude) in Economics and History from Colgate University in 1973 and obtained a Juris Doctor Degree from Cornell University in 1976. He is a council member of the Hong Kong International Arbitration Centre, and a director at the American University of Mongolia.

BOARD OF DIRECTORS

NG QUEK PENG
INDEPENDENT DIRECTOR

Mr Ng Quek Peng, our Independent Director, was appointed to the Board on 7 August 2014 and is the founder and managing director of Halcyon Capital Pte. Ltd. He is also currently an independent director of Otto Marine Limited and Japfa Ltd., both of which are listed on the Mainboard of the SGX-ST. With more than 30 years of experience in the corporate finance and securities industry in Singapore and Malaysia, he had held various positions in foreign and local financial institutions during his career. These include senior positions in CitiCorp Investment Bank (Singapore) Ltd, OCBC Securities Pte Ltd, ABN Amro Bank and CIMB Bank Berhad, Singapore Branch.

Mr Ng also held senior positions in Temasek Holdings Private Ltd and GMR Infrastructure (Singapore) Pte. Limited.

Mr Ng graduated with a degree in Civil Engineering from the University of London in 1976 and was admitted as a member of the Institute of Chartered Accountants in England and Wales since 1980.

CHEW LIONG KIM
INDEPENDENT DIRECTOR

Mr Chew Liong Kim, our Independent Director, was appointed to the Board on 7 August 2014 and is currently the executive chairman of CLK Advisors, Malaysia, which provides business advisory and business analytics services in the ASEAN region. He is also currently the senior advisor at Roland Berger Strategy Consultants, Southeast Asia and SAS Institute Sdn. Bhd..

Mr Chew is a commission member of the Malaysian Communications and Multimedia Commission and serves as chairman of the audit committee.

Mr Chew was the managing director of Maybank Investment Bank Bhd's strategic advisory division and the managing director of Bina Fikir Sdn. Bhd. from November 2008 to October 2010. He was also executive chairman of HRM Business Consulting and executive director and the chief executive officer of Malaysia's oldest listed IT services provider, Dataprep Holdings Berhad, from 2003 to 2008. Mr Chew was the former worldwide partner of Arthur Andersen.

Mr Chew graduated with a Bachelor of Commerce from the University of Auckland in 1980. He is a Chartered Accountant of the New Zealand Institute of Chartered Accountants. Mr Chew is also a Public Accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Chartered Secretaries and Administrators.

JOHN LIM YEW KONG
INDEPENDENT DIRECTOR

Mr John Lim Yew Kong, our Independent Director, was appointed to the Board on 7 August 2014. He is also a lead independent director and chairman of the audit and risk committee of Global Invacom Group Limited and an independent director and chairman of the audit and risk management committee of Karin Technology Holdings Limited, both of which are listed on the Mainboard of the SGX-ST.

Mr Lim was a director of Axia Equity Pte. Ltd., a business advisory company from February 2006 to January 2012 and was the managing director of Enterprise Asean Fund Pte. Ltd. from April 2005 to August 2006. From September 1999 to March 2005, he was also the associate director of ASC Equity Pte Ltd and the executive director of ASC Capital Pte Ltd. Mr Lim spent 4 years with Arthur Andersen & Co., London before joining Dowell Schlumberger in the United Kingdom, from 1988 to 1991 as an internal auditor.

Mr Lim graduated with a Bachelor of Science in Economics from the London School of Economics and Political Science in 1984 and is also a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

EXECUTIVE OFFICERS

PAUL SUBRAMANIAM
CHIEF RISK OFFICER AND HEAD OF KNOWLEDGE MANAGEMENT AND TRAINING

Mr Paul Subramaniam, our Chief Risk Officer and Head of Knowledge Management and Training, is responsible for the overall risk management and mitigation for our Group. He is also responsible for developing and implementing knowledge management and training initiatives for our Group and the ZICOlaw network. Mr Subramaniam joined our Group in November 2014 in his current position. He joined Zaid Ibrahim & Co as the head of litigation and was the knowledge management and training partner of Zaid Ibrahim & Co in 2008.

Mr Subramaniam graduated with a Bachelor of Science in Applied Mathematics and a Bachelor of Laws from Monash University, Australia in 1983 and 1985 respectively. He has been a member of the Malaysian Bar since 1986.

ADELINE CHEAH
CHIEF FINANCIAL OFFICER

Ms Adeline Cheah is our Chief Financial Officer and is responsible for all finance related areas of our Group. She joined our Group on 1 January 2014. Ms Cheah started her career in KPMG Peat Marwick as an auditor in 1992 and joined Pengkalen Holdings Bhd in 1996 as a treasury accountant. In 1997, Ms Cheah joined Asteria Group as its group financial controller and in 2006, she joined SEG International Bhd as the financial controller. She subsequently joined Zaid Ibrahim & Co in 2008 as the financial controller and was designated as the chief financial officer in 2009 before joining ZICOlaw Consultancy in January 2014 as the Chief Financial Officer.

Ms Cheah graduated with a Bachelor of Business from Curtin University of Technology, Perth, Western Australia in 1992 and is also a Certified Practising Accountant of CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Thambynathan Jasudasen
(Independent Chairman)

Chew Seng Kok
(Managing Director)

Liew Foong Yuen
(Executive Director)

Ng Hock Heng
(Executive Director)

Stephen Arthur Maloy
(Non-Executive Non-Independent Director)

Ng Quek Peng
(Independent Director)

Chew Liong Kim
(Independent Director)

John Lim Yew Kong
(Independent Director)

AUDIT COMMITTEE

John Lim Yew Kong (Chairman)
Ng Quek Peng
Chew Liong Kim
Stephen Arthur Maloy

NOMINATING COMMITTEE

Ng Quek Peng (Chairman)
John Lim Yew Kong
Stephen Arthur Maloy
Dato' Thambynathan Jasudasen

REMUNERATION COMMITTEE

Chew Liong Kim (Chairman)
Stephen Arthur Maloy
John Lim Yew Kong
Dato' Thambynathan Jasudasen

COMPANY SECRETARY

ZICO Secretarial Limited

REGISTERED OFFICE

Unit Level 13(A), Main Office Tower,
Financial Park Labuan, Jalan Merdeka,
87000 Federal Territory of Labuan, Malaysia

SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge: Mohamad Saiful Bin Saroni
(a member of the Institute of
Singapore Chartered Accountants)
(Date of appointment: 15 December 2015)

PRINCIPAL BANKER

Malayan Banking Berhad
2 Battery Road
#16-01 Maybank Tower
Singapore 049907

CORPORATE COMMUNICATIONS

ZICO Holdings Inc.
Nancy Tan
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6438 7929
Fax: (65) 6438 7926
Email: nancy.tan@zicoholdings.com

INVESTOR RELATIONS

Citigate Dewe Rogerson, i. MAGE
Dolores Phua/Han Zhongchou
55 Market Street #02-01/02
Singapore 048941
Tel: (65) 6534 5122
Fax: (65) 6534 4171

CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of ZICO Holdings Inc. (the "**Company**" and together with its subsidiaries and associated companies, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 2015 ("**FY2015**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code?

If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.

Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this annual report, the Board has 8 members and comprises the following:

<table>
<tr><th colspan="3">Table 1.1 – Composition of the Board</th></tr>
<tr><th>Name of Director</th><th>Designation</th><th>Date appointed</th></tr>
<tr><td>Dato' Thambynathan Jasudasen</td><td>Independent Chairman</td><td>16 February 2015</td></tr>
<tr><td>Mr Chew Seng Kok</td><td>Managing Director</td><td>9 December 2010</td></tr>
<tr><td>Mr Liew Foong Yuen</td><td>Executive Director</td><td>7 August 2014</td></tr>
<tr><td>Mr Ng Hock Heng</td><td>Executive Director</td><td>9 December 2010</td></tr>
<tr><td>Mr Stephen Arthur Maloy</td><td>Non-Executive Non-Independent Director</td><td>7 August 2014</td></tr>
<tr><td>Mr Chew Liong Kim</td><td>Independent Director</td><td>7 August 2014</td></tr>
<tr><td>Mr John Lim Yew Kong</td><td>Independent Director</td><td>7 August 2014</td></tr>
<tr><td>Mr Ng Quek Peng</td><td>Independent Director</td><td>7 August 2014</td></tr>
</table>
</td></tr>
</table>

CORPORATE GOVERNANCE

		The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions include: • To chart broad policies and strategies of the Company; • To approve annual budgets and financial plans; • To review and approve acquisitions and disposals; • To approve material borrowings and fund raising exercises; • To review performance and succession planning of the key management personnel; • To advise and counsel key management personnel; and • To monitor and manage potential conflicts of interest between the key management personnel, the Board and the shareholders.
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows: (see Table 1.3 below)
1.4	Have the Board and Board Committees met in the last financial year?	The Board meets on a quarterly basis, and as and when circumstances require. During FY2015, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below. (see Table 1.4 below) The Company's Articles of Association (the "**Articles**") allow for meetings to be held through telephone and/or video-conference.

Table 1.3 – *Composition of the Board Committees*

	AC	NC	RC
Chairman	John Lim Yew Kong	Ng Quek Peng	Chew Liong Kim
Member	Ng Quek Peng	John Lim Yew Kong	Stephen Arthur Maloy
Member	Chew Liong Kim	Stephen Arthur Maloy	John Lim Yew Kong
Member	Stephen Arthur Maloy	Dato' Thambynathan Jasudasen	Dato' Thambynathan Jasudasen

Table 1.4 – *Board and Board Committee Meetings in FY2015*

	Board	AC	NC	RC
Number of Meetings Held	6	7	1	5
Name of Director	**Number of Meetings Attended**			
Dato' Thambynathan Jasudasen	6	0	1	3**
Chew Seng Kok	6	7*	1*	5*
Liew Foong Yuen	6	7*	1*	5*
Ng Hock Heng	6	7*	1*	5*
Stephen Arthur Maloy	6	7	1	5
Chew Liong Kim	6	7	0	5
John Lim Yew Kong	6	7	1	5
Ng Quek Peng	6	7	1	0

* *By invitation*

** *Dato' Thambnynathan Jasudasen was appointed as a member of RC on 11 May 2015 and had attended all 3 RC meetings held thereafter for FY2015.*

CORPORATE GOVERNANCE

1.5	What are the types of material transactions which require approval from the Board?	Matters that require the Board's approval include, amongst others, the following: • acquisitions and disposals of assets; • material borrowings and fund raising exercises; • share issuance and proposal of dividends; • budgets, quarterly and full-year financial results announcements, annual report and audited financial statements; and • interested person transactions.
1.6	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and facilities and meet with key management personnel.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Directors are provided with updates and/or briefings from time to time by professional advisers, external and internal auditors, the management of the Company, Sponsor and the Head of Legal and Corporate in areas such as corporate governance practices, risk management matters, changes and updates in financial reporting standards and regulatory requirements and directors' duties and responsibilities. The Company also encourages, and where appropriate, will arrange for training courses to supplement and keep Directors updated on areas such as accounting, legal, regulatory and industry-specific knowledge. The Company is responsible for funding the training of Directors. All newly appointed Directors are encouraged to attend the "Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know" course conducted by the Singapore Institute of Directors.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 of the Code is met as the Independent Directors make up half of the Board.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC had reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors had also confirmed their independence in accordance with the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

CORPORATE GOVERNANCE

<table>
<tr><td></td><td>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</td><td></td></tr>
<tr><td>2.4</td><td>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</td><td>There is no Independent Director who has served beyond nine years since the date of his first appointment.</td></tr>
<tr><td rowspan="2">2.6</td><td>1. What is the Board's policy with regard to diversity in identifying director nominees?</td><td>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</td></tr>
<tr><td>2. Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><td colspan="3">Table 2.6 – Balance and Diversity of the Board</td></tr>
<tr><td></td><td>Number of Directors</td><td>Proportion of Board</td></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>4</td><td>50%</td></tr>
<tr><td>– Business management</td><td>7</td><td>88%</td></tr>
<tr><td>– Legal or corporate governance</td><td>4</td><td>50%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>7</td><td>88%</td></tr>
<tr><td>– Strategic planning experience</td><td>8</td><td>100%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>7</td><td>88%</td></tr>
</table></td></tr>
<tr><td></td><td>3. What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors had met several times in FY2015 prior to each of the quarterly AC and Board meetings in the absence of key management personnel.</td></tr>
</table>

CORPORATE GOVERNANCE

Chairman and Managing Director		
3.1	Are the duties between Chairman and Managing Director segregated?	The roles of the Chairman and Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the Managing Director. The Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the Managing Director and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision making. The Managing Director takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.
3.4	Have the Independent Directors met in the absence of other Directors?	The Independent Directors had met several times in FY2015, prior to each of the quarterly AC and Board meetings, in the absence of other Directors.
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (a) To establish criteria of new appointees to the Board; (b) To review and recommend the re-appointment of Directors having regard to the Director's contribution and performance; (c) To determine on an annual basis whether a Director is independent; (d) To review and recommend to the Board the succession plans for the Directors, Chairman and the Managing Director; and (e) To review and recommend to the Board the training and professional development programs for the Board.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.

CORPORATE GOVERNANCE

<table>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC had reviewed and is satisfied that each Director has adequately discharged their duties and has contributed effectively and demonstrated commitment to their respective roles including their commitment of time for the Board and Board Committee meetings, attention given to the Company's affairs and any other duties in FY2015.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company does not have any alternate directors.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>
<table>
<tr><th colspan="3">Table 4.6(a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
<table>
<tr><th colspan="3">Table 4.6(b) – Process for Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Articles, at least one-third of the Board (including the Managing Director and Executive Directors) is to retire from office by rotation and be subject to re-election at the Annual General Meeting ("AGM") of the Company. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.
The Directors who are retiring at the forthcoming AGM pursuant to the respective Articles and are to be nominated for re-election are as follows:
<table>
<tr><th>Name of Director</th><th>Designation</th><th>Articles</th></tr>
<tr><td>Liew Foong Yuen</td><td>Executive Director</td><td>97</td></tr>
<tr><td>Chew Liong Kim</td><td>Independent Director</td><td>97</td></tr>
</table>
</td></tr>
</table>

CORPORATE GOVERNANCE

		Mr Liew Foong Yuen, upon re-election, will remain as the Executive Director of the Company. Mr Chew Liong Kim, upon re-election as a Director, will remain as the Chairman of the RC and a member of the AC. The Board considers Mr Chew Liong Kim to be independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Mr Ng Quek Peng, who is retiring at the forthcoming AGM pursuant to the Article 98, has decided not to seek re-election and will retire as an Independent Director at the conclusion of the forthcoming AGM. Upon Mr Ng Quek Peng's retirement, he will cease to be a Chairman of the NC and a member of the AC.
4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 12 to 14 of this Annual Report.
<u>Board Performance</u>		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board and its Board Committees, are set out below. *<u>Board and Board Committees performance criteria</u>* The performance criteria for the evaluation of the Board and Board Committees are as follows: • size and composition; • independence; • effectiveness in its monitoring role and attainment of the strategic and long-term objectives; • information and accountability; • the Board's performance in relation to discharging its principal functions; and • the Board's committee performance in relation to discharging their responsibilities set out in their respective terms of reference. *<u>Individual Director's performance criteria</u>* Individual director's performance is evaluated annually and informally by the NC and the Chairman. In assessing the individual director's performance, the NC takes into consideration the following performance criteria: • interactive skills (whether the director works well with other directors and participates actively); • knowledge (the director's industry and business knowledge, functional expertise, whether the director provides valuable inputs, the director's ability to analyse, communicate and contribute to the productivity of meetings, and understanding of finance and accounts, are taken into consideration);

CORPORATE GOVERNANCE

		• director's duties (the director's board committee work contribution, whether the director takes his role as director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgement, and meeting preparation are taken into account); • availability (the director's attendance at board and board committee meetings, whether the director is available when needed, and his informal contribution via email, telephone, written notes, etc. are considered); and • overall contribution, bearing in mind that each director was appointed for his strength in certain areas which taken together provides the Board with the required mix of skills and competencies.
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The NC assesses the performance and effectiveness of the Board as a whole and the Board Committees as well as the contribution of individual Directors to the effectiveness of the entire Board. The evaluation exercise is carried out annually by way of an evaluation checklist, which is circulated to the Board members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole and the Board Committees. The performance of each Director is evaluated annually using agreed criteria, aligned as far as possible with appropriate corporate objectives. Each member of the NC has abstained from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. No external facilitator was used in the evaluation process in FY2015.
	(b) Has the Board met its performance objectives?	The NC is satisfied that the Board as a whole and Board Committees had met the performance evaluation criteria and objectives in FY2015 and each Director has contributed effectively and demonstrated commitment to their respective role including commitment of time for the Board and Board Committee meetings, and any other duties.
<u>Access to Information</u>		
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	See Table 6 below

Table 6 – *Types of Information Provided by Key Management Personnel to Independent Directors*

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly
3.	Quarterly and full year financial results	Quarterly
4.	Reports on on-going or planned corporate actions	As and when relevant
5.	Enterprise risk framework and internal auditors' ("**IA**") report(s)	As and when available
6.	Research report(s)	As and when requested
7.	Shareholding statistics	As and when requested

CORPORATE GOVERNANCE

		Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
6.3	What is the role of the Company Secretary?	The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: • Ensuring that Board procedures are observed and that the Company's memorandum and the Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Labuan Companies Act 1990 and the Catalist Rules, are complied with; • Assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assisting the Chairman to ensure good information flow within the Board and its committees and key management personnel; • Designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attending and preparing minutes for all Board meetings; • Coordination and liaison between the Board, the Board Committees and key management personnel; and • Assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and (c) Review and recommend on the compensation arrangements for the loss or termination of office, or dismissal or removal of the Executive Directors and key management personnel.
7.3	Were remuneration consultants engaged in the last financial year?	In FY2015, the Company engaged Hay Group to design the Company's Long Term Incentive Program. The Company does not have any relationship with Hay Group which would affect the independence and objectivity of Hay Group.

CORPORATE GOVERNANCE

<table>
<tr><td colspan="3"><u>Disclosure on Remuneration</u></td></tr>
<tr><td>9</td><td>What is the Company’s remuneration policy?</td><td>The Company’s remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company’s business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The Company’s Executive Directors namely, Mr Chew Seng Kok, Mr Liew Foong Yuen and Mr Ng Hock Heng and the key management personnel, namely Ms Adeline Cheah and Mr Paul Subramaniam (each an “Appointee” and collectively, “Appointees”) had entered into service agreements with the Company in which terms of their employment are stipulated. The initial term of employment is for a period of three (3) years from the date of admission of the Company to the Official List of the Catalist of the SGX-ST (the “Initial Term”) on 11 November 2014. At the end of the Initial Term, their employment shall be automatically renewed on a year-on-year basis on such terms and conditions as the parties may agree.

Under the service agreements, all the Appointees are entitled to an annual wage supplement (“AWS”) equivalent to one (1) month of the Appointee’s last drawn monthly salary, payable on the last business day of the financial year in which it is accrued, and an incentive bonus, if any, to be determined and approved by the RC from time to time. Please refer to the section on “Service Agreements” in the Company’s Offer Document dated 30 October 2014 for further details.</td></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director’s and the CEO’s remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Directors in FY2015 was as follows:

<table>
<tr><th>Name</th><th>Salary (%) [(1)]</th><th>AWS (%) [(1)]</th><th>Directors Fees (%)</th><th>Total (%)</th></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>Dato’ Thambynathan Jasudasen</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>Chew Seng Kok</td><td>86</td><td>7</td><td>7</td><td>100</td></tr>
<tr><td>Liew Foong Yuen</td><td>84</td><td>7</td><td>9</td><td>100</td></tr>
<tr><td>Ng Hock Heng</td><td>84</td><td>7</td><td>9</td><td>100</td></tr>
<tr><td>Stephen Arthur Maloy</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>Chew Liong Kim</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>John Lim Yew Kong</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
<tr><td>Ng Quek Peng</td><td>0</td><td>0</td><td>100</td><td>100</td></tr>
</table>

(1) The salary and AWS amounts shown are inclusive of Malaysia Employees Provident Fund.

No stock options were granted to the Directors in FY2015.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2015.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</td></tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The Company only has 2 top key management personnel as at the end of FY2015.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) in FY2015 was as follows:

<table><tr><th>Name</th><th>Salary (%) (1)</th><th>AWS & Bonus (%) (1)</th><th>Total (%)</th></tr><tr><td colspan="4">Below S$250,000</td></tr><tr><td>Paul Subramaniam</td><td>89</td><td>11</td><td>100</td></tr><tr><td>Adeline Cheah Li Meng</td><td>84</td><td>16</td><td>100</td></tr></table>
(1) The salary, AWS and bonus amounts shown are inclusive of Malaysia Employees Provident Fund.

No stock options were granted to the key management personnel in FY2015.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top 2 key management personnel in FY2015 was S$440,939.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2015.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>Information on the Company's Employee Share Option Scheme ("ESOS") and Performance Share Plan ("PSP") are set out on pages 36 to 38 of this Annual Report.</td></tr>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and AWS. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</td></tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr>
<td></td>
<td>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</td>
<td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><td colspan="3">Table 9.6(b)</td></tr>
<tr><td>Performance Conditions</td><td>Short-term Incentives
(such as performance bonus)</td><td>Long-term incentives
(The Company has engaged Hay Group to advise on the Long Term Incentive Program in FY2015)</td></tr>
<tr><td colspan="3">Executive Directors</td></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Cross selling or internal process improvements – measures mutual support and synergies across business units
2. Mentoring – measures ability to support the development of future leaders
3. Professional development & reputation – incentivises the constant upgrading of skills critical to the success of the Group
4. External / internal client satisfaction – measures overall ability to serve key accounts</td></tr>
<tr><td>Quantitative</td><td>Growth of PBT</td><td>None</td></tr>
<tr><td colspan="3">Key Management Personnel</td></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Cross selling or internal process improvements – measures mutual support and synergies across business units
2. Mentoring – measures ability to support the development of future leaders
3. Professional development & reputation – incentivises the constant upgrading of skills critical to the success of the Group
4. External / internal client satisfaction – measures overall ability to serve key accounts</td></tr>
<tr><td>Quantitative</td><td>None</td><td>None</td></tr>
</table>
</td>
</tr>
<tr>
<td></td>
<td>(c) Were all of these performance conditions met? If not, what were the reasons?</td>
<td>The RC had reviewed the performance of the Directors and key management personnel and is satisfied that these performance conditions were met in FY2015.</td>
</tr>
</table>

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2015. The bases for the Board's view are as follows: • Assurance had been received from the Managing Director and Chief Financial Officer ("**CFO**") (refer to Section 11.3(b) below); • Internal controls established and maintained by the Group, work performed by the IA and external auditors ("**EA**"), and reviews performed by the key management personnel and the Board; • Report received from the IA on the audit findings and significant matters highlighted to the AC and key management personnel were appropriately addressed; • Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and • Discussion held between the AC and EA in the absence of the key management personnel to review and address any potential concerns on 25 February 2016. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the Managing Director and CFO in respect of FY2015. The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements present fairly, in all material respects the Company's operations and finances. The Board has additionally relied on IA reports issued to the Company since FY2015 as assurances that the Company's risk management and internal control systems are effective.
Audit Committee		
12.1 12.4	What is the role of the AC?	The AC is guided by the following key terms of reference: • review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board for approval; • review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

CORPORATE GOVERNANCE

		• review the effectiveness and adequacy of the Group's internal audit function; • review the scope and results of the external audit, and the independence and objectivity of the EA; • make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approve the remuneration and terms of engagement of the EA; • review the system of internal controls and management of financial risks with the IA and EA; • review the co-operation given by the management to the EA and the IA, where applicable; • review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time; • review and approve interested person transactions and review procedures thereof; • review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests; • review the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET; • investigate any matters within its terms of reference; • review the policy and arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and • undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC had met with the EA once in the absence of key management personnel in FY2015. Subsequent to FY2015, the AC had met with the EA in the absence of key management personnel on 25 February 2016.
12.6	Has the AC reviewed the independence of the EA?	The AC had reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	See Table 12.6(a) below.
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2015 were not substantial.

Table 12.6(a) – *Fees Paid/Payable to the EA for FY2015*

	S$	% of total
Audit fees	151,333	97.3
Non-audit fees		
– Tax compliance services to ZICOlaw Myanmar Limited	4,264	2.7
Total	**155,597**	**100.0**

CORPORATE GOVERNANCE

12.7	Does the Company have a whistle-blowing policy?	Yes. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the Chief Risk Officer, Mr Paul Subramaniam. The contact information of the Chief Risk Officer is set out in its corporate website at www.zicoholdings.com.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2015, all members of AC received regular updates on changes and amendments to accounting standards to enable the members of AC to keep abreast of such changes, and issues which have a direct impact on financial statements.
<u>Internal Audit</u>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd. that reports directly to the AC Chairman and administratively to the Managing Director. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that Nexia TS Risk Advisory Pte. Ltd. is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
<u>Communication with Shareholders</u>		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company solicits feedback from and addresses the concerns of shareholders via the following: • a dedicated external investor relations team by Citigate Dewe Rogerson, i.MAGE Pte. Ltd. whose contact details can be found at the Company's corporate website at www.zicoholdings.com; • investor/analyst briefings; and • investor roadshows.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company held 2 investor/analyst briefings and participated in the Corporate Connect Seminar organised by Securities Investors Association (Singapore) and SGX in FY2015 to meet with its institutional and retail investors.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.zicoholdings.com. The Company also has a dedicated external investor relations team by Citigate Dewe Rogerson, i.MAGE Pte. Ltd. to facilitate communication with shareholders.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to, *inter alia*, the Group's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition, and any restrictions on payment of dividends imposed by the Group's financing arrangements.
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended dividends for FY2015, as it is of the view that the Group can better use the cash to invest in new business opportunities to grow at this juncture.

CORPORATE GOVERNANCE

CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Group believes in encouraging shareholder participation at general meetings. All shareholders of the Group receive the annual report, circulars and notices of all shareholders' meetings. The notices are advertised in the newspapers and made available on both SGXNET and our website. If any shareholder is unable to attend, the Articles allow the shareholder to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance, at least 48 hours prior to the meeting. Attendance by proxies is allowed as stipulated in the Articles. The Company's Articles allow for abstentia voting. However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided not to implement voting in absentia by mail, email or fax until issues on security and integrity are satisfactorily resolved. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. The Company will conduct poll voting for all resolutions to be passed at all general meeting of shareholders and the detailed results will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings will be made available to shareholders upon their request after the general meeting.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are effective and adequate to address the financial, operational and compliance and information technology risks in FY2015 based on the following: • internal controls and the risk management system established by the Company; • works performed by the IA and EA; • assurance from the Managing Director and CFO; and • reviews done by the various Board Committees and key management personnel.

CORPORATE GOVERNANCE

1204(17)	Interested Persons Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Pursuant to an appointment letter dated 14 October 2014, Mr Stephen Arthur Maloy shall provide to the Group and its clients with general advisory and strategic business guidance with effect from 1 July 2014 to 30 June 2017, on a fixed retainer basis of S$24,950 per quarter. The Directors are of the view that the consultancy and business advisory services provided by Mr Stephen Arthur Maloy are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its shareholders. The Company does not have a general mandate for IPTs. There were no IPTs with value more than S$100,000 transacted in FY2015.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor fees	In FY2015, the Company paid to its Sponsor, PrimePartners Corporate Finance Pte. Ltd., non-sponsor fees of S$45,000.
1204(22)	Use of IPO Proceeds	The Company refers to the net proceeds amounting to S$12.52 million (excluding listing expenses of approximately S$1.88 million raised from the IPO on the Catalist Board of the SGX-ST on 11 November 2014). The following table sets out the breakdown of the use of proceeds from the IPO as at 26 February 2016:

Purpose	Amount allocated (S$'000)	Amount utilised as at 26 February 2016 (S$'000)	Balance (S$'000)
Expansion of business operations including potential acquisitions	8,000	6,816	1,184
Capital expenditure on information technology infrastructure	1,000	61	939
General working capital [(1)]	3,521	3,521 [(1)]	–
Listing expenses	1,879	1,879	–
Total	14,400	12,277	2,123

Note:
(1) The amount of working capital was used for payment of salaries and wages.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited financial statements of ZICO Holdings Inc. (the "Company", and together with its subsidiaries and associated companies, the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 42 to 119 are drawn up in accordance with International Financial Reporting Standards so as to present fairly, in all material aspects, the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Chew Seng Kok
Ng Hock Heng
Ng Quek Peng
Liew Foong Yuen
Stephen Arthur Maloy
Chew Liong Kim
John Lim Yew Kong
Dato' Thambynathan Jasudasen

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	**At 1.1.2015, or date of appointment, if later**	**At 31.12.2015**	**At 1.1.2015, or date of appointment, if later**
ZICO Holdings Inc.				
(No. of ordinary shares)				
Chew Seng Kok	**102,916,200**	102,916,200	**6,000,000**	6,000,000
Ng Hock Heng	**10,090,000**	13,390,000	**–**	–
Liew Foong Yuen	**6,180,000**	6,180,000	**–**	–
Stephen Arthur Maloy	**892,400**	892,400	**1,428,600**	1,428,600
Chew Liong Kim	**1,871,421**	536,000	**–**	–
Ng Quek Peng	**149,000**	149,000	**–**	–

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in option to subscribe for ordinary shares of the Company granted pursuant to the ZICO Holdings Employee Share Option Scheme as set out below and under "Share options" below.

	No. of unissued ordinary shares under option	
	At 31.12.2015	**At 1.1.2015, or date of appointment, if later**
ZICO Holdings Inc.		
Ng Hock Heng	**200,000**	200,000
Liew Foong Yuen	**200,000**	200,000

(c) In accordance with the continuing listing requirements of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the directors of the Company state that, according to the register of directors' shareholdings, the directors' interests as at 21 January 2016 in the shares of the Company have not changed from those disclosed as at 31 December 2015.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the accompanying financial statements and in this statement, and except that certain directors received remuneration from the Company and related corporations in their capacity as directors and/or executives of those corporations.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

SHARE OPTIONS

ZICO Holdings Employee Share Option Scheme

The ZICO Holdings Employee Share Option Scheme (the "ESOS") was approved and adopted at the Company's extraordinary general meeting held on 19 September 2014 and will continue to remain in force until 18 September 2024, unless terminated in accordance with the Rules of the ESOS. The ESOS is administered by the Remuneration Committee comprising Mr Chew Liong Kim, Mr Stephen Arthur Maloy, Mr John Lim Yew Kong and Dato' Thambynathan Jasudasen (the "Committee"). The ESOS provides for the grant of incentive share options to employees and directors of the Group.

Under the ESOS, the total number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the Performance Share Plan ("PSP"); and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued shares (including treasury shares) on the day immediately preceding the offer date of the option.

The aggregate number of shares issued and issuable in respect of all options granted under the ESOS available to the controlling shareholders or associates of the controlling shareholders shall not exceed 25% of the total number of shares available under the ESOS.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the first anniversary of the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the second anniversary from the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

An option shall, to the extent unexercised, immediately lapse and become null and void and a participant shall have no claim against the Company:

(a) subject to the rules of the ESOS, upon the participant ceasing to be in employment of the Company or any of the companies within the Group for any reason whatsoever;
(b) upon the bankruptcy of the participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such option; or
(c) in the event of misconduct on the part of the participant, as determined by the Committee.

Activities under the ESOS:

The number of unissued ordinary shares of the Company under options in relation to the ZICO Holdings ESOS outstanding at the end of the financial year was as follows:

Exercise price	Grant date	Exercise period	2015 Number of options
S$0.24	31 October 2014	1 November 2016 to 30 October 2024	3,500,000

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

SHARE OPTIONS (CONTINUED)

ZICO Holdings Employee Share Option Scheme (continued)

The table below summarises the number of options that were outstanding, their weighted average exercise price as at the end of the reporting financial period as well as the movements during the financial year.

	2015	
	Number of options	**Weighted average exercise price S$**
Outstanding at 1 January	3,500,000	0.24
Granted	–	–
Outstanding at 31 December	3,500,000	0.24
Exercisable at 31 December	–	–

The following table summarises information about directors' share options outstanding as at 31 December 2015:

	No. of unissued ordinary shares of the Company under option			
Participants	**Granted in financial year ended 31.12.2015**	**Aggregate granted since commencement of ESOS to 31.12.2015**	**Aggregate exercised since commencement of ESOS to 31.12.2015**	**Aggregate outstanding as at 31.12.2015**
Directors of the Company				
Ng Hock Heng	–	200,000	–	200,000 [a]
Liew Foong Yuen	–	200,000	–	200,000 [a]
Total	–	400,000	–	400,000

[a] *Exercise price of S$0.24. Exercisable from 1 November 2016 to 30 October 2024.*

No participant has received 5% or more of the total number of shares under option available under the ESOS.

There were no options granted to (a) controlling shareholders and independent directors of the Company; (b) associates of the controlling shareholders; and (c) independent directors of its subsidiaries, from the commencement of the ESOS up to the end of the financial year.

No options were granted to directors and employees of parent company and its subsidiaries as the Company does not have any parent company.

No options were granted during the financial year.

There were no options exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year except for those disclosed above.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

SHARE AWARDS

ZICO Holdings Performance Share Plan

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group adopted the ZICO Holdings Performance Share Plan ("PSP") which was approved at the Company's extraordinary general meeting held on 19 September 2014. The PSP is administered by the Remuneration Committee comprising Mr Chew Liong Kim, Mr Stephen Arthur Maloy, Mr John Lim Yew Kong and Dato' Thambynathan Jasudasen. The PSP provides for the grant of incentive share awards to employees and directors.

The selection of the participants and number of shares which are subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of awards on any date, when added to the aggregate number of shares issued and/or issuable in respect of (a) all awards granted under the PSP; and (b) all other shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

The aggregate number of shares available to the controlling shareholders or associates of the controlling shareholder (including adjustments made) shall not exceed 25% of the shares available under the PSP. The number of shares that are available to each controlling shareholder or associates of the controlling shareholder under the PSP shall not exceed 10% of the shares available under the PSP.

Notwithstanding that a participant may have met his performance targets, no awards shall be vested:

(i) upon the bankruptcy of the participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such award;
(ii) in the event of any misconduct on the part of the participant as determined by the Committee in its discretion;
(iii) subject to the rules of the PSP, upon the participant ceasing to be in the employment of the Group for any reason whatsoever; or
(iv) in the event that the Committee shall, at its discretion, deem it appropriate that such award to be given to a participant shall so lapse on the grounds that any of the objectives of the PSP have not been met.

As at 31 December 2015, there were no share awards granted pursuant to the PSP.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AUDIT COMMITTEE

The Audit Committee comprises the following members, who are all non-executive and a majority of whom, including the Chairman, are independent directors. The members of the Audit Committee during the financial year and at the date of this statement are:

John Lim Yew Kong (Chairman)
Ng Quek Peng
Chew Liong Kim
Stephen Arthur Maloy

Our Audit Committee performs, *inter alia*, the following functions:

(a) review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to our Board for approval;
(b) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
(c) review the effectiveness and adequacy of the Group's internal audit function;
(d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
(e) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
(f) review the system of internal controls and management of financial risks with the Group's internal and external auditors;
(g) review the co-operation given by management to the external auditors and internal auditors, where applicable;
(h) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;
(i) review and approve interested person transactions and review procedures thereof;
(j) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
(k) review the Group's risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
(l) investigate any matters within its terms of reference;
(m) review the policy and arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
(n) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AUDITORS

The independent auditor, PricewaterhouseCoopers LLP, has expressed their willingness to accept re-appointment.

Additional disclosures requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Company has appointed PricewaterhouseCoopers LLP as the Company's auditor to audit the financial statements of the Group. Accordingly, Rule 712 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

The auditors of the subsidiaries of the Company are disclosed in Note 14 to the financial statements. In the opinion of the Board of Directors and Audit Committee, Rule 715 of the Listing Manual Section B: Rules of the Catalist of SGX-ST has been complied with.

On behalf of the directors

Chew Seng Kok
Director

Ng Hock Heng
Director

21 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZICO HOLDINGS INC.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ZICO Holdings Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 119, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company present fairly, in all material aspects, the financial position of the Group and of the Company as at 31 December 2015, and of their financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore,
21 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000
Revenue	4	**52,777**	35,684
Other item of income			
Other income	5	**5,555**	4,194
		58,332	39,878
Items of expense			
Amortisation and depreciation expenses	6	**(2,900)**	(1,250)
Employee benefits expense	7	**(24,887)**	(11,617)
Operating lease expenses		**(2,997)**	(1,502)
Retainer fees and consultancy fees		**(7,590)**	(2,416)
Other expenses		**(10,504)**	(9,095)
Finance costs	8	**(577)**	(196)
Share of results of associates, net of tax		**63**	(342)
Profit before income tax	9	**8,940**	13,460
Income tax expense	10	**(1,653)**	(2,766)
Profit for the financial year		**7,287**	10,694
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	23	**6,768**	172
Reclassification arising from disposal of foreign subsidiary		**–**	(239)
Other comprehensive income for the financial year, net of tax		**6,768**	(67)
Total comprehensive income for the financial year		**14,055**	10,627
Profit attributable to:			
Owners of the parent		**6,617**	10,738
Non-controlling interests		**670**	(44)
		7,287	10,694
Total comprehensive income attributable to:			
Owners of the parent		**13,293**	10,669
Non-controlling interests		**762**	(42)
		14,055	10,627
Earnings per share	11		
– Basic (RM)		**0.02**	0.05
– Diluted (RM)		**0.02**	0.05

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Plant and equipment	12	**6,166**	4,426	**125**	122
Intangible assets	13	**61,516**	6,588	**3,939**	–
Subsidiaries	14	**–**	–	**51,787**	32
Associates	15	**61**	38	**–**	–
Investments	16	**30**	–	**–**	–
Deferred tax assets	17	**7**	7	**–**	–
Trade and other receivables	18	**18,722**	–	**15,033**	19,971
		86,502	11,059	**70,884**	20,125
Current assets					
Trade and other receivables	18	**33,507**	28,755	**37,001**	3,096
Prepayments		**813**	994	**84**	–
Current income tax recoverable		**903**	62	**–**	–
Cash and cash equivalents	19	**26,447**	34,424	**7,815**	31,090
Other current assets	20	**4,349**	2,949	**829**	–
		66,019	67,184	**45,729**	34,186
Total assets		**152,521**	78,243	**116,613**	54,311
EQUITY AND LIABILITIES					
Equity					
Share capital	21	**68,092**	51,219	**68,092**	51,219
Retained earnings		**13,293**	6,676	**3,025**	731
Share options reserve	22	**305**	34	**305**	34
Currency translation reserve	23	**6,641**	(35)	**9,871**	30
Equity attributable to owners of the parent		**88,331**	57,894	**81,293**	52,014
Non-controlling interests		**1,143**	330	**–**	–
Total equity		**89,474**	58,224	**81,293**	52,014
Non-current liabilities					
Interest-bearing liabilities	24	**10,984**	83	**10,812**	–
Other payables	25	**680**	1,316	**–**	–
Provisions	26	**69**	60	**–**	–
Deferred tax liabilities	17	**2,034**	96	**–**	–
		13,767	1,555	**10,812**	–
Current liabilities					
Trade and other payables	25	**19,994**	13,503	**3,314**	1,081
Interest-bearing liabilities	24	**21,264**	1,294	**21,180**	1,204
Deferred revenue	28	**6,063**	1,478	**–**	–
Provisions	26	**60**	–	**–**	–
Current income tax payable		**1,899**	2,189	**14**	12
		49,280	18,464	**24,508**	2,297
Total liabilities		**63,047**	20,019	**35,320**	2,297
Total equity and liabilities		**152,521**	78,243	**116,613**	54,311

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RM'000	Retained earnings RM'000	Share options reserve RM'000	Currency translation reserve RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
2015								
Beginning of financial year		**51,219**	**6,676**	**34**	**(35)**	**57,894**	**330**	**58,224**
Profit for the financial year		–	6,617	–	–	6,617	670	7,287
Other comprehensive income:								
Foreign currency translation differences	23	–	–	–	6,676	6,676	92	6,768
Total comprehensive income for the financial year		**–**	**6,617**	**–**	**6,676**	**13,293**	**762**	**14,055**
Contributions by and distributions to owners of the parent								
Issuance of ordinary shares	21	16,873	–	–	–	16,873	–	16,873
Grant of share options	22	–	–	271	–	271	–	271
Total transactions with owners of the parent		**16,873**	**–**	**271**	**–**	**17,144**	**–**	**17,144**
Transaction with non-controlling interests								
Subscription of shares of a subsidiary	14	–	–	–	–	–	51	51
Total transaction with non-controlling interests		**–**	**–**	**–**	**–**	**–**	**51**	**51**
End of financial year		**68,092**	**13,293**	**305**	**6,641**	**88,331**	**1,143**	**89,474**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RM'000	Retained earnings RM'000	Share options reserve RM'000	Currency translation reserve RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
2014								
Beginning of financial year		**3,281**	**7,852**	**–**	**34**	**11,167**	**–**	**11,167**
Profit for the financial year		–	10,738	–	–	10,738	(44)	10,694
Other comprehensive income:								
Foreign currency translation differences	23	–	–	–	170	170	2	172
Reclassification adjustment arising from disposal of foreign subsidiary	23	–	–	–	(239)	(239)	–	(239)
Total comprehensive income for the financial year		**–**	**10,738**	**–**	**(69)**	**10,669**	**(42)**	**10,627**
Contributions by and distributions to owners of the parent								
Dividends	29	–	(10,736)	–	–	(10,736)	–	(10,736)
Issuance of ordinary shares	21	50,067	–	–	–	50,067	–	50,067
Share issuance expense	21	(2,129)	–	–	–	(2,129)	–	(2,129)
Issuance of preference shares	27	–	(1,493)	–	–	(1,493)	–	(1,493)
Cancellation of preference shares	27	–	315	–	–	315	–	315
Grant of share options	22	–	–	34	–	34	–	34
Total transactions with owners of the parent		**47,938**	**(11,914)**	**34**	**–**	**36,058**	**–**	**36,058**
Transaction with non-controlling interests								
Subscription of shares of a subsidiary	14	–	–	–	–	–	372	372
Total transaction with non-controlling interests		**–**	**–**	**–**	**–**	**–**	**372**	**372**
End of financial year		**51,219**	**6,676**	**34**	**(35)**	**57,894**	**330**	**58,224**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Cash flows from operating activities			
Profit before income tax		**8,940**	13,460
Adjustments for:			
Allowance for impairment loss on doubtful trade receivables		**–**	305
Allowance for impairment loss on doubtful trade receivables written back		**(42)**	(218)
Amortisation of intangible assets		**1,577**	447
Bad trade and other receivables written off		**258**	163
Depreciation of plant and equipment		**1,323**	803
Gain on disposal of a subsidiary		**–**	(239)
Gain on disposal of plant and equipment		**(21)**	(70)
Intangible assets written off		**7**	–
Interest income		**(173)**	(103)
Interest expense		**451**	28
Interest expense on deferred consideration		**126**	168
Loss on disposal of an associate		**–**	96
Plant and equipment written off		**17**	–
Provisions		**69**	60
Share of results of associates, net of tax		**(63)**	342
Unrealised foreign exchange gain, net		**(954)**	(310)
Share based payment expenses		**271**	1,460
Operating cash flows before working capital changes		**11,786**	16,392
Working capital changes:			
Trade and other receivables		**(19,320)**	(12,545)
Prepayments		**273**	(942)
Trade and other payables		**5,098**	1,073
Cash generated from operations		**(2,163)**	3,978
Income tax paid		**(1,651)**	(1,171)
Net cash(used in)/generated from operating activities		**(3,814)**	2,807

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Investing activities			
Acquisition of subsidiaries, net of cash acquired		**(20,566)**	104
Disposal of a subsidiary		**–**	(130)
Advances to associates		**(37)**	–
Advances to third parties		**(4,790)**	(2,735)
Dividend received		**40**	45
Interest received		**169**	103
Payment for deferred consideration to acquire intangible assets		**–**	(240)
Payment for deferred consideration to acquire a subsidiary		**(720)**	(720)
Placement of fixed deposits with a bank		**–**	(2)
Proceeds from disposal of plant and equipment		**503**	70
Purchase of plant and equipment		**(2,959)**	(2,589)
Purchase of intangible assets		**(5,170)**	(641)
Net cash used in investing activities		**(33,530)**	(6,735)
Financing activities			
Dividends paid		**–**	(10,736)
Interest paid		**(451)**	(28)
Repayment to shareholders		**–**	(1,355)
Repayment to a director		**–**	(10)
Proceeds from issuance of ordinary shares		**–**	48,641
Share issuance expense		**–**	(2,129)
Proceeds from revolving credit facility		**15,342**	1,204
Proceeds from term loan facility		**15,446**	–
Redemption of preference shares		**–**	(1,178)
Repayment of finance lease payables		**(77)**	(57)
Net cash generated by financing activities		**30,260**	34,352
Net change in cash and cash equivalents		**(7,084)**	30,424
Cash and cash equivalents at beginning of financial year	19	**34,424**	3,998
Effect of exchange rate changes on cash and cash equivalents		**(893)**	2
Cash and cash equivalents at end of financial year	19	**26,447**	34,424

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL CORPORATE INFORMATION

ZICO Holdings Inc. (the "Company") is domiciled in the Federal Territory of Labuan, Malaysia and was incorporated on 9 December 2010 under the Labuan Companies Act 1990 as a Labuan company in the name of ZICOlaw Holdings Inc. With effect from 30 April 2014, the name of the Company was changed to ZICO Holdings Inc. The Company's registration number is LL07968.

The Company was listed on Catalist board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 November 2014.

The address of the Company's registered office is Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia. The principal place of business is 8 Robinson Road #03-00 ASO Building 048544 Singapore.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

With effect from 1 January 2014, the Company changed its functional currency from United States Dollar to Singapore Dollar in view of the Singapore Dollar's increasing influence over the primary economic environment in which the Company operates. There was no significant impact from the change in functional currency. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated. The financial statements are presented in Ringgit Malaysia as the Group's operations are predominantly in Malaysia and the directors are of the view that presenting the financial statements in Ringgit Malaysia would be useful to the shareholders of the Company.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group and the Company adopted the new or amended IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are mandatory for application for the financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective IFRS and IFRIC interpretations.

The adoption of these new or amended IFRS and IFRIC interpretations did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

IFRS 8 – Operating segments

The Group has adopted the above amendment to IFRS 8 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014.

It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 32 to the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met.

Revenue from the provision of retainer services such as corporate secretarial, share registrar, trustee and business support services is recognised as the services are performed in accordance with the relevant terms and conditions of the contract. Revenue from the provision of ad hoc services such as business and management consultancy services is recognised when the services are rendered.

Royalty income is recognised by the entity which owns the intellectual property on an accrual basis in accordance with the substance of the relevant agreement and is charged to the respective entities using the intellectual property.

Management fee income is recognised when the services are rendered.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Defined benefit plan

A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting date, and adjusted for unrecognised gains or losses, non-vested past service costs, termination costs and curtailment gain or loss.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates at the reporting date of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are charged or credited to equity in other comprehensive income for the period in which they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Gains or losses on curtailment are recognised immediately in profit or loss when there is a commitment to make a material reduction in the number of employees covered by a plan or when there is an amendment of a defined benefit plan terms such as that a material element of future services to be provided by current employees will no longer qualify for benefits, or will qualify only for reduced benefits. The Group recognises gains and losses on settlement of a defined plan when the settlement occurs.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

2.4 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.6 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (continued)

(a) *Subsidiaries (continued)*

(i) *Consolidation (continued)*

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (continued)

(c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

(a) *Measurement*

(i) *Plant and equipment*

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Years
Motor vehicles	5
Computers	3
Office equipment	$6\ ^2/_3$
Renovation	10

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) *Acquired trademarks and licences*

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 40 years.

(c) *Customer relationships*

Customer relationships are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 4.25 – 14.5 years.

(d) *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (continued)

(e) *Customer acquisition costs*

Customer acquisition costs are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 10 years.

2.9 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Plant and equipment*
Intangible assets
Investments in subsidiaries and associated companies

Intangible assets, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (continued)

(b) *Plant and equipment (continued)*
Intangible assets (continued)
Investments in subsidiaries and associated companies (continued)

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" and "trade and other receivables" on the balance sheet, except for non-current interest-free receivables from a subsidiary which has been accounted for in accordance with Note 2.9.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) *Borrowings*

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) *Redeemable preference shares*

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised as finance expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Leases

(a) *When the Group is the lessee:*

The Group leases motor vehicles and certain plant and machinery under finance leases and office premises under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

The Group leases motor vehicles and office premises under operating leases to non-related parties.

(i) *Lessor – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) are recognised in profit or loss on a straight-line basis over the lease term.

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.17 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia, which is the presentation currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Currency translation (continued)

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, fixed deposits net of fixed deposits pledged and cash held in trust, which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Share-based payments

The Group operates an equity-settled share-based compensation plan for its employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market based vesting conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the share option reserve.

Fair value is measured using the Black Scholes option pricing model. The expected life used in the model has been adjusted, based on the external independent valuers' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each reporting period a revision is made to the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.22 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received.

Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

2.23 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, management is of the view that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments in subsidiaries

The Company follows the guidance of IAS 36 and IAS 39 in determining whether an investment in subsidiary is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 December 2015 was RM51,787,000 (2014: RM32,000).

(ii) Impairment of intangible assets

The Group determines whether goodwill is impaired at least on an annual basis, regardless of whether there is an indication of impairment, and intangible assets other than goodwill as and when there is an indication that the intangible asset may be impaired. This determination of indication of impairment requires significant judgement. Whenever there is an indication that the cash-generating units to which the intangible assets were allocated may be impaired, such as a decline in the economic and business environment in which the Group operates, the cash-generating units are tested for impairment by comparing their carrying amounts, excluding any goodwill, with their recoverable amounts.

(iii) Advances to subsidiary

The Company has extended interest-free advances to a subsidiary amounting to RM15,033,000 (2014: RM19,971,000). These advances have no fixed terms of repayment and are intended to be a long-term source of additional capital for the subsidiary. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

As a result, management considers such advances to be in substance part of the Company's net investment in the subsidiary and has accounted for these advances in accordance with Note 18.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(i) Amortisation of intangible assets

Computer software, trademark, customer acquisition costs and customer relationships are amortised on a straight line basis over the estimated useful lives of 3 – 5 years, 40 years, 10 years and 4.25 – 14.5 years respectively. Changes in the expected level of benefits to be derived from the intangible asset could impact the economic useful life and therefore, future amortisation charges may be revised. The carrying amount of the Group's intangible assets, excluding goodwill as at 31 December 2015 was RM18,475,000 (2014: RM3,647,000).

If the estimated useful lives of the trademark, customer acquisition costs and customer relationships with a useful life of 14.5 years decreases by 15 years, 3 years and 3 years respectively, as compared to management's estimate, the Group's annual amortisation charge will increase by RM30,000, RM176,000 and RM128,000, respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(ii) Allowance for impairment loss on receivables

Management establishes allowance for impairment loss on receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, management considers its historical loss experience for assets with similar credit risk characteristics and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required.

Included in the carrying amount of the Group's current and non-current trade and other receivables as at 31 December 2015 is RM32,156,000 where towards the end of 2015, management has agreed with the debtors on a 3-year repayment plan for the settlement of these balances between 2016 to 2018. Interest will be charged on the outstanding balance commencing 2016. No impairment allowance has been made on these balances as management expects to collect based on its credit evaluation of these debtors.

(iii) Business combination

The Company acquired a 100% interest in B.A.C.S. Pte. Ltd. ("B.A.C.S.") and Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd. (previously known as Finova Associates Pte. Ltd.) (collectively "Finova Group") effective 1 April 2015 and 1 June 2015, respectively. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite-lived intangible assets are amortised, whereas indefinite-lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite-lived and finite-lived intangible assets.

On the acquisition of B.A.C.S. and Finova Group, the intangible assets identified included customer relationships with a provisional estimated fair value of RM9,079,000. The final fair value of this asset would be determined by discounting estimated future net cash flows generated by the asset using the multi-period excess earnings approach, assuming no active market for the asset exists. The identification of the acquired intangible assets has been provisionally determined. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible asset.

Customer relationships

The estimated useful life of 4.25 – 14.5 years principally reflects management's view of the average economic life of the customer contracts based on historical business relationships, weighted by the revenue contribution.

(iv) Impairment of non-financial assets

The carrying amounts of goodwill in each CGU are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amounts of all other intangible assets are reviewed where there are indicators of possible impairment.

An impairment review involves a comparison of the carrying value of the asset with the value in use based on management's cash flow projections or fair value less cost to sell based on market comparable transactions or income approach. Key areas of judgement in estimating the recoverable amount of a CGU are the growth in cash flows over a five-year forecast period, the long term growth rate assumed thereafter and the discount rate applied to the forecast cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(iv) Impairment of non-financial assets (continued)

A sensitivity analysis has been performed for each CGU based on changes in key assumptions considered to be reasonably possible by management. For all the CGU, there will be no impact to the Group's profit after tax if the pre-tax discount rate and the revenue growth applied to the pre-tax cash flows for the acquired businesses at 31 December 2015 is raised by 1% and decreased by 1%, respectively, with all other variables including tax rate being held constant.

4. REVENUE

	Group	
	2015	2014
	RM'000	RM'000
Management fees	**17,410**	12,102
Services rendered	**29,709**	17,554
Royalty income	**5,658**	6,028
	52,777	35,684

5. OTHER INCOME

	Group	
	2015	2014
	RM'000	RM'000
Other income		
Disbursement income	**560**	397
Interest income	**173**	103
Introductory fee	**–**	195
Management fee	**800**	387
Rental income		
– motor vehicles	**89**	89
– office premises	**297**	152
Others	**381**	269
Other gains		
Allowance for impairment loss on doubtful trade receivables written back	**42**	218
Bad debts recovered	**–**	63
Gain on disposal of a subsidiary	**–**	239
Gain on disposal of plant and equipment	**21**	70
Non-refundable unutilised disbursements	**444**	493
Gain on foreign exchange, net	**2,748**	1,519
	5,555	4,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. AMORTISATION AND DEPRECIATION EXPENSES

	Group	
	2015	2014
	RM'000	RM'000
Amortisation of intangible assets (Note 13)	**1,577**	447
Depreciation of plant and equipment (Note 12)	**1,323**	803
	2,900	1,250

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	2014
	RM'000	RM'000
Salaries, wages, bonuses and other short term staff benefits	**23,064**	10,867
Contributions to defined contribution plans	**1,552**	716
Share-based payments under the ESOS (Note 22)	**271**	34
	24,887	11,617

Included in the employee benefits expense were the remuneration of directors of the Company and key management personnel of the Group as set out in Note 30 to the financial statements.

8. FINANCE COSTS

	Group	
	2015	2014
	RM'000	RM'000
Interest expense		
– finance lease payables	**13**	6
– on deferred consideration on acquisition of:		
– a subsidiary	**126**	163
– intangible asset	**–**	5
Revolving credit facility ("RCF") loan charges	**165**	19
Term loan ("TL") loan charges	**271**	–
Others	**2**	3
	577	196

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2015	2014
	RM'000	RM'000
Other expenses		
Allowance for impairment loss on doubtful trade receivables	**–**	305
Audit fees		
– auditors of the Company	**222**	102
– other auditors	**275**	100
Non-audit fees		
– other auditors	**–**	90
Fees paid to directors of the Company	**1,211**	546
Initial public offering expenses	**–**	4,850 [(1)]
Plant and equipment written off	**17**	–
Provisions		
– reinstatement costs	**–**	39
– leave benefits	**5**	–
– retirement benefits	**–**	21
Trade and other receivables written off	**258**	163
Other administrative expenses	**3,528**	846
Other operating expenses	**2,580**	102
Other losses		
Foreign exchange loss, net	**–**	748
Intangible assets written off	**7**	–
Loss on disposal of associate	**–**	96

Notes:

(1) *Included in these expenses were professional fees paid to the independent reporting auditors of the Company amounting to approximately RM524,000 in connection with the Company's initial public offering. A portion of the professional fees paid to the independent reporting auditors, amounting to approximately RM115,000 was charged to share issue expenses under share capital (Note 21).*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. INCOME TAX EXPENSE

	Group 2015 RM'000	Group 2014 RM'000
Current income tax		
– current financial year	**1,140**	1,922
– over-provision in prior financial year	**(395)**	(32)
	745	1,890
Deferred tax		
– current financial year	**124**	81
– under/(over)-provision in prior financial year	**38**	(1)
	162	80
Withholding tax	**746**	796
Total income tax expense recognised in profit or loss	**1,653**	2,766

Reconciliation of effective income tax rate

	Group 2015 RM'000	Group 2014 RM'000
Profit before income tax	**8,940**	13,460
Share of results of associates, net of tax	**(63)**	342
	8,877	13,802
Income tax calculated at Federal Territory of Labuan's domestic statutory income tax rate of Nil% (2014: Nil%)	**–**	–
Effects of:		
– different tax rate in other countries	**232**	1,847
– income not subject to tax	**(237)**	(153)
– expenses not deductible for tax purposes	**731**	625
– over-provision of current income tax in prior financial years	**(395)**	(32)
– under/(over)-provision of deferred tax in prior financial years	**38**	(1)
– income tax exemption	**(506)**	(280)
– deferred tax assets not recognised	**1,134**	–
– utilisation of previously unrecognised deferred tax assets	**–**	(9)
– withholding tax	**746**	796
– utilisation of capital allowances	**(74)**	–
– others	**(16)**	(27)
	1,653	2,766

In accordance with the Labuan Business Activity Tax Act, 1990, the Company is carrying on an offshore business activity which is an offshore non-trading activity for the basis period for year of assessment and therefore shall not be charged to tax for that year of assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
Net profit attributable to equity holder of the Company (RM'000)	**6,617**	10,738
Weighted average number of ordinary shares outstanding during the financial year for basic earnings per share ('000)	**276,803**	222,647 [1]
Basic earnings per share (RM per share)	**0.02**	0.05

Notes:
[1] *Adjusted for the subdivision of shares as if it had taken place on 1 January 2014.*

Diluted earnings per share

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares assuming all options have been converted or exercised. As at 31 December 2015, the Group's potential ordinary shares comprise employee share options.

	Group	
	2015	2014
Profit attributable to owners of the parent (RM'000)	**6,617**	10,738
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	**276,803**	222,647
Effect of:		
Adjustment for assumed exercise of employee share options ('000)	**3,500**	594
Weighted average number of ordinary shares applicable to diluted earnings per share ('000)	**280,303**	223,241
Diluted earnings per share (RM per share)	**0.02**	0.05

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. PLANT AND EQUIPMENT

	Motor vehicles RM'000	Computers RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Group					
2015					
Cost					
Beginning of financial year	496	2,377	1,272	1,625	5,770
Acquisition of subsidiaries (Note 14)	–	52	150	–	202
Additions	147	418	1,107	1,419	3,091
Disposals	–	–	(466)	(37)	(503)
Written off	–	(27)	(1)	–	(28)
Reclassifications	–	(493)	492	–	(1)
Currency translation differences	16	70	152	209	447
End of financial year	659	2,397	2,706	3,216	8,978
Accumulated depreciation					
Beginning of financial year	257	695	182	210	1,344
Depreciation charge	98	662	296	267	1,323
Disposals	–	–	(20)	(1)	(21)
Written off	–	(11)	–	–	(11)
Reclassifications	–	(21)	13	–	(8)
Currency translation differences	9	29	75	72	185
End of financial year	364	1,354	546	548	2,812
Net book value					
End of financial year	**295**	**1,043**	**2,160**	**2,668**	**6,166**
2014					
Cost					
Beginning of financial year	429	305	449	516	1,699
Acquisition of subsidiaries (Note 14)	44	51	168	263	526
Additions	164	2,059	736	955	3,914
Disposals	(144)	(4)	–	–	(148)
Disposal of a subsidiary	–	(38)	(95)	(116)	(249)
Currency translation differences	3	4	14	7	28
End of financial year	496	2,377	1,272	1,625	5,770
Accumulated depreciation					
Beginning of financial year	322	160	87	112	681
Depreciation charge	79	536	92	96	803
Disposals	(144)	(4)	–	–	(148)
Currency translation differences	–	3	3	2	8
End of financial year	257	695	182	210	1,344
Net book value					
End of financial year	**239**	**1,682**	**1,090**	**1,415**	**4,426**

12. PLANT AND EQUIPMENT (CONTINUED)

	Computers RM'000	Renovation RM'000	Total RM'000
Company			
2015			
Cost			
Beginning of financial year	1	123	124
Additions	–	–	–
Currency translation differences	–	17	17
End of financial year	1	140	141
Accumulated depreciation			
Beginning of financial year	–	2	2
Depreciation charge	–	13	13
Currency translation differences	–	1	1
End of financial year	–	16	16
Net book value			
End of financial year	**1**	**124**	**125**
2014			
Cost			
Beginning of financial year	–	–	–
Additions	1	123	124
End of financial year	1	123	124
Accumulated depreciation			
Beginning of financial year	–	–	–
Depreciation charge	–	2	2
End of financial year	–	2	2
Net book value			
End of financial year	**1**	**121**	**122**

As at 31 December 2015, the Group has motor vehicles and office equipment held under finance leases. The carrying amounts of motor vehicles and office equipment held under finance leases are RM260,021 (2014: RM239,000) and RM20,199 (2014: Nil), respectively at the balance sheet date.

For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the financial year were financed as follows:

	2015 RM'000	2014 RM'000
Additions to plant and equipment	**3,091**	3,914
Amount owed to a third party	**–**	(1,195)
Financed through finance lease arrangement	**(132)**	(130)
Cash payments to acquire plant and equipment	**2,959**	2,589

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS

	Computer software RM'000	Goodwill RM'000	Trademark RM'000	Customer acquisition costs RM'000	Customer relationships RM'000	Total RM'000
Group						
2015						
Cost						
Beginning of financial year	2,324	2,941	2,000	–	–	7,265
Acquisition of subsidiaries (Note 14)	19	34,719	–	–	9,079	43,817
Additions	1,994	81	–	4,113	–	6,188
Written off	(12)	–	–	–	–	(12)
Reclassifications	1	–	–	–	–	1
Currency translation differences	53	5,300	–	–	1,220	6,573
End of financial year	4,379	43,041	2,000	4,113	10,299	63,832
Accumulated amortisation						
Beginning of financial year	397	–	280	–	–	677
Amortisation	723	–	50	165	639	1,577
Written off	(5)	–	–	–	–	(5)
Reclassifications	8	–	–	–	–	8
Currency translation differences	50	–	–	9	–	59
End of financial year	1,173	–	330	174	639	2,316
Net book value						
End of financial year	3,206	43,041	1,670	3,939	9,660	61,516
2014						
Cost						
Beginning of financial year	–	2,206	2,000	–	–	4,206
Additions	2,324	735	–	–	–	3,059
End of financial year	2,324	2,941	2,000	–	–	7,265
Accumulated amortisation						
Beginning of financial year	–	–	230	–	–	230
Amortisation	397	–	50	–	–	447
End of financial year	397	–	280	–	–	677
Net book value						
End of financial year	1,927	2,941	1,720	–	–	6,588

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS (CONTINUED)

	Customer acquisition costs RM'000
Company	
2015	
Cost	
Beginning of financial year	–
Additions	4,113
End of financial year	4,113
Accumulated depreciation	
Beginning of financial year	–
Amortisation	165
Currency translation differences	9
End of financial year	174
Net book value	
End of financial year	3,939

For the purpose of the consolidated statement of cash flows, the Group's additions to intangible assets during the financial year were financed as follows:

	2015 RM'000	2014 RM'000
Additions to intangible assets, excluding goodwill	**6,107**	2,324
Other payables	**(937)**	–
Amount owing to a third party	**–**	(1,683)
Cash payments to acquire intangible assets, excluding goodwill	**5,170**	641

Amortisation expense was included in "amortisation and depreciation expenses" line item of profit or loss.

Trademark

Trademark pertains to the "ZI" trademark acquired by the Group from a third party for a consideration of RM2,400,000 payable by way of installments of RM40,000 per month for five years (equivalent to RM480,000 per annum) from July 2009.

The trademark is amortised on a straight-line basis over a period of forty years. Amortisation expense was included in "amortisation and depreciation expenses" line item of profit or loss.

The cost of the trademark is the present value of payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS (CONTINUED)

	Cost RM'000
Deferred consideration paid and payable	2,400
Less: Future interest charges	(400)
Present value of trademark	2,000

Customer acquisition costs

The balance pertains to the customers acquired by the Group from Stamford Law Corporation for a purchase consideration of S$2,400,000 (RM6,436,080).

Customer acquisition costs is amortised on a straight-line basis over a period of 10 years. Amortisation expense has been included in "amortisation and depreciation expenses" line item of profit or loss.

Goodwill

Goodwill is attributable mainly to the acquired workforce and marketing network and the synergies expected to be achieved from integrating the investees into the Group's existing businesses.

Impairment tests for goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") identified according to services provided by the entities and business segments as follows:

	Advisory and transactional services	
	2015 RM'000	2014 RM'000
ZICO Corporate Services Sdn. Bhd.	**1,216**	1,216
ZICO Labuan LLP	**964**	964
ZICO International Corporation Sdn. Bhd.	**26**	26
ZICOlaw Myanmar Limited	**500**	500
ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.)	**316**	235
B.A.C.S Pte. Ltd. ("B.A.C.S.")	**16,482**	–
Finova Singapore Pte. Ltd. ("FS") and ZICO BPO Pte. Ltd. (formerly known as Finova Associates Pte. Ltd.) ("FA")	**23,537**	–
	43,041	2,941

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of the CGU was determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

	Group	
	2015	2014
	%	%
Revenue growth rate		
ZICO Corporate Services Sdn. Bhd.	**10.0**	10.0
ZICO Labuan LLP	**15.0**	10.0
ZICOlaw Myanmar Limited	**20.0**	14.0
ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.)	**20.0**	18.0
B.A.C.S.	**5.5**	–
FS and FA	**5.0**	–
Pre-tax weighted average cost of capital		
ZICO Corporate Services Sdn. Bhd.	**12.3**	11.8
ZICO Labuan LLP	**12.3**	11.8
ZICOlaw Myanmar Limited	**14.2**	18.3
ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.)	**14.2**	18.3
B.A.C.S.	**12.0**	–
FS and FA	**12.0**	–
Terminal growth rate		
ZICO Corporate Services Sdn. Bhd.	**–**	–
ZICO Labuan LLP	**–**	–
ZICOlaw Myanmar Limited	**–**	–
ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.)	**–**	–
B.A.C.S.	**3.0**	–
FS and FA	**3.0**	–

These assumptions were used for the analysis of each CGU within the business segment. Management determined revenue growth rates based on past performance and its expectations of market developments. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

As at 31 December 2015, the recoverable amount of the cash-generating unit was higher than the carrying amount and thus, no impairment charge was recorded. Based on the sensitivity analysis performed, the Group has concluded that a variation of 1% in the base case assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted equity instruments, at cost		
Beginning of financial year	**32**	5
Additions	**51,542**	–
Capital contribution in the form of share options issued to employees of a subsidiary	**213**	27
End of financial year	**51,787**	32

The Group had the following subsidiaries as at 31 December 2015 and 2014:

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
ZICO Malaysia Sdn. Bhd. (1)	Malaysia	Investment holding	**100**	100	**–**	–
ASEAN Advisory Pte. Ltd. (2)	Singapore	Business and management consultancy services	**100**	100	**–**	–
ZICO RMC Pte. Ltd. (2)	Singapore	Business and management consultancy services	**100**	100	**–**	–
ZICO (Labuan) LLP (1)	Federal Territory of Labuan	Consultancy services	**100**	100	**–**	–
ZICO International Corporation (6)	Federal Territory of Labuan	Investment holding	**100**	100	**–**	–
ZICO Consultancy Limited (6)	Federal Territory of Labuan	Investment holding	**100**	100	**–**	–
ZICO Consultancy Sdn. Bhd. (1)	Malaysia	Business support services	**100**	100	**–**	–
ZICO Shariah Advisory Services Sdn. Bhd. (1)	Malaysia	Shariah advisory services	**100**	100	**–**	–
ZICO Corporate Services Sdn. Bhd. (1)	Malaysia	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group 2015 %	2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	2014 %
ZICO Trust Limited [1]	Federal Territory of Labuan	Trust services, company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICO IP Inc. [7]	British Virgin Islands	Owner of intellectual property rights	**100**	100	**–**	–
PT ZICO Konsultan Indonesia (formerly known as PT ZICOlaw Indonesia) [3]	Indonesia	Business management consultancy	**100**	100	**–**	–
ZICOlaw Myanmar Limited [4]	Myanmar	Legal advisory and consultancy services	**100**	100	**–**	–
ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.) [6]	Lao PDR	Legal advisory and consultancy services	**100**	100 [#]	**–**	–
ZICO Secretarial Services Sdn. Bhd. [1]	Malaysia	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICO Corporate Services Pte. Ltd. [2]	Singapore	Company secretarial, corporate services and related consultancy services	**100**	100	–	–
ZICO-Stamford Corporate Services Pte. Ltd. [2]	Singapore	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–
ZICO Allshores Trust (S) Pte. Ltd. [2]	Singapore	Trustee, fiduciary and custody services, business and management consultancy services	**51**	51	**49**	49
ZICO Secretarial Limited [6]	Federal Territory of Labuan	Company secretarial, corporate services and related consultancy services	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal place of business	Principal activities	Proportion of ordinary shares held by the Group 2015 %	2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	2014 %
ZICOInsource Sdn. Bhd.(5)	Malaysia	Insourcing, outsourcing and consultancy services	**80**	–	**20**	–
ZICOInsource Inc.(5)	Federal Territory of Labuan	Resourcing and advisory services	**80**	–	**20**	–
ZICO Knowledge Services Sdn. Bhd.(5)	Malaysia	Knowledge management, training and outsourcing	**100**	–	**–**	–
Finova Singapore Pte. Ltd.(2)	Singapore	Provision of incorporation, corporate secretarial, fiduciary services, and immigration-related support services	**100**	–	**–**	–
B.A.C.S. Pte. Ltd.(2)	Singapore	Share registration services	**100**	–	–	–
ZICO BPO Pte. Ltd. (formerly known as Finova Associates Pte. Ltd.)(2)	Singapore	Provision of tax administration, payroll and accounting support services	**100**	–	–	–
ZICO Regional IP Inc.(5)	Federal Territory of Labuan	Investment holding	**51**	–	49	–
ZATS Management Ltd.(5)	British Virgin Islands	Nominee director company	**51**	–	49	–
ZICO AA Sdn. Bhd. (8)	Malaysia	Business and management consultancy services	**100**	–	–	–

Notes:
(1) *Audited by PricewaterhouseCoopers, Malaysia.*
(2) *Audited by PricewaterhouseCoopers LLP, Singapore.*
(3) *Audited by Tanubrata Sutanto Fahmi & Rekan, Certified Public Accountants, a member firm of BDO International.*
(4) *Audited by Win Thin & Associates, Certified Public Accountants.*
(5) *Newly-incorporated and not required to be audited as the subsidiary is dormant since the date of its incorporation.*
(6) *The subsidiary is not material to the Group.*
(7) *Audited by Baker Tilly (BVI) Limited.*
(8) *Newly-incorporated and the subsidiary is not material to the Group.*
Includes 30% equity interest held in trust by certain individual shareholders in favour of ZICO Malaysia Sdn. Bhd.

14. SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries

14.1 ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.)

On 20 June 2014, ZICO Malaysia Sdn. Bhd. ("ZICO Malaysia") acquired 2,800 ordinary shares, representing 70% equity interest in ZICOlaw (Laos) Sole Co., Ltd. (formerly known as Vientiane Law Co., Ltd.) ("Vientiane"), a company incorporated in Lao PDR, from a third party for a total consideration of approximately RM235,000. On the same date, ZICO Malaysia contributed cash of US$124,965 (approximately RM400,000 equivalent) as share capital of Vientiane. By virtue of a contractual agreement with the individual shareholders holding the remaining 30% equity interest whereby the parties have agreed that such shares together with all dividends and any other distributions of profits, surplus and other assets in respect of such shares and all rights in connection with them be held on trust for ZICO Malaysia, ZICO Malaysia has accounted for Vientiane as its wholly-owned subsidiary. The Group acquired Vientiane to expand the provision of professional services to the ASEAN region and to capitalise on its regional network and relationship with existing clients to rapidly achieve economies of scale and scope.

The fair values and carrying amounts of the identifiable assets and liabilities of Vientiane as at the date of acquisition were as follows:

	2014 **Fair value** **RM'000**
Plant and equipment	174
Other receivables	123
Cash and cash equivalents	125
Trade and other payables	(422)
Net identifiable liabilities acquired	–
Goodwill on acquisition	235
Total purchase consideration	235

On 14 September 2015, the Company purchased additional 1,200 ordinary shares held by the individual shareholder, representing 30% of the remaining issued and paid-up share capital of Vientiane for total cash consideration of RM81,217.

14. SUBSIDIARIES (CONTINUED)

14.2 ZICOlaw Myanmar Limited

On 9 April 2014, ZICO Malaysia Sdn. Bhd. ("ZICO Malaysia") acquired 2,124 shares, representing 99.99% equity interest in ZICOlaw Myanmar Limited ("ZICO Myanmar"), a company incorporated in Myanmar for a total cash consideration of approximately RM162,000. The principal activities of ZICO Myanmar are to conduct administrative and law consultancy services.

Pursuant to a share transfer dated 27 August 2015 between Chew Seng Kok (as transferor) and a wholly-owned subsidiary of the Company, ZICO Consultancy Limited (as transferee), ZICO Consultancy Limited acquired one (1) share in ZICOlaw Myanmar Limited, for a cash consideration of MMK10,000 (equivalent to RM35). Accordingly, ZICO Myanmar became a wholly-owned subsidiary of the Group. The Group acquired ZICO Myanmar to expand the provision of professional services to the ASEAN region and to capitalise on its regional network and relationship with existing clients to rapidly achieve economies of scale and scope.

The fair values and carrying amounts of the identifiable assets and liabilities of ZICO Myanmar as at the date of acquisition were as follows:

	2014 **Fair value** **RM'000**
Plant and equipment	352
Trade and other receivables	974
Cash and cash equivalents	104
Trade and other payables	(1,768)
Net identifiable liabilities acquired	(338)
Goodwill on acquisition	500
Total purchase consideration	162

From the date of acquisition, ZICO Myanmar and Vientiane have contributed an aggregate of approximately RM1,680,000 and RM17,000 to the Group's revenue and profit for the financial year, respectively. If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year would have been RM36,036,000 and RM11,034,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES (CONTINUED)

14.3 B.A.C.S. Pte. Ltd.

On 27 January 2015, the Company entered into an agreement to acquire 50,000 shares, representing 100% equity interest in B.A.C.S. Pte. Ltd. ("B.A.C.S."), a company incorporated in Singapore. The completion date of the transaction was 1 April 2015. The principal activity of B.A.C.S. is to conduct share registration services. As a result of the acquisition, the Group is expected to expand its range of service offerings in Singapore.

The total consideration for this acquisition was approximately RM21,734,000.

The Group accounted for this acquisition as a business combination. The results of operation of B.A.C.S. has been consolidated with effect from the acquisition date of 1 April 2015.

The fair values and carrying amounts of the identifiable assets and liabilities of B.A.C.S. as at the date of acquisition were provisionally determined as follows:

	2015 Fair value RM'000
Plant and equipment	149
Intangible assets	7,096
Investment	27
Trade and other receivables	611
Prepayments	42
Cash and cash equivalents	745
Trade and other payables	(299)
Provision	(49)
Deferred tax liabilities	(1,206)
Finance lease payables	(25)
Current income tax payable	(32)
Net identifiable assets acquired	7,059
Goodwill on acquisition	14,675
Total purchase consideration	21,734

The Group has 12 months from the date of the acquisition to finalise the purchase price allocation.

The goodwill of RM14,675,000 arising from the acquisition is attributable to the acquired workforce and marketing networks, as well as the synergies expected to arise in combination with the Company's current service offerings in Singapore and the region.

Acquisition-related costs of RM484,000 are included in "retainer fees and consultancy fees" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES (CONTINUED)

14.4 Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd. (formerly known as Finova Associates Pte. Ltd.)

On 29 May 2015, the Company entered into an agreement to acquire 100,000 and 10,000 shares, representing 100% equity interest in Finova Singapore Pte. Ltd. ("FS") and ZICO BPO Pte. Ltd. (formerly known as Finova Associates Pte. Ltd.) ("FA") respectively, both of which are companies incorporated in Singapore. The completion date of the transaction was 1 June 2015. FS is principally involved in the provision of incorporation, corporate secretarial, fiduciary services, and immigration-related support services, while FA is principally involved in the provision of tax administration, payroll and accounting support services. As a result of the acquisition, the Group is expected to expand its current base of customers in Singapore as well as to achieve synergies by combining the business into its current operations.

The total consideration for this acquisition was approximately RM24,168,000.

The Group accounted for this acquisition as a business combination. The results of operation of FS and FA have been consolidated with effect from the acquisition date of 1 June 2015.

The fair values and carrying amounts of the identifiable assets and liabilities of FS and FA as at the date of acquisition were provisionally determined as follows:

	2015 Fair value RM'000
Plant and equipment	53
Intangible assets	2,002
Trade and other receivables	1,592
Prepayments	50
Cash and cash equivalents	5,520
Trade and other payables	(4,619)
Deferred tax liabilities	(360)
Current income tax payable	(114)
Net identifiable assets acquired	4,124
Goodwill on acquisition	20,044
Total purchase consideration	24,168

The Group has 12 months from the date of the acquisition to finalise the purchase price allocation.

The goodwill of RM20,044,000 arising from the acquisition is attributable to the acquired workforce and marketing networks, as well as the synergies expected to arise in combination with the Company's current service offerings in Singapore.

Acquisition-related costs of RM418,000 are included in "retainer fees and consultancy fees" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES (CONTINUED)

From the date of acquisition, B.A.C.S., FS and FA have contributed an aggregate of approximately RM9,976,948 and RM3,571,949 to the Group's revenue and profit for the financial year, respectively. If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year would have been RM13,558,725 and RM4,740,423 respectively.

The effects of the acquisition of the subsidiaries on the consolidated statement of cash flows are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Total purchase consideration	**45,902**	397
Less: Issuance of ordinary shares	**(16,997)**	–
Less: Purchase consideration payable	**(2,074)**	(397)
	26,831	–
Add: Amount financed by the Group	**–**	125
Less: Cash and cash equivalents of subsidiaries acquired	**(6,265)**	(229)
Net cash inflow on acquisition	**20,566**	(104)

Disposal of a subsidiary

14.5 ZICOlaw Singapore Pte. Ltd.

On 31 March 2014, ZICO Malaysia ended its trust arrangement with the individual shareholders of a subsidiary, ZICOlaw Singapore Pte. Ltd. ("ZICO Singapore"), a company incorporated in Singapore, which ceased to be a subsidiary on that date.

The carrying amount of the identifiable assets and liabilities of ZICO Singapore as at the date of disposal are as follows:

	Group
	2014
	RM'000
Plant and equipment	249
Trade and other receivables	7,014
Prepayments	31
Cash and cash equivalents	2,257
Trade and other payables	(3,605)
Bank borrowing	(2,852)
Current income tax payable	(538)
Deferred tax liabilities	(40)
Net identifiable assets	2,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. SUBSIDIARIES (CONTINUED)

14.5 ZICOlaw Singapore Pte. Ltd. (continued)

The effects of the disposal of ZICO Singapore on the cash flows were as follows:

	Group 2014 RM'000
Net identifiable assets disposed	2,516
Reclassification of foreign currency translation reserve to profit or loss upon disposal	(239)
Gain on disposal (Note 5)	239
Consideration for the disposal	2,516
Consideration receivable as at disposal date	(2,516)
Cash and cash equivalents disposed	(130)
Net cash outflow on disposal	(130)

The subsidiary of the Group that has material non-controlling interests is as follows:

	ZICO Allshores Trust (S) Pte. Ltd. RM'000
For the financial year ended 31 December 2015	
Results	
Revenue	7,325
Profit for the financial year	1,393
Cash flows	
Net increase in cash and cash equivalents	2,141
Cash and cash equivalents at beginning of the year	681
Effect of exchange rate changes on cash and cash equivalents	210
Cash and cash equivalents at end of year	3,032
As at 31 December 2015	
Assets and liabilities	
Current assets	3,428
Non-current assets	256
Current liabilities	(1,354)
Non-current liabilities	(45)
Net assets	2,285
NCI percentage of ownership interest and voting interest	49%
Carrying amount of NCI (RM'000)	1,119
Profit allocated to NCI	683

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. ASSOCIATES

Set out below are the associated companies of the Group as at 31 December 2015, which, in the opinion of the directors, are individually immaterial to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

	Group	
	2015	2014
	RM'000	RM'000
Unquoted equity shares, at cost	*	*
Share of post-acquisition reserves, net of dividends received	**61**	38
	61	38

* *Amount below RM1,000*

Name of associates	Principal place of business	Principal activities	Effective equity interest	
			2015	2014
			%	%
Sunflower Villa Sdn. Bhd. [(1)]	Malaysia	Management and consultancy services	**50**	50
Goldfield Alliance Sdn. Bhd. [(2)]	Malaysia	Investment in property for derivation of rental income	**50**	50

Notes:
[(1)] *Audited by Choo & Co CPA, Malaysia.*
[(2)] *Audited by PricewaterhouseCoopers, Malaysia.*

All the above associates are accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. ASSOCIATES (CONTINUED)

The financial statements of the above associates are coterminous with those of the Group. The summarised financial information of the associates is as follows:

	Goldfield Alliance Sdn. Bhd. RM'000	Sunflower Villa Sdn. Bhd. RM'000	Total RM'000
2015			
Assets and liabilities			
Current assets	**–**	**150**	**150**
Non-current assets	**1,443**	**6**	**1,449**
Current liabilities	**(767)**	**(34)**	**(801)**
Non-current liabilities	**(755)**	**–**	**(755)**
Net liabilities	**(79)**	**122**	**43**
2015			
Results			
Revenue	**72**	**415**	**487**
(Loss)/Profit for the financial year	**(16)**	**126**	**110**

	ZICOlaw Thailand Limited * RM'000	Goldfield Alliance Sdn. Bhd. RM'000	Sunflower Villa Sdn. Bhd. RM'000	Total RM'000
2014				
Assets and liabilities				
Current assets	–	–	94	94
Non-current assets	–	1,460	9	1,469
Current liabilities	–	(682)	(27)	(709)
Non-current liabilities	–	(841)	–	(841)
Net liabilities	–	(63)	76	13
2014				
Results				
Revenue	3,789	72	380	4,241
(Loss)/Profit for the financial year	(789)	(13)	90	(712)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. ASSOCIATES (CONTINUED)

The reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows:

	ZICOlaw Thailand Limited * RM'000	Goldfield Alliance Sdn. Bhd. RM'000	Sunflower Villa Sdn. Bhd. RM'000	Total RM'000
As at 31 December 2015				
Opening net assets of the Group	**–**	**–**	**38**	**38**
(Loss)/Profit for the financial year	**–**	**(39)**	**63**	**24**
Dividend paid	**–**	**–**	**(40)**	**(40)**
Share of losses not recognised	**–**	**39**	**–**	**39**
Carrying amount in the statement of financial position	**–**	**–**	**61**	**61**
Share of results of the Group for the financial year ended 31 December 2015				
Share of profit or loss of the Group	**–**	**–**	**63**	**63**
Share of total comprehensive income of the Group	**–**	**–**	**63**	**63**
Other information				
Dividend income	**–**	**–**	**40**	**40**
As at 31 December 2014				
Opening net assets of the Group	–	–	38	38
(Loss)/Profit for the financial year	–	(32)	45	13
Dividend paid	–	–	(45)	(45)
Share of losses not recognised	–	32	–	32
Carrying amount in the statement of financial position	–	–	38	38
Share of results of the Group for the financial year ended 31 December 2015				
Share of profit or loss of the Group	(387)	–	45	(342)
Share of total comprehensive income of the Group	(387)	–	45	(342)
Other information				
Dividend income	–	–	45	45

The unrecognised share of losses of an associate, Goldfield Alliance Sdn. Bhd. amounted to RM7,798 (2014: RM6,506) in the current financial year and RM39,362 (2014: RM31,597) cumulatively. The Group has stopped recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

*On 4 August 2014, the Group disposed its 49% equity interest in ZICOlaw (Thailand) Limited for cash consideration of approximately THB784,000 (RM78,000 equivalent) to a third party resulting in a loss on disposal of approximately RM96,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. INVESTMENTS

	Group 2015 RM'000	Group 2014 RM'000
Corporate club membership, at cost	**30**	–
Available-for-sale financial asset	*****	–
	30	–

* *Amount below RM1,000*

17. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group 2015 RM'000	Group 2014 RM'000
Deferred tax assets		
– To be recovered within one year	**–**	–
– To be recovered after one year	**7**	7
	7	7
Deferred tax liabilities		
– To be settled within one year	**(187)**	–
– To be settled after one year	**(1,847)**	(96)
	(2,034)	(96)

Movement in deferred tax account is as follows:

	Group 2015 RM'000	Group 2014 RM'000
Beginning of financial year	**89**	49
Acquisition of subsidiaries (Note 14)	**1,566**	–
Charged to profit or loss	**162**	80
Disposal of a subsidiary	**–**	(40)
Currency translation differences	**210**	–
End of financial year	**2,027**	89

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movement in deferred tax assets and liabilities (prior to offsetting) during the financial year is as follows:

Deferred tax assets

	Group Provisions RM'000
2015	
Beginning of financial year	**7**
Credited to profit or loss	**–**
End of financial year	**7**
2014	
Beginning of financial year	–
Credited to profit or loss	7
End of financial year	7

Deferred tax assets are attributable to provision for employee benefits of the Group.

Deferred tax liabilities are attributable to the following temporary differences computed at the respective countries' statutory income tax rate in which the Group operates:

	Accelerated tax depreciation RM'000	Intangible assets RM'000	Total RM'000
2015			
Beginning of financial year	96	–	96
Currency translation differences	2	208	210
Acquisition of subsidiaries (Note 14)	23	1,543	1,566
Charged/(credited) to profit or loss	270	(108)	162
End of financial year	391	1,643	2,034

	Accelerated tax depreciation RM'000	Total RM'000
2014		
Beginning of financial year	49	49
Currency translation differences	–	–
Disposal of subsidiary (Note 14)	(40)	(40)
Charged to profit or loss	87	87
End of financial year	96	96

NOTES TO THE FINANCIAL STATEMENTS

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17. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

	Group 2015 RM'000	Group 2014 RM'000
Beginning of financial year	–	9
Utilisation of previously unrecognised amount	–	(9)
End of financial year	–	–

Unrecognised deferred tax assets are attributable to the following temporary differences:

	Group 2015 RM'000	Group 2014 RM'000
Unutilised tax losses	5,440	–

These deferred tax assets have not been recognised as it is uncertain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy as set out in Note 2.5 to the financial statements.

The deductible temporary differences do not expire under the current tax legislation of the respective tax jurisdictions.

18. TRADE AND OTHER RECEIVABLES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current asset				
Trade receivables				
– third parties	24,309	24,054	–	–
Less: Allowance for impairment loss	(274)	(1,677)	–	–
	24,035	22,377	–	–
Non-trade receivables				
– third parties	7,540	4,701	–	9
– associates	309	272	–	–
– subsidiaries	–	–	36,876	2,982
– shareholder of an associate	702	661	–	–
Less: Allowance for impairment loss	(314)	(65)	–	–
	8,237	5,569	36,876	2,991
Deposits	1,235	809	125	105
	33,507	28,755	37,001	3,096
Non-current asset				
Trade receivables				
– third parties	16,262	–	–	–
Non-trade receivables				
– third parties	2,460	–	–	–
– subsidiaries	–	–	15,033	19,971
	18,722	–	15,033	19,971
Total trade and other receivables	52,229	28,755	52,034	23,067

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are unsecured, non-interest bearing and are generally on 14 to 60 days (2014: 14 – 60 days) credit terms.

The non-trade amounts from third parties, associates, subsidiaries and shareholder of an associate represent advances for operating activities are unsecured, non-interest bearing, repayable on demand and expected to be settled in cash, except for a non-trade amount due from a former associate of RM1,439,273 (2014: RM1,374,435), which is subject to interest at 6% (2014: 6%) per annum and a non-trade amount of RM15,033,000 (RM19,971,000) due from a subsidiary which is considered to be part of the Company's net investment in this subsidiary.

The non-trade amount due from a shareholder of an associate represents income from the shareholder which is unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Deposits mainly relate to the rental deposits of office premises.

Movements in allowance for impairment loss on doubtful trade receivables were as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Beginning of financial year	1,677	2,247	–	–
Allowance made	–	305	–	–
Allowance written back	(42)	(218)	–	–
Allowance utilised	(1,110)	(90)	–	–
Disposal of a subsidiary	–	(233)	–	–
Reclassification to other receivables	(249)	–	–	–
Credited to payables	(3)	(336)	–	–
Currency translation differences	1	2	–	–
End of financial year	274	1,677	–	–

Allowances for impairment loss on doubtful trade receivables are made in respect of estimated irrecoverable amounts subsequent to debt recovery assessment made by management by reference to past default experience.

During the financial year ended 31 December 2015, allowance written back of RM42,000 (2014: RM218,000) was recognised in profit or loss when the related trade receivables were recovered.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**18,629**	6,645	**1,159**	3,311
Fixed deposits	**7,818**	27,779	**6,656**	27,779
	26,447	34,424	**7,815**	31,090

Fixed deposits are placed for an average period of 7 to 182 days (2014: 2 to 33 days) and bear effective interest rates of 0.1% to 3.15% (2014: 0.05% to 0.5%) per annum.

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20. OTHER CURRENT ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Monies held in trust for clients for payment to authorities	**3,312**	2,893	**–**	–
Fixed deposits pledged	**149**	–	**–**	–
Bank balances with restricted use	**829**	–	**829**	–
Fixed deposits with maturity more than 90 days	**59**	56	**–**	–
	4,349	2,949	**829**	–

As at 31 December 2015, fixed deposits amounting to RM149,000 (2014: RMNil) are pledged to banks for bankers' guarantee granted to the Group.

As at 31 December 2015, fixed deposits are placed for an average of 365 days (2014: 91 to 365 days) and bear effective interest rate of 3.15% to 3.45% (2014: 3.06%) per annum.

21. SHARE CAPITAL

	Group and Company			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares		**RM'000**	**RM'000**
Issued and fully paid:				
At beginning of financial year	**267,078,800**	1,000,000	**51,219**	3,281
Issue of new ordinary shares (1)	**–**	57,850	**–**	7,203
Issue of Tranche 1 of Pre-IPO New Shares (2)	**–**	15,112	**–**	1,729
Subtotal	**267,078,800**	1,072,962	**51,219**	12,213
Share split of 1,072,962 ordinary shares into 214,592,400 ordinary shares (3)	**–**	214,592,400	**–**	12,213
Issue of Tranche 2 of Pre-IPO New Shares (2)	**–**	1,295,400	**–**	697
Issue of LPL Shares (4)	**–**	1,000,000	**–**	553
Issue of PPCF Shares (5)	**–**	2,191,000	**–**	1,738
Issue of new ordinary shares pursuant to initial public offering exercise (6)	**–**	48,000,000	**–**	38,147
Less: Share issue expenses (7)	**–**	–	**–**	(2,129)
Issue of new ordinary shares (8)	**7,487,879**	–	**8,143**	–
Issue of new ordinary shares (8)	**7,522,498**	–	**8,730**	–
At end of financial year	**282,089,177**	267,078,800	**68,092**	51,219

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

(1) *On 31 March 2014 and 15 April 2014, the Company issued additional 29,850 and 28,000 new ordinary shares for total cash consideration of US$933,000 (RM3,114,000 equivalent) and US$1,225,000 (RM4,089,000 equivalent) respectively.*

(2) *Pursuant to a subscription agreement dated 28 July 2014, certain Pre-IPO investors subscribed for 1,310,512 new ordinary shares of the Company in two tranches at S$0.21 per ordinary share (the "Pre-IPO New Shares") at aggregate cash consideration of RM2,426,000.*

(3) *On 19 September 2014, the issued and fully paid-up capital of the Company of 1,072,962 ordinary shares was sub-divided into 214,592,400 ordinary shares.*

(4) *On 19 September 2014, the Company issued 1,000,000 ordinary shares to Leandar Pte. Ltd. ("LPL") at S$0.21 per share (the "LPL Shares") for cash consideration of RM553,000. LPL is a company incorporated in Singapore and is solely owned by a director of the Company, Mr Chew Seng Kok.*

(5) *Pursuant to the Management Agreement entered into between the Company and PrimePartners Corporate Finance Pte. Ltd. ("PPCF") and as part of PPCF's management fees as the Sponsor and Issue Manager of the Company's initial public offering exercise, the Company issued 2,191,000 new ordinary shares at S$0.30 per share (the "PPCF Shares") amounted to RM1,738,000.*

(6) *On 7 November 2014, the Company issued 48,000,000 ordinary shares at S$0.30 per share pursuant to its initial public offering exercise. The proceeds will be used for the expansion of the Group's business operations, capital expenditure or information technology infrastructure and for general working capital purposes.*

(7) *Included in these expenses is an allocated portion of professional fees paid to the previous auditors of the Company amounting to RM115,000 in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering.*

(8) *The newly issued shares of 7,487,879 and 7,522,498 in respect of the acquisition of B.A.C.S. Private Limited ("B.A.C.S.") on 20 April 2015 and Finova Singapore Pte. Ltd. and Finova Associates Pte. Ltd. (now known as ZICO BPO Pte. Ltd.) (collectively, "FINOVA") on 29 May 2015 respectively.*

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22. SHARE OPTIONS/AWARDS RESERVE

Share options reserve

ZICO Holdings Employee Share Option Scheme

The ZICO Holdings Employee Share Option Scheme ("ESOS") was approved and adopted at the Company's extraordinary general meeting held on 19 September 2014 and will continue to remain in force until 18 September 2024, unless terminated in accordance with the Rules of the ESOS. The ESOS is administered by the Remuneration Committee comprising Mr Chew Liong Kim, Mr Stephen Arthur Maloy, and Mr John Lim Yew Kong (the "Committee"). The ESOS provides for the grant of incentive share options to employees and directors of the Group.

Under the ESOS, the total number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued shares (including treasury shares) on the day immediately preceding the offer date of the option.

The aggregate number of shares issued and issuable in respect of all options granted under the ESOS available to the controlling shareholders or associates of the controlling shareholders shall not exceed 25% of the total number of shares available under the ESOS.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the first anniversary of the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, by a participant after the second anniversary from the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

An option shall, to the extent unexercised, immediately lapse and become null and void and a participant shall have no claim against the Company:

(a) subject to the rules of the ESOS, upon the participant ceasing to be in employment of the Company or any of the companies within the Group for any reason whatsoever;
(b) upon the bankruptcy of the participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such option; or
(c) in the event of misconduct on the part of the participant, as determined by the Committee.

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22. SHARE OPTIONS/AWARDS RESERVE (CONTINUED)

Share options reserve (continued)

ZICO Holdings Employee Share Option Scheme (continued)

	Group and Company	
	2015	2014
	RM'000	RM'000
Beginning of financial year	**34**	–
Employee share option scheme		
– Value of employee services (Note 7)	**271**	34
End of financial year	**305**	34

The outstanding number of options at the end of the reporting period was:

Exercise price	Grant date	Exercise period	2015 Number of options
S$0.24	31 October 2014	1 November 2016 to 30 October 2024	3,500,000

The table below summarises the number of options that were outstanding, their weighted average exercise price as at the end of the reporting period as well as the movements during the financial year.

	Group	
	Number of options	Weighted average exercise price S$
Outstanding at 1 January 2015	3,500,000	0.24
Granted	–	–
Outstanding at 31 December 2015	3,500,000	0.24
Exercisable at 31 December 2015	–	–

The share options outstanding as at the end of the reporting period have a remaining contractual life of 9 years (2014: 10 years).

The fair value of options granted on 31 October 2014 was RM2,176,000. The estimate of the fair value of each option issued on grant date was based on the Black Scholes model option. In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, the calculation takes into consideration factors like behavioural considerations and non-transferability of the options granted.

The Black Scholes option pricing model uses the following assumptions:

	2014
Weighted average share price (RM)	0.78
Weighted average exercise price (RM)	0.62
Dividend yield expected	2.00%
Risk-free annual interest rates	2.5%
Expected volatility	0.10%
Expected life	5 years

Expected volatility was determined by calculating the historical volatility of the Company's share price over a period similar to the expected lives of the option. The expected lives used in the model have been adjusted, based on management best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

22. SHARE OPTIONS/AWARDS RESERVE (CONTINUED)

Share awards reserve

ZICO Holdings Performance Share Plan

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group adopted the ZICO Holdings Performance Share Plan ("PSP") which was approved at the Company's extraordinary general meeting held on 19 September 2014. The PSP is administered by the Remuneration Committee. The PSP provides for the grant of incentive share awards to employees and directors.

The selection of the participants and number of shares which are subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of awards on any date, when added to the aggregate number of shares issued and/or issuable in respect of (a) all awards granted under the PSP; and (b) all other shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

The aggregate number of shares available to the controlling shareholders or associates of the controlling shareholder (including adjustments made) shall not exceed 25% of the shares available under the PSP. The number of shares that are available to each controlling shareholder or associates of the controlling shareholder under the PSP shall not exceed 10% of the shares available under the PSP.

Notwithstanding that a participant may have met his performance targets, no awards shall be vested:

(a) upon the bankruptcy of the participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such award;
(b) in the event of any misconduct on the part of the participant as determined by the Committee in its discretion;
(c) subject to the rules of the PSP, upon the participant ceasing to be in the employment of the Group for any reason whatsoever; or
(d) in the event that the Committee shall, at its discretion, deem it appropriate that such award to be given to a participant shall so lapse on the grounds that any of the objectives of the PSP have not been met.

As at 31 December 2015, there were no share awards granted pursuant to the PSP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. CURRENCY TRANSLATION RESERVE

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Beginning of financial year	**(35)**	34	**30**	37
Reclassification arising from disposal of foreign subsidiary	**–**	(239)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**6,768**	172	**9,841**	(7)
Less: Non-controlling interests	**(92)**	(2)	**–**	–
	6,676	170	**9,841**	(7)
End of financial year	**6,641**	(35)	**9,871**	30

24. INTEREST-BEARING LIABILITIES

		Group		Company	
		2015	2014	**2015**	2014
		RM'000	RM'000	**RM'000**	RM'000
Non-current liabilities					
Finance lease payables	(a)	**172**	83	**–**	–
TL facilities	(b)	**10,812**	–	**10,812**	–
		10,984	83	**10,812**	–
Current liabilities					
Finance lease payables	(a)	**84**	90	**–**	–
TL facilities	(b)	**4,634**	–	**4,634**	–
RCF loan	(c)	**16,546**	1,204	**16,546**	1,204
		21,264	1,294	**21,180**	1,204
Total		**32,248**	1,377	**31,992**	1,204

As at 31 December 2015, the Group and the Company have banking facilities amounting to RM48,528,966 (2014: RM5,290,000) of which approximately RM31,991,355 (2014: RM1,204,000) has been utilised as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. INTEREST-BEARING LIABILITIES (CONTINUED)

(a) *Finance lease payables*

The Group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group 2015 RM'000	Group 2014 RM'000
Minimum lease payments due		
– Not later than one year	**95**	96
– Between one and five years	**185**	94
– Later than five years	**–**	–
	280	190
Less: Future finance charges	**(24)**	(17)
Present value of finance lease liabilities	**256**	173

The present values of finance lease liabilities are analysed as follows:

	Group 2015 RM'000	Group 2014 RM'000
Not later than one year	**84**	90
Later than one year		
– Between one and five years	**172**	83
– Later than five years	**–**	–
	172	83
Total	**256**	173

The finance lease term is 5 years and the effective interest rate for the finance lease obligations is 2.48% – 3.50% (2014: 4.51%) per annum for the year ended 31 December 2015.

As at the end of the reporting period, the fair values of the Group's finance lease payables approximate their carrying amounts. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

24. INTEREST-BEARING LIABILITIES (CONTINUED)

(b) *TL loan*

The TL loan bears interest at floating rates, thus exposing the Group to cash flow interest rate risk. Effective interest rate is at 2.95% – 3.60% (2014: Nil%) per annum.

As at 31 December 2015, the TL loan was secured by first party charge over shares held in a subsidiary, charge and assignment over all rights on a designated account and deed of subordination of all financial indebtedness extended by the shareholder or related parties of the Company.

(c) *RCF loan*

The RCF loan is repayable on demand and bears interest at floating rates, thus exposing the Group to cash flow interest rate risk. Effective interest rate is at 2.03% – 2.95% (2014: 2.03%) per annum.

As at 31 December 2014, the RCF loan was secured by a charge on fixed deposits of RM1,167,000 placed with the bank in the name of ZICOlaw Singapore Pte. Ltd. which was disposed in the previous financial year (Note 14). As at 31 December 2015, the RCF loan was unsecured.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade payables – third parties	**2,647**	2,446	**–**	–
Non-trade payables				
– third parties	**14,773**	9,597	**2,858**	535
– subsidiaries	**–**	–	**–**	413
– a director	**–**	1	**–**	–
	14,773	9,598	**2,858**	948
Accrued expenses	**2,574**	1,459	**456**	133
	19,994	13,503	**3,314**	1,081
Non-current				
Non-trade payables				
– third parties	**680**	1,316	**–**	–
	20,674	14,819	**3,314**	1,081

Trade payables are unsecured, non-interest bearing and are normally settled within 60 days (2014: 60 days) payment terms.

Non-trade payables due to a director represent mainly advances and payments on behalf which are unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Non-current portion of non-trade payables of the Group represents balance of purchase price payable to a third party of RM680,464 (2014: RM1,313,756) for the acquisition of a subsidiary by the Company. The balance payable for the acquisition of a subsidiary is unsecured, interest-free and payable from 2013 to 2017.

Included in the current portion of non-trade payables of the Group are amount owing to a third party of RM633,290 (2014: RM566,735) for the acquisition of a subsidiary by the Company and monies held in trust for stakeholders of RM3,311,938 (2014: RM2,682,063). The balance payable for the acquisition of a subsidiary and monies held in trust for stakeholders are unsecured, interest-free and payable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. PROVISIONS

		Group	
		2015	2014
		RM'000	RM'000
Current			
Provision for leave benefits	(a)	**60**	–
Non-current			
Provision for reinstatement costs	(b)	**45**	39
Provision for retirement benefits	(c)	**24**	21
		69	60
		129	60

(a) *Provision for leave benefits*

	Group	
	2015	2014
	RM'000	RM'000
Current		
Beginning of financial year	**–**	–
Acquisition of subsidiaries	**49**	–
Provision made during the financial year	**5**	–
Currency translation differences	**6**	–
Beginning of financial year	**60**	–

Provision for leave benefits refers to estimated costs made by management required to compensate its employees for leave benefits.

(b) *Provision for reinstatement costs*

	Group	
	2015	2014
	RM'000	RM'000
Non-current		
Beginning of financial year	**39**	–
Provision made during the financial year	**–**	39
Currency translation differences	**6**	–
End of financial year	**45**	39

Provision for reinstatement costs refers to estimated costs made by the management required to reinstate its office premise to its original state according to the terms and conditions of the respective tenancy agreements.

26. PROVISIONS (CONTINUED)

(c) Provision for retirement benefits

A subsidiary of the Group operates a defined benefit plan for its eligible employees of which the assets are held in an administered trust. Under this plan, eligible employees are entitled to retirement benefits upon reaching the retirement age of fifty six (56).

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Non-current		
Beginning of financial year	**21**	–
Current service cost	**–**	20
Interest cost	**–**	2
Actuarial loss recognised	**–**	(1)
Currency translation differences	**3**	–
End of financial year	**24**	21

The principal actuarial assumptions used are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Discount rate	**9.00%**	8.25%
Salary growth rate	**10.00%**	7.00%
Retirement age	**56 years**	55 years
Participants (employees)	**13**	13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. REDEEMABLE PREFERENCE SHARES

The preference shares movement of the previous financial year was as follows:

	Group and Company	
	2014	
	Number of preference shares	RM'000
Balance at beginning of financial year	–	–
Issuance of preference shares	465,056	1,493
Cancellation of preference shares	(116,264)	(315)
Redemption of preference shares	(348,792)	(1,178)
Balance at end of financial year	–	–

The preference shares of the previous financial year were issued at a value of US$0.0001 per preference share and are automatically redeemable at certain redemption dates at the redemption price of US$1 per preference share. The premium paid upon redemption was recognised as a deduction from retained earnings.

28. DEFERRED REVENUE

Deferred revenue represents advance payments of professional fees from customers.

29. DIVIDENDS

	Group	
	2015	2014
	RM'000	RM'000
Interim tax-exempt dividend of RM0.04 per ordinary share in respect of the financial year ended 31 December 2014	**–**	10,736

The directors of the Company did not recommend any final dividend in respect of the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with its related parties during the financial year:

(a) Sales and purchases of goods and services

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Transactions with subsidiaries				
Dividend income	**–**	–	**9,445**	17,306
Management fee income	**–**	–	**–**	911
Payments on behalf of subsidiaries	**–**	–	**16,609**	10,696
Payments on behalf by subsidiaries	**–**	–	**553**	391
Corporate guarantee given by a subsidiary of the Company for hire purchase facilities utilised by a subsidiary, ZICO Consultancy Sdn. Bhd.	**110**	132	**–**	–
Transactions with related parties [(1)]				
Rental expense	**–**	54	**–**	–
Rental income from motor vehicles	**–**	67	**–**	–
Royalty income	**–**	4,425	**–**	–
Services rendered	**–**	823	**–**	–
Support service fee	**–**	6,505	**–**	–
Management fee income	**–**	1,880	**–**	–
Transactions with associates				
Corporate guarantee given for banking facilities utilised by associate	**(954)**	(984)	**–**	–
Dividend income	**40**	45	**–**	–

[(1)] *Related parties refer to Zaid Ibrahim & Co ("Zaid Ibrahim") and other member firms of the ZICOlaw Network. Mr Chew Seng Kok, Managing Director of the Company, was an equity partner with an equity interest of more than 30% in Zaid Ibrahim and accordingly, Zaid Ibrahim and other member firms of the ZICOlaw Network were deemed as associates of Mr Chew Seng Kok. On 13 October 2014, Mr Chew Seng Kok relinquished his equity interests in Zaid Ibrahim and gave notice to retire as partner in Zaid Ibrahim which took effect on the day immediately before the admission of the Company to Catalist of SGX-ST. From that date, the ZICOlaw Network ceased to be a related party of the Group and of the Company.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of executive directors of the Company and subsidiaries and other key management personnel of the Group during the financial year were as follows:

	Group	
	2015	2014
	RM'000	RM'000
Short-term employee benefits	**4,931**	1,168
Post-employment benefits	**175**	33
Share-based payments under the ESOS	**58**	7
	5,164	1,208

31. COMMITMENTS

31.1 Operating lease commitments

The Group leases office spaces and accommodation under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 2 to 5 years and rentals are fixed during the lease term.

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group	
	2015	2014
	RM'000	RM'000
Within one financial year	**4,524**	2,138
After one financial year but within five financial years	**6,625**	1,079
	11,149	3,217

31.2 Capital commitments

	Group	
	2015	2014
	RM'000	RM'000
Contracted but not provided for		
Capital expenditure in respect of purchase of plant and equipment	**–**	147

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION

The Executive Committee ("Exco") is the Group's chief operating decision maker. The Exco comprises the 3 executive directors and the Chief Financial Officer.

Management has determined the operating segments based on the reports reviewed by the Exco. For management purposes, the Group is organised into business units based on its services, and has three reportable operating segments as follows:

(i) Advisory and transactional services;
(ii) Management and support services; and
(iii) Licensing.

Expenses relating to the investment holding entities are not allocated to segments as this type of activity is not used by management to evaluate segment performance.

Management monitors the operating results of the segment separately for the purposes of making strategic decisions, allocation of resources and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior years in the measurement methods used to determine reported segment profit or loss.

Sales between segments are carried out at market terms. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of comprehensive income.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets comprise primarily of plant and equipment, intangible assets, trade and other receivables, cash and cash equivalents and exclude tax recoverable. Segment liabilities comprise operating liabilities and exclude tax liabilities.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION (CONTINUED)

Business segment

Business Segment	Advisory and transactional services RM'000	Management and support services RM'000	Licensing RM'000	Elimination RM'000	Total RM'000
2015					
Revenue					
External revenue	29,709	17,410	5,658	–	52,777
Inter-segment revenue	2,822	1,927	1,082	(5,831)	–
	32,531	19,337	6,740	(5,831)	52,777
Results					
Segment profit/(loss)	9,390	(2,393)	5,310	–	12,307
Interest income	113	–	–	–	113
Finance costs	(3)	(5)	–	–	(8)
	9,500	(2,398)	5,310	–	12,412
Unallocated expenses					(3,535)
Share of results of associates, net					63
Profit before income tax					8,940
Income tax expense					(1,653)
Profit for the financial year					7,287

NOTES TO THE FINANCIAL STATEMENTS

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32. SEGMENT INFORMATION (CONTINUED)

Business segment (continued)

Business Segment	Advisory and transactional services RM'000	Management and support services RM'000	Licensing RM'000	Total RM'000
Non-cash items				
Allowance for impairment loss on trade receivables written back	(42)	–	–	(42)
Amortisation of intangible assets	650	712	–	1,362
Bad trade and other receivables written off	258	–	–	258
Depreciation of plant and equipment	548	702	–	1,250
Gain on disposal of plant and equipment	–	(21)	–	(21)
Intangible assets written off	7	–	–	7
Plant and equipment written off	17	–	–	17
Provisions	69	–	–	69
Unrealised foreign exchange gain, net	(376)	(15)	(108)	(499)
Unallocated non-cash item				
Amortisation of intangible assets	–	–	–	215
Depreciation of plant and equipment	–	–	–	73
Share-based payment expenses	–	–	–	271
Unrealised foreign exchange gain, net	–	–	–	(455)
Capital expenditure				
Plant and equipment	1,932	1,159	–	3,091
Intangible assets	4,258	1,930	–	6,188
As at 31 December 2015				
Assets and Liabilities				
Segment assets	98,043	24,902	11,548	134,493
– Current income tax recoverable	757	144	–	901
– Deferred tax assets	7	–	–	7
	98,807	25,046	11,548	135,401
Unallocated assets				17,120
				152,521
Segment liabilities	17,659	4,281	315	22,255
– Current income tax payable	941	–	945	1,886
– Deferred tax liabilities	1,677	357	–	2,034
	20,277	4,638	1,260	26,175
Unallocated liabilities				36,872
				63,047

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION (CONTINUED)

Business segment (continued)

Business Segment	Advisory and transactional services RM'000	Management and support services RM'000	Licensing RM'000	Elimination RM'000	Total RM'000
2014					
Revenue					
External revenue	17,554	12,102	6,028	–	35,684
Inter-segment revenue	–	1,277	981	(2,258)	–
	17,554	13,379	7,009	(2,258)	35,684
Results					
Segment profit/(loss)	10,529	3,120	5,631	–	19,280
Interest income	93	–	–	–	93
Finance costs	(18)	–	–	–	(18)
	10,604	3,120	5,631	–	19,355
Unallocated expenses					(5,553)
Share of results of associates, net					(342)
Profit before income tax					13,460
Income tax expense					(2,766)
Profit for the financial year					10,694

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION (CONTINUED)

Business segment (continued)

Business Segment	Advisory and transactional services RM'000	Management and support services RM'000	Licensing RM'000	Total RM'000
Non-cash items				
Allowance for impairment loss on doubtful trade receivables	305	–	–	305
Allowance for impairment loss on trade receivables written back	(218)	–	–	(218)
Amortisation of intangible assets	–	397	–	397
Bad trade and other receivables written off	163	–	–	163
Depreciation of plant and equipment	226	503	–	729
Gain on disposal of plant and equipment	(70)	–	–	(70)
Provisions	60	–	–	60
Unrealised foreign exchange (gain)/ loss, net	(47)	(119)	378	212
Unallocated non-cash item				
Amortisation of intangible assets	–	–	–	50
Depreciation of plant and equipment	–	–	–	74
Gain on disposal of a subsidiary	–	–	–	(239)
Loss on disposal of an associate	–	–	–	96
Share-based payment expenses	–	–	–	1,460
Unrealised foreign exchange gain, net	–	–	–	(522)
Capital expenditure				
Plant and equipment	1,516	2,398	–	3,914
Intangible assets	735	2,324	–	3,059
As at 31 December 2014				
Assets and Liabilities				
Segment assets	23,662	12,752	6,312	42,726
– Current income tax recoverable	60	–	–	60
– Deferred tax assets	7	–	–	7
	23,729	12,752	6,312	42,793
Unallocated assets				35,450
				78,243
Segment liabilities	8,847	4,927	4	13,778
– Current income tax payable	125	674	1,378	2,177
– Deferred tax liabilities	25	71	–	96
	8,997	5,672	1,382	16,051
Unallocated liabilities				3,968
				20,019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue is based on the country in which the customer is located. Non-current assets comprise primarily of plant and equipment, intangible assets and associates. Non-current assets are shown by the geographical area in which the assets are located.

	Singapore RM'000	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	China RM'000	Hong Kong RM'000	United States of America RM'000	Others RM'000	Total RM'000
2015									
External revenue	**11,209**	**24,249**	**4,261**	**7,130**	**162**	**392**	**371**	**5,003**	**52,777**
Non-current assets	**55,054**	**20,280**	**3,984**	**5,500**	**–**	**–**	**–**	**1,684**	**86,502**
2014									
External revenue	1,462	24,501	2,612	2,801	1,067	115	460	2,666	35,684
Non-current assets	259	9,743	–	506	–	–	–	551	11,059

Major customer

The revenue of the Group is mainly derived from customers which are mainly corporations, both domestic and multinationals. Due to the diverse base of customers to whom the Group renders services in each of the reporting period, the Group is not reliant on any customer for its sales and no one single customer accounted for 10% or more of the Group's total revenue except for 1 (2014: 1) customer which accounted for RM17.4 million or 33.0% (2014: RM15.2 million or 42.5%) of the Group's total revenue for the financial year.

33. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, in interest rates and foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.1 Credit risk

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the amounts due from former associates and related parties which comprised 63.2% (2014: 63.8%) of the total trade and other receivables as at 31 December 2015. The directors are of the opinion that the amounts are fully recoverable.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's maximum exposure to credit risks, except as referred to in Note 34 to the financial statements.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents. Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits are mainly deposits with reputable banks with minimum risk of default.

As at the end of the reporting period, the age analysis of trade receivables past due but not impaired is as follows:

	2015 **RM'000**	2014 RM'000
Past due but not impaired		
Past due less than 1 month	**475**	2,297
Past due 1 to 2 months	**934**	285
Past due 2 to 3 months	**601**	961
Past due 3 to 4 months	**1,065**	6,447
Past due over 4 months	**4,248**	3,292

The age analysis of trade receivables past due but not impaired as at 31 December 2014 includes RM9,209,000 which forms part of the 3-year repayment plan, that have been agreed with the debtors towards the end of 2015. With this repayment plan, the trade receivables as at 31 December 2015 pertaining to these debtors have been excluded from the age analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk

Foreign currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Singapore Dollar ("SGD"), Thai Baht ("THB") and United States Dollar ("USD") transactions.

As at the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

	RM RM'000	SGD RM'000	THB RM'000	USD RM'000	Other RM'000	Total RM'000
At 31 December 2015						
Financial assets						
Cash and cash equivalents	3,074	16,953	–	6,399	21	26,447
Trade and other receivables	16,592	11,431	2,121	19,634	2,451	52,229
Other current assets	2,505	829	–	1,015	–	4,349
	22,171	29,213	2,121	27,048	2,472	83,025
Financial liabilities						
Borrowings	(235)	(32,013)	–	–	–	(32,248)
Trade and other payables	(5,322)	(6,366)	(828)	(6,496)	(1,662)	(20,674)
	(5,557)	(38,379)	(828)	(6,496)	(1,662)	(52,922)
Net financial assets/(liabilities)	16,614	(9,166)	1,293	20,552	810	30,103
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities functional currencies	527	4,449	1,293	835	(10)	7,094
At 31 December 2014						
Financial assets						
Cash and cash equivalents	1,278	31,424	–	1,566	156	34,424
Trade and other receivables	13,443	4,833	3,762	5,993	724	28,755
Other current assets	2,949	–	–	–	–	2,949
	17,670	36,257	3,762	7,559	880	66,128
Financial liabilities						
Borrowings	(173)	(1,204)	–	–	–	(1,377)
Trade and other payables	(6,245)	(206)	–	(8,281)	(87)	(14,819)
	(6,418)	(1,410)	–	(8,281)	(87)	(16,196)
Net financial assets/(liabilities)	11,252	34,847	3,762	(722)	793	49,932
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities functional currencies	–	843	3,762	(13,436)	–	(8,831)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	RM RM'000	SGD RM'000	USD RM'000	Total RM'000
At 31 December 2015				
Financial assets				
Cash and cash equivalents	–	7,801	14	7,815
Trade and other receivables	–	52,304	–	52,304
Other current assets	–	829	–	829
	–	60,934	14	60,948
Financial liabilities				
Borrowings	–	(31,992)	–	(31,992)
Trade and other payables	–	(3,314)	–	(3,314)
	–	(35,306)	–	(35,306)
Net financial assets	–	25,628	14	25,642
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	–	–	14	14
At 31 December 2014				
Financial assets				
Cash and cash equivalents	–	31,077	13	31,090
Trade and other receivables	20,636	1,976	455	23,067
Other current assets	–	–	–	–
	20,636	33,053	468	54,157
Financial liabilities				
Borrowings	–	(1,204)	–	(1,204)
Trade and other payables	(32)	(781)	(268)	(1,081)
	(32)	(1,985)	(268)	(2,285)
Net financial assets	20,604	31,068	200	51,872
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	20,604	–	200	20,804

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Market risk (continued)

If the SGD, THB and USD change against the Ringgit Malaysia ("RM") by 5% (2014: 5%) respectively with all other variables being held constant, the effects arising from the net financial liability/asset position will be as follows:

	← Increase/(Decrease) →	
	2015 Profit before tax RM'000	2014 Profit before tax RM'000
Group		
SGD against RM		
– Strengthened	**222**	42
– Weakened	**(222)**	(42)
THB against RM		
– Strengthened	**65**	188
– Weakened	**(65)**	(188)
USD against RM		
– Strengthened	**42**	(672)
– Weakened	**(42)**	672
Company		
RM against SGD		
– Strengthened	**–**	(1,030)
– Weakened	**–**	1,030
USD against SGD		
– Strengthened	**1**	10
– Weakened	**(1)**	(10)

The Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as set out in Note 24 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from time deposit and interest-bearing borrowings which are floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.5% (2014: 0.5%) with all other variables including tax rate and foreign currency rate being held constant, the profit after tax would have been lower/higher by RM160,000 (2014: RM6,000) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.3 Liquidity risk

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group minimises liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet its working capital requirements.

Contractual maturity analysis

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis.

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Total RM'000
Group				
At 31 December 2015				
Financial liabilities				
Trade and other payables	19,994	680	–	20,674
TL loan	5,190	5,023	6,400	16,613
RCF loan	17,026	–	–	17,026
Finance lease payables	95	75	110	280
Total undiscounted financial liabilities	42,305	5,778	6,510	54,593
At 31 December 2014				
Financial liabilities				
Trade and other payables	13,503	1,316	–	14,819
RCF loan	1,204	–	–	1,204
Finance lease payables	96	94	–	190
Total undiscounted financial liabilities	14,803	1,410	–	16,213
Company				
At 31 December 2015				
Financial liabilities				
Trade and other payables	3,314	–	–	3,314
TL loan	5,190	5,023	6,400	16,613
RCF loan	17,026	–	–	17,026
Total undiscounted financial liabilities	25,530	5,023	6,400	36,953
Company				
At 31 December 2014				
Financial liabilities				
Trade and other payables	1,081	–	–	1,081
RCF loan	1,204	–	–	1,204
Total undiscounted financial liabilities	2,285	–	–	2,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.4 Capital risk

The Group manages capital to ensure that the Group is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remains unchanged since 31 December 2014.

The Group monitors capital based on gearing ratio of interest bearing liabilities to shareholders' funds which is defined as equity attributable to owners of the parent.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest-bearing liabilities	**32,248**	1,377	**31,992**	1,204
Equity attributable to owners of the parent	**88,331**	57,894	**81,293**	52,014
Gearing ratio (times)	**0.37**	0.02	**0.39**	0.02

In relation to the Group's RCF loan facility, the Group is required, upon successful listing on SGX-ST, to maintain a minimum consolidated tangible networth of RM10,000,000 and a gearing ratio of not more than 2.5 times. As at 31 December 2015, the Group has complied with these requirements.

In relation to the Group's TL loan facility, the Group is required to maintain a minimum equity attributable to owners of the parent of RM50,000,000 and a borrowing ratio of total liabilities over equity attributable to owners of the parent of not more than 1.5 times. As at 31 December 2015, the Group has complied with these requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.5 Fair value measurements

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair values of financial liabilities that are not carried at fair value in relation to trade and other payables and finance lease payables have been determined using discounted cash flow pricing models and are considered level 3 recurring fair value measurements. Significant inputs to the valuation include adjustments to the discount rate for credit risk associated with the Group.

	Group	
	Carrying amount RM'000	**Fair value RM'000**
At 31 December 2015		
Financial liabilities		
Trade and other payables	1,314	1,340
Finance lease liabilities	256	272
At 31 December 2014		
Financial liabilities		
Trade and other payables	1,880	1,880
Finance lease liabilities	173	173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.6 Financial instruments by category

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Financial assets				
Loans and receivables				
– Trade and other receivables	52,229	28,755	52,034	23,067
– Cash and cash equivalents	26,447	34,424	7,815	31,090
– Other current assets	4,349	2,949	829	–
	83,025	66,128	60,678	54,157
Financial liabilities				
Other financial liabilities, at amortised cost				
– Trade and other payables	20,674	14,819	3,314	1,081
– Interest-bearing liabilities	32,248	1,377	31,992	1,204
	52,922	16,196	35,306	2,285

34. CONTINGENT LIABILITIES

	2015	2014
	RM'000	RM'000
Corporate guarantees provided by a subsidiary of the Company in favour of a bank for:		
– bank facilities utilised by an associate, Goldfield Alliance Sdn. Bhd.	**954**	984
– hire purchase facilities utilised by a subsidiary, ZICO Consultancy Sdn. Bhd.	**110**	132
	1,064	1,116

The directors are of the view that it is unlikely that the financial institutions will call upon the corporate guarantees in view of the financial strength of the subsidiary and the associate.

35. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 13 January 2016, the Company incorporated ZICO MFO Pte. Ltd. ("ZICO MFO") in Singapore with 100% equity interest. The initial issued and paid-up capital of ZICO MFO is S$1 (RM3 equivalent) comprising 1 ordinary share of S$1 each (RM3 equivalent). ZICO MFO is principally engaged in the provision of business advisory services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the Group has not early adopted:

- IAS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- IFRS 15 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017*)

  This is the converged standard on revenue recognition. It replaces IAS 11 Construction contracts, IAS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  – Step 1: Identify the contract(s) with a customer
  – Step 2: Identify the performance obligations in the contract
  – Step 3: Determine the transaction price
  – Step 4: Allocate the transaction price to the performance obligations in the contract
  – Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group plans to adopt IFRS 9 in the financial year beginning on 1 January 2018. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.

  ** (The effective date of IFRS 15 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018.)*

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

  IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

  Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

  IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for de-recognition of financial assets and financial liabilities.

  IFRS 9 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in IAS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

  IFRS 9 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

  The Group plans to adopt IFRS 9 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of ZICO Holdings Inc. on 21 March 2016.

SHAREHOLDER INFORMATION

AS AT 11 MARCH 2016

Issued and fully paid-up capital	:	RM68,092,234
Total number of issued shares	:	282,089,177
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Number of treasury shares	:	NIL

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	0	0.00	0	0.00
100 – 1,000	5	3.73	1,300	0.00
1,001 – 10,000	36	26.87	251,400	0.09
10,001 – 1,000,000	66	49.25	9,286,266	3.29
1,000,001 and above	27	20.15	272,550,211	96.62
Total	134	100.00	282,089,177	100.00

TOP TWENTY SHAREHOLDERS AS AT 11 MARCH 2016

	Name of Shareholders	No. of Shares	% of Shares
1.	UOB KAY HIAN PTE LTD	109,193,600	38.71
2.	CHEW SENG KOK	51,458,100	18.24
3.	RAFFLES NOMINEES (PTE) LTD	16,769,400	5.94
4.	KGI FRASER SECURITIES PTE LTD	10,890,800	3.86
5.	JUNE SONG PTE LTD	7,487,879	2.65
6.	LIM KAR HAN	7,210,000	2.56
7.	LOH WEI LIAN	7,210,000	2.56
8.	TOH BENG SUAN	7,210,000	2.56
9.	NG HOCK HENG	6,695,000	2.37
10.	LIEW FOONG YUEN	6,180,000	2.19
11.	DATUK DR. NIK NORZRUL THANI BIN NIK HASSAN THANI	5,150,000	1.83
12.	PRIMEPARTNERS GROUP PTE LTD	5,000,000	1.77
13.	HONG LEONG FINANCE NOMINEES PTE LTD	4,998,400	1.77
14.	CIMB SECURITIES (SINGAPORE) PTE LTD	3,947,135	1.40
15.	PAUL PARARAJASINGAM A/L SUBRAMANIAM	3,090,000	1.10
16.	INGLEPEAK HOLDINGS LTD	2,751,436	0.98
17.	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	2,191,000	0.78
18.	KEK CHIN WU	2,158,800	0.77
19.	HANIM HAMZAH	2,060,000	0.73
20.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,000,000	0.71
		263,651,550	93.48

SHAREHOLDER INFORMATION

AS AT 11 MARCH 2016

SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2016

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shareholdings	Indirect Interest No. of Shares	Indirect Interest % of Shareholdings
Chew Seng Kok	102,916,200	36.48	6,000,000 [1]	2.13
Loh Wei Lian	16,384,579	5.81	0	0
Lim Kar Han	14,420,000	5.11	0	0

[1] *Deemed interested by virtue of shares held by Leandar Pte. Ltd. is a company incorporated in Singapore. Mr Chew Seng Kok holds 100% of the shareholding interests in Leandar Pte Ltd.*

PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 11 March 2016, approximately 45.8% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ZICO HOLDINGS INC. (the "**Company**") will be held at Blackboard & Whiteboard Room, Level 3, Carlton City Hotel, 1 Gopeng Street, Singapore 078862 on Friday, 22 April 2016 at 4.00 pm for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company ("Directors") retiring pursuant to Article 97 of the Company's Articles of Association:

   Article 97:
   Mr Chew Liong Kim **(Resolution 2)**
   Mr Liew Foong Yuen **(Resolution 3)**

   [Explanatory Note (i)]

3. To record the retirement of Mr Ng Quek Peng, a director retiring pursuant to Article 98 of the Company's Articles of Association, who has decided not to seek re-election and will retire at the conclusion of the forthcoming AGM.

   [Explanatory Note (ii)]

4. To approve the payment of Directors' fees totalling S$424,076 for the financial year ending 31 December 2016, to be paid quarterly in arrears.

   [Explanatory Note (iii)] **(Resolution 4)**

5. To re-appoint PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   That pursuant to Article 3 of the Company's Articles of Association and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**"), authority be given to the Directors to:

   (a) issue shares ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit; and

(c) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(i) the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the time this resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of the Instruments or convertible securities;

(bb) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[Explanatory Note (iv)] **(Resolution 6)**

8. **AUTHORITY TO ISSUE AND ALLOT SHARES UNDER:**

(a) <u>THE ZICO HOLDINGS PERFORMANCE SHARE PLAN</u>

THAT the Directors be and are hereby authorized to offer and grant awards ("**Awards**") in accordance with the provisions of the ZICO Holdings Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of Awards granted under the Plan, provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, shall not exceed fifteen percent (15%) of the total issued Share (excluding treasury shares) of the Company from time to time.

[Explanatory Note (v)] **(Resolution 7A)**

NOTICE OF ANNUAL GENERAL MEETING

(b) THE ZICO HOLDINGS EMPLOYEE SHARE OPTION SCHEME

THAT the Directors be and are hereby authorized to offer and grant options ("**Options**") under the ZICO Holdings Employee Share Option Scheme (the "**Scheme**") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued pursuant to the Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total issued Share (excluding treasury shares) of the Company from time to time.

[Explanatory Note (v)] **(Resolution 7B)**

9. That the participation of Mr Chew Seng Kok (who is regarded as a controlling shareholder in relation to the Company) in the Plan, be and is hereby approved.

[Explanatory Note (vi)] **(Resolution 8)**

10. That, subject to and contingent upon the passing of Resolution 8 above,

(a) the grant of award (the "**Award**") comprising 300,000 Shares to Mr Chew Seng Kok (who is regarded as a controlling shareholder in relation to the Company) pursuant to and in accordance with the rules of the Plan, be and is hereby approved; and

(b) the Directors be and are hereby authorized to allot and issue the Shares, and/or transfer existing Shares procured by the Company, upon the release of the Award.

[Explanatory Note (vi)] **(Resolution 9)**

By Order of the Board

ZICO Secretarial Limited
Secretary

Singapore, 7 April 2016

Explanatory Notes:

(i) **Resolution 2** – Mr Chew Liong Kim, if re-elected, will remain Chairman of the Remuneration Committee and a member of the Audit Committee. The Board considers Mr Chew Liong Kim to be independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 3 – Mr Liew Foong Yuen, if re-elected, will remain as Executive Director of the Company.

(ii) Mr Ng Quek Peng, will retire as an Independent Director of the Company at the conclusion of the forthcoming AGM. Upon Mr Ng Quek Peng's retirement, he will cease to be a member of the Nominating and Audit Committees.

NOTICE OF ANNUAL GENERAL MEETING

(iii) **Resolution 4** – This resolution is to facilitate payment of Directors' fees during the financial year in which the fees are incurred. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2016 ("**FY2016**"). Should any Director hold office for only part of FY2016 and not the whole of FY2016, the Director's fee payable to him will be appropriately pro-rated.

(iv) **Resolution 6** – This resolution, if passed, will empower the Directors, effective until (i) the conclusion of the next annual general meeting of the Company, or (ii) the date by which the next annual general meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred percent (100%) of issued Share capital of the Company (excluding treasury shares), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

(v) **Resolutions (7A) & (7B)** – Each of this resolution, if passed, will empower the Directors to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total issued Share (excluding treasury shares) of the Company from time to time.

(vi) **Resolutions 8 & 9** – Information relating to the proposed 2015 Award under the Plan to Mr Chew Seng Kok is set out in the addendum to the Annual Report of the Company for the financial year ended 31 December 2015.

NOTES:

1. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he deems fit.

4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting.

7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy must be deposited at the registered office of the Singapore Branch at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time appointed for holding of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ZICO HOLDINGS INC.
(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

PROXY FORM – ANNUAL GENERAL MEETING

I/We, ______________________________ (full name in capital letters)

NRIC No./ Passport No./ Company No. ______________________________

of ______________________________ (full address)
being a member/members of ZICO HOLDINGS INC. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the annual general meeting ("AGM") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held on Friday, 22 April 2016 at 4.00 pm at Blackboard & Whiteboard Room, Level 3, Carlton City Hotel, 1 Gopeng Street, Singapore 078862 and at any adjournment thereof.

(In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the AGM and at any adjournment thereof.)

The resolutions put to vote at the AGM shall be decided by poll.

Resolution No.	ORDINARY BUSINESS	For*	Against*
Resolution 1	To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon		
Resolution 2	To re-elect Mr Chew Liong Kim as a Director of the Company		
Resolution 3	To re-elect Mr Liew Foong Yuen as a Director of the Company		
Resolution 4	To approve payment of Directors' Fees for the financial year ending 31 December 2016, to be paid quarterly in arrears		
Resolution 5	To re-appoint of PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
Resolution 6	To approve the authority to allot and issue shares.		
Resolution 7A	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Performance Share Plan		
Resolution 7B	To approve the authority to allot and issue shares pursuant to the ZICO Holdings Employee Share Option Scheme		
Resolution 8	To approve the participation of Mr Chew Seng Kok in the ZICO Holdings Performance Share Plan		
Resolution 9	To approve the grant of an award comprising 300,000 shares to Mr Chew Seng Kok under the ZICO Holdings Performance Share Plan		

*If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this ____________ day of ____________ 2016

Total number of Shares in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he thinks fit.

5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting.

8. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

9. The instrument appointing a proxy must be deposited at the Registered Office of the Singapore Branch at 8 Robinson Road #03-00, ASO Building, Singapore 048544, not less than forty-eight (48) hours before the time appointed for holding of the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 April 2016.

ZICO
HOLDINGS INC.

ZICO Holdings Inc.
(Formerly known as ZICOlaw Holdings Inc.)

8 Robinson Road
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Singapore 048544
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