7 November 2016

**SyQic plc ("SyQic", the “Company” or the "Group")**

**Final results for the year ended 31 December 2015**

 SyQic plc (AIM:SYQ), a fast growing provider of live TV and on-demand video content across mobile and internet enabled consumer devices, today announces its final results for the year ended 31 December 2015.

**FINANCIAL HIGHLIGHTS**

* Revenue increased by 9% to £11.66m (2014: £10.67m)
* EBITDA increased by 21% to £2.84m (2014: £2.34m)
* Profit after tax increased by 25% to £2.48m (2014: £1.99m)
* Earnings per share increased by 13% to 9.20p (2014: 8.14p)
* Net assets of £9.45m at 31 December 2015 (31 December 2014: £8.27m)
* Trade receivables (before fair value adjustment) of £12.42m (31 December 2014: £7.47m)
* Fair value discount expense of £0.69m (31 December 2014: £0.34m) applied to trade receivables
* Foreign exchange reserve movement of £1.33m (2014: £0.03m)
* Qualified audit opinion on the financial statements for the year ended 31 December 2015 as the auditors are unable to obtain sufficient audit evidence to assess the recoverability of the Company’s trade debtors. Additionally, the audit opinion for the year ended 31 December 2015 includes a going concern emphasis of matter

**OPERATIONAL HIGHLIGHTS**

* Launch of Yoomob service in Europe
* Click to pay payment platform introduced
* Increased use of social media has helped to boost growth opportunities

**POST PERIOD HIGHLIGHTS**

* Launch of Yoomob in the UK, Italy and Spain
* Commencement of Yoomob trial service in Kenya
* Introduction of Cool2vu subscription service
* Merging of Cool2vu and Yoomob services for ease of product management for uniform commercial model comprising of subscriptions and advertising revenues in all markets
* The Company has received interest from Yuma Ventures Ltd, a BVI incorporated investment holding company, to acquire all shares in the Company

On 28 June 2016, the board of directors of SyQic announced that it had become apparent that the Company would not be in a position to publish its audited report and accounts for the year ended 31 December 2015 by 30 June 2016 in accordance with Rule 19 of the AIM Rules for Companies. As a result trading in the Company's shares was suspended on AIM.

Due to the qualified audit opinion on the financial statements for the year ended 31 December 2015 and emphasis about the Company’s ability to continue as a going concern being dependent, inter alia, on the collection of trade receivables and the ability to raise future funds, the Company’s shares remain suspended from trading on AIM. Further details on the qualified opinion on the financial statements and the going concern emphasis of matter are set out in note 1 of the financial statements for the year ended 31 December 2015.

In the event that trading in the Company’s shares is not recommenced within six months of the date of suspension, trading in the Company’s shares on AIM will be cancelled altogether.

**Jamal Hassim, Group Chief Executive Officer, commented:** "The Board is pleased with the progress made during 2015, which saw further increases in revenues and earnings notwithstanding the challenges of a 15% depreciation in the Malaysian Ringgit.’’

"Furthermore, we have expanded our Yoomob services beyond our traditional markets and commenced trials of Cool2vu in Africa.’’

"We continue to address the problem of slow collection from our two largest customers and as a prudent measure have made a provision against the oldest balances outstanding. This has impacted on cash flow but new payment plans have recently been agreed which should help to improve the position. The slow payments by our two largest customers has resulted in the financial statements for the year ended 31 December 2015 containing a qualified audit opinion and an emphasis of matter in relation to the Company’s ability to trade as a going concern."

The annual report will shortly be available on the Company's website (www.syqic.com) and will be posted to all registered shareholders.

|  |  |
| --- | --- |
| **For further information:** |  |
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**Chairman’s Statement**

**2015 was another year of significant progress for SyQic with increases in revenues and profits.**

2015 continued to see acceleration in terms of global demand for premium video streaming over mobile devices.

It was a significant year for the Company in terms of both operational and financial progress. Revenue generation from our core telco products increased while we continued to invest in the development of our exciting OTT (over-the-top) platforms.

**Core business performance**

Our core telco business performed well in 2015 with revenues increasing on the previous year by 9% despite the weakening of the Malaysian currency. The growth in Group revenue was primarily attributable to increased user take-up across the Group’s telco service platforms as well as through its international payment provider via the Company’s social media platforms. We continue to believe the opportunity exists to enhance this offering further by the addition of more compelling content and the Company plans to continue to acquire content that has a high value to its user base.

In the second quarter of 2015, the Company embarked on developing a new Cool2Vu platform with better encryption technology which reduces data consumption whilst delivering higher video quality. The new platform also integrates well with non-video media and social media platforms.

**OTT payment service increase**

Since the Company has established a relationship with Fortumo, an international payment provider, Yoomob is now able to expand its geographical reach up to 95 countries.

**Trade receivables**

As in previous years the Company has generated a high proportion of its revenues from the Indonesian market where SyQic works with two Master Content Partners (“MCPs”) to access the end users of the three largest telcos. The combined amount receivable from the two MCPs (PTNP and PTITV), before adjustments for fair value and impairment provisions, increased from £7.9 million to £12.8 million during 2015. The payment terms involved in operating this business model are protracted and periodically during the year this has put pressure on the Company’s operating cash flow. This led to the Company receiving financial support through a series of loans from our CEO, Jamal Hassim, as announced on 23 September 2016.

As at 31 December 2015, a total £6.6 million of these receivables had been outstanding for more than a year. However, I am pleased to report that repayments during the course of 2016 have substantially cleared these amounts outstanding for more than one year as at 31 December 2015 such that the outstanding amount has been reduced to £0.8 million. Management has decided to make an impairment provision of £0.4 million against these amounts as a prudent measure to reflect the uncertainties of full collection.

The Company has also had to agree to separate payment plans with PTNP and PTITV (the two MCPs) to recover amounts totalling £7.9 million due from 2015 sales. Under these plans, which were signed in September 2016, a total of £3.2 million is to be paid in monthly instalments during the remainder of 2016 with monthly payments totalling £4.7 million to be made in 2017. These payments are expected to commence soon. No impairment has been made in respect of these amounts. However, a fair value adjustment of £920,000 (2014: £448,000) has been made to these trade receivables in respect of the time value of money concept.

In performing their audit work, the Company’s auditors were unable to obtain sufficient audit evidence to assess the audit or the Company’s two largest debtors to make payments to the Company. This led the Company’s auditor to include a qualified opinion on the financial statements for the year ended 31 December 2015 and emphasis of matter paragraph in relation to the trade receivables credit exposure in their audit statement. Further details are set out in note 1 to the notes to the financial statements.

Due to the qualified audit opinion on the financial statements for the year ended 31 December 2015 and uncertainties about the Company’s ability to continue as a going concern in light of, inter alia, the high level of trade debtors and dependence on the ability to raise future funds, the Company’s shares remain suspended from trading on AIM. In the event that trading in the Company’s shares is not recommenced within six months of the date of suspension, trading in the Company’s shares on AIM will be cancelled altogether.

Further details of our Indonesian operations are given in the Group Chief Executive Officer’s Statement.

**Prospects for 2016**

Global trends for video streaming on mobile continue to be encouraging. However, in the short-term, the Company needs to address its cash flow difficulties and the uncertainties this brings to the Company’s ability to capitalise on the opportunities in the sector.

**Potential Offer**

On 20 April 2016 the Company announced that it was in discussions with Jamal Hassim, Chief Executive of SyQic, and MMV Investments (HK) Limited, a company owned by Johan Robb, (together "Bidco"), in connection with a possible offer for the whole of the issued share capital of the Company. The Independent Board of the Company is continuing discussions with Bidco, although there is no guarantee of a successful outcome.

### David Cotterell

Non-Executive Chairman

4 November 2016

## Group Chief Executive Officer’s Statement

The Board is pleased to report the Company’s audited financial results for the year to 31 December 2015.

Shareholders should note that the audited financial statements for the year ended 31 December 2015 contain a qualified audit opinion relating to the inability of the Company’s auditors to get sufficient audit evidence on the ability of the Company’s two principal debtors to make payments due to the Company under agreed payment plans. Further details are set out in note 1 of the notes to the financial statements. In addition, shareholders should be aware that the audit opinion for the year ended 31 December 2015 contains an emphasis of matter in relation to the Company continuing as a going concern. Again, further details are set out in note 1 of the notes to the financial statements. As a result of the uncertainties in the Company’s financial position, the Company’s shares remain suspended from trading on AIM.

Turnover for the year was £11.66 million (year ended 31 December 2014: £10.67 million). The Directors believe that turnover would have been higher had it not been for a more than 15% depreciation of the Malaysian Ringgit against Sterling, the Company’s reporting currency. In view of the depreciation of the Malaysian Ringgit against Sterling, operation and administrative costs were also lower than expected and therefore based on the management accounts, the EBITDA for the year was in line with market expectations. Due to depreciation and amortisation being lower than expected, the profit before tax for the year was ahead of market expectations.

The Company has recorded strong growth in revenues and profitability during the year under review. Revenues increased 9% to £11.66m from £10.67 million in 2014 as the result of business in Indonesia recovering following the continuing easing of regulatory action on the industry in mid-2013. Gross profit increased 3% to £4.8m from £4.65m in 2014. Operating profit increased 18% to £2.50m (2014: £2.11m), the increase being partly as a result of the growth coming from a smaller cost base and a 3% reduction in administrative costs. Excluding the impairment provision made against trade receivables, administrative costs were some 24% lower than in 2014.

Earnings per share have increased from 8.14p in 2014 to 9.20p in 2015, a 13% improvement.

At 31 December 2015 the Company had outstanding trade receivables (net of a fair value discount of £0.92m) of £11.5 million. The Company has applied a fair value adjustment against certain of these receivables to reflect the fact that amounts are not expected to be settled within one year. Collections from the Company’s primary customers have been less than previously anticipated by the Board. The Directors have reviewed trade receivables on an ongoing basis and are of the opinion that an impairment provision of £0.4 million is appropriate. In performing their audit work, the Company’s auditors were unable to obtain sufficient audit evidence to assess the audit or the Company’s two largest debtors to make payments to the Company. This led the Company’s auditor to include a qualified opinion on the financial statements for the year ended 31 December 2015 and emphasis of matter paragraph in relation to, inter alia, the trade receivables credit exposure in their audit statement. Further details are set out in note 1 of the notes to the financial statements.

Due to the qualified audit opinion on the financial statements for the year ended 31 December 2015 and uncertainties about the Company’s ability to continue as a going concern in light of, inter alia, the high level of trade debtors and dependence on the ability to raise future funds, the Company’s shares remain suspended from trading on AIM. In the event that trading in the Company’s shares is not recommenced within six months of the date of suspension, trading in the Company’s shares on AIM will be cancelled altogether.

The Company had cash of £11,000 and an overdraft balance of £75,000 at 31 December 2015.

Operationally, SyQic’s Yoomob service is still registering good growth and the Company has now expanded the service beyond its traditional markets in South East Asia. The Yoomob service has now been launched in the UK, Italy and Spain, with other countries in Europe to follow. These countries did not generate significant revenues during 2015 but are expected to do so in 2016.The UK service has started to develop traction and the Directors hope the same will shortly be true of Italy and Spain. The target consumers in the Western markets will be migrant communities. SyQic’s use of social media to promote and proliferate the Yoomob service to acquire customers, as well as using Fortumo (the mobile payment aggregator) to reduce reliance on telcos, has borne fruit. SyQic will be looking to grow this acquisition channel as its primary revenue growth driver.

The Company has commenced the Cool2vu technical trial service in Kenya, as a testbed for the service to be launched in the rest of Africa. The full commercial service in Kenya is expected to commence before the end of 2016.

Concurrently, work has begun to commence trials in India and Brunei.

As our Chairman has already noted, the Company has continued to experience slow collection from its two largest customers, which has put pressure on our working capital. This led to the Company receiving financial support through a series of loans from me, as announced on 23 September 2016. This position is being addressed by way of new repayment plans from these customers and a concerted effort to recover long outstanding amounts. I believe we are starting to make better progress on collecting these amounts but, as a prudent measure, we have decided to make an impairment provision which reflects prudence in our views over collections of outstanding amounts. The receivables position continues to receive our full focus as sales during the course of 2016 have increased the total amount of trade receivables at the time of writing.

The business is critical to both telcos and the easiest solution would have been for the debtors to turn off the service, cut their losses and try to reach a settlement with SyQic.  However, despite it being a hard year economically in Indonesia last year, which affected most companies, they have started paying SyQic again since the economy took an upturn. The business is continuing to grow and we are adding subscribers and it is helping create “stickiness” and differentiation for the telcos’ core businesses. So we believe we remain an essential part of the telcos’ product value chain as their core data and voice businesses ARPU (average revenue per user) is dropping due to competition amongst the telcos. The telcos have methodically made it a point of clearing the earliest invoices and are working their way towards becoming more current.

We do understand that business dynamics in Asia differ from the West, but relationships are essential in preserving and developing businesses mutually further East.  We have built a relationship with the telcos for many years now, and they are continuing to fulfil their obligations albeit very late, as they recognise that we have delivered a valuable service.

We are starting to apply for ECP licenses in Malaysia and this is a practice and approach that we are taking across all our sites. An ECP license allows us to deal directly with the telcos in parallel with the current intermediaries i.e. PTNP and PTITV. The eventual intended outcome from this move is that we will work directly with the telcos which we expect will cut the payment cycle by another 30-60 days and allow us to have more direct engagement with the telcos.  However, to arrive in this position we have had to spend the last 5-6 years building the trust with the telcos and the regulatory authorities in the jurisdictions where we operate.

To address the above risks the Company is actively in expansion mode to widen its customer base and manage its customer risk profile. The Company is also applying the use of independent mobile payment aggregators rather than telcos to conduct consumer billings to speed up collections. It will be some time however before the full effect of these measures are felt in addressing debtors ageing in a significant manner. The Company has been experiencing a balance sheet weakness for some time due to the significant debtors ageing and this is also impacting cashflow and expansion opportunities. The operational issues have impacted share price and management have been considering the best options for the Company for some time. There have been offers to take the Company private and the Board is now considering one of these offers in a serious manner, to obtain the best possible outcome for shareholders and also to give the Company the best opportunity to focus on addressing its operational issues and to be able to grow.

**Dividends**

The Directors do not propose a dividend for the year ended 31 December 2015.

**Outlook**

The Directors expect to be able to report further growth for the rest of 2016, as the first half of the year has seen further growth in revenues. The traditional Southeast Asian markets are beginning to see the entrance of a number of possible competitors. As such management is putting increased emphasis on expanding into new markets such as India and African markets to widen the revenue profile and also to keep the current growth momentum. Management is also in the midst of rationalising the existing product lines to streamline product management and to create greater operational efficiencies. Advertising inventory is being added to the core mobile video service to add revenue streams.

**Jamal Hassim**

**Chief Executive**

**4 November 2016**

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SYQIC PLC**

We have audited the Financial Statements of SyQic Plcfor the year ended 31 December 2015, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash flows and their related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

This report is made solely to the company’s members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the information in the Chairman’s Statement, Group Chief Executive Officer’s Statement, Directors’ Report, Corporate Governance Statement and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Basis for qualified opinion on financial statements – Limitation on scope**

As disclosed in Note 11 and Note 18(iii) there are significant amounts outstanding from the Group’s two largest customers. The gross carrying amount (before fair value adjustments and impairment provisions) is equivalent to £12,787,000 (2014: £6,968,000) where a balance of £12,261,000 (2014: £4,154,000) is outside the Group’s normal payment terms. Whilst the directors of the Group are of the opinion that the debts are fully recoverable, a provision of £408,000 has been made within the financial statements as at 31 December 2015 (2014: £nil) based on the current pattern of settlement. Whilst management have provided support for their recoverability assessment to the fullest extent possible the audit evidence to us was limited in order to assess the recoverability as we were unable to obtain sufficient audit evidence to assess their ability to make repayments. As a consequence we have been unable to obtain sufficient and appropriate audit evidence in relation to the Group financial statements concerning:

* The carrying value of £11,459,000 of the Group’s trade receivables as at 31 December 2015 in relation to the two largest customers;
* The quantum of the impairment provision of £408,000; and
* The quantum of the fair value and the unwinding of the fair value of trade receivables for the period from 1 January 2015 to 31 December 2015 of £920,000.

**Qualified opinion on financial statements**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

* the financial statements give a true and fair view of the state of the Group’s affairs as at 31 December 2015and of the group’s profit for the year then ended;
* the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
* the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

**Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in Notes 1 to the financial statements concerning the Group’s ability to continue as a going concern.

The future of the Group’s operations are dependent, as described in note 1, on the recoverability of the trade receivable amounts due along with the expected continued support from certain of its shareholders and Directors and the ability to raise future funds from future shareholders and Directors. Notwithstanding the Board’s belief that the Company will be able to raise the required finance, this indicates the existence of a material uncertainty which may cast doubt about the Group’s ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

The Annual Report will shortly be available to the shareholders and the public on the Company’s website ([www.syqic.com](http://www.syqic.com)) in accordance with AIM Rule 20.

**Matters on which we are required to report by exception**

In respect solely on the limitation of scope on our work relating to trade receivables, described above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

We have nothing to report to you in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

* proper accounting records have not been kept by the parent company; or
* proper returns adequate for our audit have not been received from branches not visited by us; or
* the parent company financial statements are not in agreement with the accounting records and returns.

Leo Malkin (Senior Statutory Auditor)

For and on behalf of Crowe Clark Whitehill LLP

Statutory Auditor

10 Salisbury Square

London EC4Y 8EH

4 November 2016

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | |  | |
|  |  | **Year ended** | | Year ended | |
|  |  | **31 December** | | 31 December | |
|  |  | **2015** | | 2014 | |
|  | Note | **£’000** | | £’000 | |
| Continuing operations |  |  | |  | |
| Revenue  Cost of sales |  | **11,655**  **(6,854)** | | 10,672  (6,022) | |
| Gross profit |  | **4,801** | | 4,650 | |
| Other income |  | **644** | | 420 | |
| Other operating expenses |  | **(1,038)** | | (985) | |
| Administrative expenses |  | **(1,911)** | | (1,978) | |
| Operating profit |  | **2,496** | | 2,107 | |
| Net finance costs | 5 | **(13)** | | (13) | |
| Profit before taxation | 6 | **2,483** | | 2,094 | |
| Income tax expense | 7 | **(7)** | | (103) | |
| Profit after taxation |  | **2,476** | | 1,991 | |
| Other comprehensive income:  Items that will or may be reclassified to profit or loss: |  | |  | |
| Currency translation differences arising on translation of foreign operations |  | **(1,333)** | | (32) | |
| Total comprehensive income for the year |  | **1,143** | | 1,959 | |
| Profit attributable to: |  |  | |  | |
| Equity holders of SyQic plc |  | **2,476** | | 1,991 | |
| Total comprehensive income attributable to: |  |  | |  | |
| Equity holders of SyQic plc |  | **1,143** | | 1,959 | |
| Earnings per share attributable to equity holders of SyQic plc |  |  | |  | |
| Earnings per share – basic (pence) | 8 | **9.20** | | 8.14 | |
| Earnings per share – diluted (pence) | 8 | **9.20** | | 8.14 | |

## Consolidated Statement of Financial Position

As at 31 December 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **At 31 December** | At 31 December |
|  |  |  | **2015** | 2014 |
|  |  | Note | **£’000** | £’000 |
| Assets |  |  |  |  |
| Non-current assets |  |  |  |  |
| Property, plant and equipment |  | 9 | **57** | 100 |
| Intangible assets |  | 10 | **647** | 1,037 |
| Non-current trade receivables |  | 11 | **4,693** | 768 |
|  |  |  | **5,397** | 1,905 |
| Current assets |  |  |  |  |
| Trade receivables |  | 11 | **6,807** | 6,252 |
| Other receivables, deposits and prepayments |  | 12 | **29** | 585 |
| Cash and bank balances |  | 13 | **11** | 218 |
|  |  |  | **6,847** | 7,055 |
| Total assets |  |  | **12,244** | 8,960 |
| Liabilities |  |  |  |  |
| Current liabilities |  |  |  |  |
| Trade payables |  |  | **1,131** | 66 |
| Other payables and accruals |  | 17 | **1,146** | 315 |
| Taxation |  |  | **25** | 30 |
| Due to Directors (non-trade) |  | 20 | **289** | 112 |
| Due to shareholders (non-trade) |  | 20 | **64** | 71 |
| Bank overdraft |  | 13 | **75** | - |
| Finance lease obligations |  | 19 | **11** | 19 |
|  |  |  | **2,741** | 613 |
| Non-current liabilities |  |  |  |  |
| Finance lease obligations |  | 19 | **53** | 79 |
|  |  |  | **53** | 79 |
| Total liabilities |  |  | **2,794** | 692 |
| Net assets |  |  | **9,450** | 8,268 |
| Equity |  |  |  |  |
| Capital and reserves attributable to equity holders of SyQic plc |  |  |  |  |
| Stated capital account |  | 14 | **15,859** | 15,859 |
| Merger Reserve |  | 15 | **(8,654)** | (8,654) |
| Share option reserve |  | 15 | **115** | 105 |
| Translation reserve |  | 15 | **(1,676)** | (343) |
| Retained profits |  |  | **3,806** | 1,301 |
| Total equity |  |  | **9,450** | 8,268 |

**Consolidated Statement of Changes in Equity**

For the year ended 31 December 2015

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Attributable to equity holders of SyQic plc | | | | | |
|  |  |  |  |  |  |  |
|  | Stated  capital | Merger | Translation reserve/ | Retained profits / (accumulated | Share option |  |
|  | account | reserve | (deficit) | losses) | reserve | Total |
|  | £’000 | £’000 | £’000 | £’000 | £’000 | £’000 |
| Balance as at 1 January 2014 | 14,165 | (8,654) | (311) | (690) | 6 | 4,516 |
| Issue of ordinary shares | 1,694 | — | — | — | — | 1,694 |
| Share-based payment charge | — | — | — | — | 99 | 99 |
| Transactions with owners | 1,694 | — | — | — | 99 | 1,793 |
| Profit for the year | — | — | — | 1,991 | — | 1,991 |
| Other comprehensive income | — | — | (32) | — | — | (32**)** |
| Total comprehensive income | — | — | (32) | 1,991 | — | 1,959 |
| Balance as at 31 December 2014 | **15,859** | **(8,654)** | **(343)** | **1,301** | **105** | **8,268** |
| Share-based payment charge | — | — | — | — | 39 | 39 |
| Release on surrender of share options | — | — | — | 29 | (29) | — |
| Transactions with owners | — | — | — | 29 | 10 | 39 |
| Profit for the year | — | — | — | 2,476 | — | 2,476 |
| Other comprehensive income | — | — | (1,333) | — | — | (1,333) |
| Total comprehensive income | — | — | (1,333) | 2,476 | — | 1,143 |
| Balance as at 31 December 2015 | **15,859** | **(8,654)** | **(1,676)** | **3,806** | **115** | **9,450** |

## Consolidated Statement of Cash Flows

For the year ended 31 December 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  |  | **2015** | 2014 |
|  | Note | **£’000** | £’000 |
| Cash flows from operating activities: |  |  |  |
| Profit before income tax |  | **2,483** | 2,094 |
| Adjustments: |  |  |  |
| Depreciation of property, plant and equipment | 9 | **27** | 40 |
| Amortisation of intangible assets | 10 | **314** | 189 |
| Gain on disposal of property, plant and equipment |  | **8** | — |
| Fair value loss on trade receivables | 11 | **680** | 330 |
| Unwinding of fair value loss on trade receivables |  | **(101)** | (188) |
| Share option charge |  | **39** | 99 |
| Interest expense | 5 | **13** | 13 |
| Operating cash flow before working capital changes |  | **3,463** | 2,577 |
| Increase in trade and other receivables |  | **(6,285)** | (3,935) |
| Increase in provisions |  | **408** | - |
| Increase/(decrease) in trade and other payables |  | **2,032** | (398) |
| Increase/(decrease) in amounts due to Directors |  | **177** | (88) |
| (Decrease)/increase in amounts due to shareholders |  | **(7)** | 1 |
| Cash used in operations |  | **(212)** | (1,843) |
| Interest paid |  | **(13)** | (13) |
| Income taxes received/(paid) |  | **7** | (22) |
| Net cash used in operating activities |  | **(218)** | (1,878) |
| Cash flows from investing activities |  |  |  |
| Purchase of plant and equipment | 9 | **(1)** | (10) |
| Acquisition of intangibles | 10 | **—** | (570) |
| Net cash used in investing activities |  | **(1)** | (580) |
| Cash flows from financing activities |  |  |  |
| Proceeds from issue of share capital, net of share issue costs | 14 | **—** | 1,694 |
| Repayment of lease obligations |  | **(33)** | (22) |
| Net cash (used in)/generated from financing activities |  | **(33)** | 1,672 |
| Net (decrease) in cash and bank balances |  | **(252)** | (786) |
| Cash and bank balances at beginning of year |  | **218** | 1,049 |
| Effects of foreign currency exchange rate changes |  | **(30)** | (45) |
| Cash and cash equivalents at end of year | 13 | **(64)** | 218 |

## Notes to the Financial Statements

### 1. General information

The Company is a public company limited by shares and incorporated in Jersey. The Company is domiciled in Jersey with its registered office and principal place of business is at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES.

The principal activity of the Group is the provision of live TV and on-demand paid video content across various types of internet-enabled consumer electronics devices.

### Basis of preparation

The Company was incorporated under the laws of Jersey on 13 November 2013, and on 4 December 2013 acquired the entire share capital of SyQic Capital Private Limited. As a result of this transaction, the ultimate shareholders in SyQic Capital Private Limited received shares in the Company in direct proportion to their original shareholdings in SyQic Capital Private Limited.

In determining the appropriate accounting treatment for this transaction, the Directors considered IFRS 3 – Business Combinations (Revised 2008). However, they concluded that this transaction fell outside the scope of IFRS 3 (revised 2008) since the transaction described above represents a combination of entities under common control.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, in developing an appropriate accounting policy, the Directors have considered the pronouncements of other standard setting bodies and specifically looked to accounting principles generally accepted in the United Kingdom (“UK GAAP”) for guidance (in particular, FRS 102 – Section 19 - Business Combinations and Goodwill), which does not conflict with IFRS and reflects the economic substance of the transaction.

Under UK GAAP, the assets and liabilities of both entities are recorded at book value, not fair value. Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer in accordance within applicable IFRS, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the Group reconstruction did not become unconditional until 28 November 2013, these consolidated financial statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Group’s principal subsidiary. Both entities had the same management as well as majority shareholders.

The Consolidated Financial Statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds except where otherwise indicated. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit and loss.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”) issued by the International Accounting Standards Board (“IASB”), including related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

As permitted by section 105 of the Jersey Companies Act, separate financial statements of the Company are not presented.

This statement was approved by the directors on 4 November 2015.  This statement does not constitute the Group's statutory accounts for the year ended 31 December 2015. Statutory accounts for the year ended 31 December 2014 have been delivered to the Jersey Registrar of Companies.  The auditor's report on those accounts contained an emphasis of matter in relation to certain trade receivables but did not contain any statement equivalent to that required under section 495 of the Companies Act 2006.

The auditor's report on the accounts for the year ended 31 December 2015 has been qualified in the basis of a limitation on scope as follows:

**“Basis for qualified opinion on financial statements – Limitation on scope**

As disclosed in Note 11 and Note 18(iii) of the financial statements there are significant amounts outstanding from the Group’s two largest customers. The gross carrying amount (before fair value adjustments and impairment provisions) is equivalent to £12,787,000 (2014: £6,968,000) where a balance of £12,261,000 (2014: £4,154,000) is outside the Group’s normal payment terms. Whilst the directors of the Group are of the opinion that the debts are fully recoverable, a provision of £408,000 has been made within the financial statements as at 31 December 2015 (2014: £nil) based on the current pattern of settlement. Whilst management have provided support for their recoverability assessment to the fullest extent possible, the audit evidence to us was limited in order to assess the recoverability as we were unable to obtain sufficient audit evidence to assess their ability to make repayments. As a consequence we have been unable to obtain sufficient and appropriate audit evidence in relation to the Group financial statements concerning:

* the carrying value of £11,459,000 of the Group’s trade receivables as at 31 December 2015 in relation to the two largest customers;
* the quantum of the impairment provision of £408,000; and
* the quantum of the fair value and the unwinding of the fair value of trade receivables for the period from 1 January 2015 to 31 December 2015 of £920,000.

**Qualified opinion on financial statements**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

* the financial statements give a true and fair view of the state of the Group’s affairs as at 31 December 2015and of the group’s profit for the year then ended;
* the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
* the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.’’

The auditor’s report on the accounts for the year ended 31 December 2015 also contains the following emphasis of matter in relation to going concern:

**“Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in Notes 1 to the financial statements concerning the Group’s ability to continue as a going concern.

The future of the Group’s operations are dependent, as described in note 1, on the recoverability of the trade receivable amounts due along with the expected continued support from certain of its shareholders and Directors and the ability to raise future funds from future shareholders and Directors. Notwithstanding the Board’s belief that the Company will be able to raise the required finance, this indicates the existence of a material uncertainty which may cast doubt about the Group’s ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.’’

**Going concern**

The Directors have assessed the Company's ability to continue in operational existence for the foreseeable future in accordance with the FRC Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks issued in April 2016.

The operations of the Group are currently being financed from funds which the Company has raised from private placings of its shares and loans from certain of its shareholders and Directors.  The Group is reliant on the continuing support from its existing shareholders and Directors and the expected support of future shareholders and Directors.

Having made relevant and appropriate enquiries, including consideration of the Group's current resources and working capital forecasts, the Directors have a reasonable expectation that, at the time of approving the financial statements, the Company has adequate resources to continue in operational existence for at least the next twelve months. The Group held a cash less overdraft balance of £(64,000) at 31 December 2015 [but has funding plans in place to meet the Group’s planned activities.

The Directors believe that payment terms from its major customers will improve and accordingly the Board continues to adopt the going concern basis in preparing the financial statements. Further information regarding trade receivables is disclosed in Note 11.

**Adoption of new and revised International Financial Reporting Standards**

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Company in future period, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will have an impact on the recognition of operating leases. At this point, it is not practicable for the Directors to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

### 2. Basis of consolidation

The Consolidated Financial Statements include the financial statements of all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full.

Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

The principal activities of the subsidiaries are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Place of incorporation | Principal activities | Effective interest % |
| SyQic Capital Pte Ltd | Singapore | Development of software for interactive digital media and motion pictures, video and television related activities | 100 |
| SyQic Capital Sdn Bhd | Malaysia | Provision of project implementation, software development and related consultancy services | 100 |
| SyQic UK Limited | UK | Provision of OTT Broadband TV services | 100 |
| SyQic Tech (Beijing) Co Ltd | China | Non-trading | 70 |
| K Lifestyle Limited\* | Malaysia | Non-trading | 100 |

### 3. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors of the Company) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

Based on management information there is only one operating segment. Revenues are reviewed based on the products and services provided.

The Directors of the Company consider the principal activity of the Group to be that of a provider of OTT live TV and on-demand paid video content across mobile, internet-enabled consumer electronics devices such as mobile phones and tablets, and to consummate one reportable segment, that of the provision of OTT live TV and on-demand paid video content services.

Revenues derived from major customers, which individually represent 10% or more of total revenue are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Customer A |  |  |  |  | **5,471** | 5,565 |
| Customer B |  |  |  |  | **5,984** | 4,644 |
| Customer C |  |  |  |  | **188** | 301 |
| Other customers |  |  |  |  | **12** | 162 |
|  |  |  |  |  | **11,655** | 10,672 |

All revenues were generated by operations in South East Asia in each of the two years ended 31 December 2015.

### 5. Finance costs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Lease obligations interest |  |  |  |  | **6** | 8 |
| Other interest |  |  |  |  | **7** | 5 |
|  |  | |  |  | **13** | 13 |

### 6. Profit before income tax

This is determined after charging / (crediting) the following:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | | | |
|  |  |  |  |  | **2015** | | 2014 | |
|  |  |  |  |  | **£’000** | | £’000 |
| Depreciation of property, plant and equipment (note 9) |  |  |  |  | **27** | | 40 |
| Amortisation of intangible assets (note 10) |  |  |  |  | **314** | | 189 |
| Audit fee: |  |  |  |  |  | |  |
| – auditor of SyQic plc |  |  |  |  | **23** | | 24 |
| * – fees payable to auditors of subsidiaries |  |  |  |  | **16** | | 21 |
| Impairment provision against trade receivables |  |  |  |  | **408** | | - |
| Fair value loss on trade receivables |  |  |  |  | **680** | | 330 |
| Unwinding of fair value loss on trade receivables |  |  |  |  | **(101)** | | (188) |
| Research and development expenses |  |  |  |  | **10** | | 591 |
| Operating lease expenses |  |  |  |  | **79** | | 111 |
| Foreign exchange gains |  |  |  |  | **(564)** | | (55) |
| Foreign exchange losses |  |  |  |  | **127** | | 151 |
| Staff costs (including directors) |  |  |  |  | **894** | | 1,321 |

The average number of employees, including the Directors, during the year was as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
| Directors and Commercial |  |  |  |  | **3** | 3 |
| Technical |  |  |  |  | **17** | 23 |
| Administration |  |  |  |  | **10** | 9 |
|  |  |  |  |  | **30** | 35 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Total remuneration of key management personnel, being the Directors of the Company, is set out below in aggregate for each of the relevant categories specified in IAS 24, related party disclosures. |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Short-term employee benefits |  |  |  |  | **324** | 342 |

Further details relating to the remuneration of key management can be found in the Director’s report on page [•].

### 7. Income tax expense

The major components of income tax expense for each year were:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Current tax |  |  |  |  |  |  |
| – current year |  |  |  |  | **7** | 9 |
| – (over)/ under provision in prior years | | |  |  | **—** | 43 |
| Deferred tax (Note 16) | | |  |  |  |  |
| – current year: reversal of deferred tax assets |  |  |  |  | **—** | 51 |
|  |  |  |  |  | **7** | 103 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to the income tax expense at the effective tax rate of the subsidiaries is as follows: |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Profit before taxation |  |  |  |  | **2,483** | 2,094 |
| Tax at the Company’s applicable tax rate of 0%) (2014: 0%) |  |  |  |  | — | — |
| Tax effect of: |  |  |  |  |  |  |
| different tax rates in other countries |  |  |  |  | **839** | 699 |
| – expenses not deductible for tax purposes |  |  |  |  | **81** | 24 |
| – income not taxable |  |  |  |  | **(1,103)** | (1,011) |
| – deferred tax assets not recognised |  |  |  |  | **190** | 297 |
| * – under provision in prior years |  |  |  |  | **—** | 43 |
| * – deferred tax assets written-off |  |  |  |  | **—** | 51 |
| Income tax expense |  |  |  |  | **7** | 103 |

There is no taxation arising from other comprehensive income.

### 8. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. As at 31 December 2015, the exercise price of the options exceeded the share price and are therefore not dilutive.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Profit after tax attributable to owners of the Group |  |  |  |  | **2,476** | 1,991 |
| Weighted average number of shares: |  |  |  |  |  |  |
| Basic |  |  |  |  | **26,898,845** | 24,450,900 |
| Adjustment for share options |  |  |  |  | **—** | 15,311 |
| Diluted |  |  |  |  | **26,898,845** | 24,466,211 |
| Earnings per share (pence) |  |  |  |  |  |  |
| Basic |  |  |  |  | **9.20** | 8.14 |
| Diluted |  |  |  |  | **9.20** | 8.14 |

### 9. Property, plant and equipment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Computers | Motor | Furniture |  |  |
|  | and software | vehicle | and fittings | Renovations | Total |
|  | £’000 | £’000 | £’000 | £’000 | £’000 |
| **Cost** |  |  |  |  |  |
| As at 1 January 2014 | 328 | 193 | 60 | 10 | 591 |
| Additions | 6 | — | 4 | — | 10 |
| As at 31 December 2014 | 334 | 193 | 64 | 10 | 601 |
| Additions | — | — | — | 1 | 1 |
| Disposals | (12) | (46) | (10) | (6) | (74) |
| Foreign currency translation adjustments | (44) | (22) | (7) | (1) | (74) |
| **As at 31 December 2015** | **278** | **125** | **47** | **4** | **454** |
| **Accumulated depreciation** |  |  |  |  |  |
| As at 1 January 2014 | 266 | 154 | 42 | 1 | 463 |
| Charge for the year | 29 | 4 | 5 | 2 | 40 |
| Disposals | (2) | |  |  |  | | --- | --- | --- | |  |  | — | | — | — | (2) |
| As at 31 December 2014 | 293 | 158 | 47 | 3 | 501 |
| Charge for the year | 16 | 4 | 5 | 2 | 27 |
| Disposal | (12) | (46) | (5) | (3) | (66) |
| Foreign currency translation adjustments | (42) | (17) | (6) | — | (65) |
| **As at 31 December 2015** | **255** | **99** | **41** | **2** | **397** |
| **Net carrying amount** |  |  |  |  |  |
| **As at 31 December 2015** | **23** | **26** | **6** | **2** | **57** |
| As at 31 December 2014 | 41 | 35 | 17 | 7 | 100 |

#### Assets held under finance leases

The carrying amount of computers and motor vehicles held under finance leases at 31 December 2015 were £nil (2014: £7,500) and £27,000 (2014: £35,000) respectively.

### 10. Intangible assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Development | User |  |  |
|  | costs | base | Software | Totals |
|  | £’000 | £’000 | £’000 | £’000 |
| **Cost:** |  |  |  |  |
| As at 1 January 2014 | 705 | **—** | **—** | 705 |
| Additions | **—** | 529 | 41 | 570 |
| Foreign currency translation adjustments | 9 | 1 | — | 10 |
| As at 31 December 2014 | 714 | 530 | 41 | 1,285 |
| Foreign currency translation adjustments | (13) | (79) | (6) | (98) |
| **As at 31 December 2015** | **701** | **451** | **35** | **1,187** |
| **Amortisation:** |  |  |  |  |
| As at 1 January 2014 | 59 | **—** | **—** | 59 |
| Charge for the year | 141 | 45 | 3 | 189 |
| As at 31 December 2014 | 200 | 45 | 3 | 248 |
| Charge for the year | 140 | 161 | 13 | 314 |
| Foreign currency translation adjustments | (3) | (18) | (1) | (22) |
| **As at 31 December 2015** | **337** | **188** | **15** | **540** |
| **Net carrying amount:** |  |  |  |  |
| **As at 31 December 2015** | **364** | **263** | **20** | **647** |
| As at 31 December 2014 | 514 | 485 | 38 | 1,037 |

The user base and related software costs were acquired in August 2014 when the Company entered into a conditional asset purchase agreement to acquire *Maaduu*, an online video-on-demand service providing Korean content across multiple devices, which has now been rebranded as ‘Cool2vu’.

These assets were put into commercial use in October 2014 and are being amortised over three years on a straight-line basis.

Capitalised development costs are amortised over five years on a straight-line basis.

Amortisation charges are included in administrative expenses within the Consolidated Statement of Comprehensive Income as disclosed in Note 6.

#### Impairment tests for intangibles

The recoverable amount of each intangible asset was determined based on value in-use calculations in relation to SyQic Capital Sdn Bhd (“SCSB”), the principal operating subsidiary. Cash flow projections used in these calculations were based on financial budgets with assumptions for revenues, margins and growth rates and which were approved by management covering a three-year period. These assumptions were used for the analysis of the cash generating unit (“CGU”) of SCSB within the business on a consistent basis each year. Management determined budgeted gross margins based on its expectations of market developments. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

The key assumptions used in the determination of the recoverable amount are as follows: -

|  |  |  |
| --- | --- | --- |
| (i) Budgeted gross margin | |  | | --- | | Based on the potential successful subscription of the plans |   (User base: 34%, development costs;41%) |
| (ii) Discount rate (pre-tax) | Reflects specific risks relating to the relevant cash-generating unit: 1(User base: 16.3%, development costs: 15%) |

The values assigned to the key assumptions represent management’s assessment of the future trends in the cash-generating unit and are based on both external and internal sources historical data.

11. **Trade receivables**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Trade receivables |  |  |  |  | **11,500** | 7,020 |
| Less: non-current portion |  |  |  |  | **(4,693)** | (768) |
| Current portion |  |  |  |  | **6,807** | 6,252 |

Included in the trade receivables at 31 December 2015 is a gross amount (before fair value adjustments and impairment provisions) equivalent to £12,787,000 (31 December 2014: £4,932,000) owed by two foreign customers (31 December 2014: one foreign customer) of which approximately £6,605,000 (31 December 2014: £1,335,000) has been outstanding for more than a year. As at the date of approval of these financial statements, approximately £815,000 is still outstanding from one customer. Management considers that it is appropriate therefore to make an impairment provision against these amounts which currently remain unpaid. It is considered that, on the basis of the current pattern of settlement, it is more likely than not that such amounts will be substantially recovered and that a provision equal to 50% of the remaining balance currently outstanding is appropriate. Accordingly, an impairment provision of £408,000 has been made to reflect this uncertainty.

In assessing the recoverability of these debts, the Directors have given due consideration to all pertinent information relating to the ability of the customers to settle these debts, including amounts settled up to the date of approval of these financial statements as well as agreed repayment plans in place with each customer.

SCSB has agreed payment plans in respect of two customers for the recovery of receivables totalling £7,883,000. Under these plans, a total Sterling equivalent of £3,190,000 is being paid in monthly instalments during 2016 with monthly payments totalling £4,693,000 to be made in 2017. As the debts are not due to be fully repaid until December 2017, amounts receivable under the payment plans agreed have been discounted at the rate of 7.5% over the period they are to be expected to be settled to reflect the time value of money, with such discount being unwound over the remaining course of the payment plan. No impairment has been made in respect of these amounts. A fair value adjustment of £920,000 (2014: £448,000) has been made to these trade receivables in respect of the time value of money concept. No further impairment has been made in respect of these amounts.

In performing their audit work, the Company’s auditors were unable to obtain sufficient audit evidence to assess the audit or the Company’s two largest debtors to make payments to the Company. This led the Company’s auditor to include a qualified opinion on the financial statements for the year ended 31 December 2015 and emphasis of matter paragraph in relation to the trade receivables credit exposure in their audit statement. Further details are set out in note 1 to the notes to the financial statements.

Other than the debts with the two foreign customers described above, the Group’s credit terms range between 30 and 90 days.

Trade receivables and the aggregate amounts of discount applied in each year are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Trade receivables (gross) |  |  |  |  | **12,828** | 7,468 |
| Impairment provision |  |  |  |  | **(408)** | - | |
| (Imputed interest)/unwind of discount, at amortised cost: |  |  |  |  |  |  | |
| At 1 January  Imputed interest during the year, under other expenses |  |  |  |  | **(448)**  **(680)** | (306)  (330) |
| Unwind of discount, under other income |  |  |  |  | **101** | 188 |
| Foreign exchange movements |  |  |  |  | **107** | — |
| At 31 December |  |  |  |  | **(920)** | (448) |
| Trade receivables (net of discount) |  |  |  |  | **11,500** | 7,020 |

**Ageing analysis**

The ageing analysis of trade receivables as at each of the two years ended 31 December 2015 is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Not past due and not impaired |  |  |  |  | **607** | 2,866 |
| Past due but not impaired |  |  |  |  |  |  |
| – Past due less than three months |  |  |  |  | **1,702** | 1,751 |
| – Past due three to six months |  |  |  |  | **1,678** | 1,459 |
| – Past due over six months |  |  |  |  | **7,513** | 944 |
|  |  |  |  |  | **10,893** | 4,154 |
|  |  |  |  |  | **11,500** | 7,020 |

### 12. Other receivables, deposits and prepayments

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Other receivables | |  |  |  | **6** | 11 |
| Deposits |  |  |  |  | **8** | 8 |
| Prepayments |  |  |  |  | **15** | 566 |
|  |  |  |  |  | **29** | 585 |

**13. Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 | |
|  |  |  |  |  | **£’000** | £’000 | |
| Cash and bank balances | |  |  |  | **11** | 218 | |
| Bank overdraft | |  |  |  | **(75)** | — | |
| Cash and cash equivalents | |  |  |  | **(64)** | 218 | |

### 14. Stated capital account

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **2015** | **2014** | |
|  |  |  |  |  | **Number** | **Stated capital** | **Number** | **Stated capital** |
|  |  |  |  |  | **of shares** | **£’000** | **of shares** | **£’000** |
|  |  |  |  |  |  |  |  |  |
| At beginning of the year |  |  |  |  | **26,898,845** | **15.859** | 23,198,845 | 14.165 |
| Issuance of shares: |  |  |  |  | — | — | 3,700,000 | 1,850 |
| Less share issue costs |  |  |  |  | — | — | — | (156) |
| At the end of the year |  |  |  |  | **26,898,845** | **15,859** | 26,898,845 | 15,859 |

The Company has no authorised share capital. All ordinary shares have a nil par value. All issued share capital is fully paid up.

### 15. Reserves

The merger reserve arose on the Group reorganisation described in Note 1 (Basis of preparation). The reserve is non-distributable.

The share option reserve arises from the requirement to value share options in existence at the year end at fair value (see Note 22).

The translation reserve represents cumulative foreign exchange differences arising from the translation of the Financial Statements of foreign subsidiaries and is not distributable by way of dividends.

### 16. Deferred tax assets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| At beginning of year | |  |  |  | **—** | 52 |
| Recognised in the Consolidated Income statement |  |  |  |  | **—** | (51) |
| Foreign currency translation adjustments |  |  |  |  | **—** | (1) |
|  |  |  |  |  | **—** | **—** |

Deferred tax assets are recognised to the extent that it is probable that the future taxable profits will allow the deferred tax assets to be recovered. In the year ended 31 December 2014, the balance was considered to be irrecoverable and has been written off in full.

### 17. Other payables and accruals

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Other payables | |  |  |  | **618**  **528** | 167 |
| Accrued expenses | |  |  |  | 148 |
|  |  |  |  |  | **1,146** | 315 |

### 18. Financial instruments

### Financial risk management objectives and policies

It is the Group’s policy not to trade in derivative contracts.

The main risks arising from the Group’s financial instruments are foreign currency risk, interest rate risk, credit risk, capital risk and liquidity risk. The Group does not have formal risk management policies and guidelines. However, the Board of Directors reviews and agrees policies for managing each of these risks as summarised below.

#### (i) Market risk

##### (a) Foreign exchange risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Pounds Sterling. The functional currencies giving rise to this risk are primarily the Malaysian Ringgit, Singapore Dollar, and Indonesian Rupiah. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective currencies. The carrying amounts of the Group’s monetary assets and liabilities at the end of each reporting period were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Singapore** | **United States** | **Malaysian** | **Indonesian** | **Pounds** |  |  |
|  | **Dollar** | **Dollar** | **Ringgit** | **Rupiah** | **Sterling** | **Others** | **Total** |
| **As at 31 December 2015** | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** |
| **Financial assets:** |  |  |  |  |  |  |  |
| **Trade receivables** | **—** | **—** | **5,401** | **6,099** | **—** | **—** | **11,500** |
| **Other receivables and deposits** | **—** | **—** | **11** | **—** | **18** | **—** | **29** |
| **Cash and bank balances** | **—** | **—** | **11** | **—** | **—** | **—** | **11** |
|  | **—** | **—** | **5,423** | **6,099** | **18** | **—** | **11,540** |
|  |  |  |  |  |  |  |  |
| **Financial liabilities:** |  |  |  |  |  |  |  |
| **Trade payables** | **—** | **—** | **1,130** | **—** | **—** | **1** | **1,131** |
| **Other payables and accruals** | **—** | **—** | **448** | **—** | **698** | **—** | **1,146** |
| **Other financial liabilities** | **—** | **—** | **406** | **—** | **111** | **—** | **517** |
|  | **—** | **—** | **1,984** | **—** | **809** | **1** | **2,794** |
| **Foreign currency exposure** | **—** | **—** | **3,439** | **6,099** | **(791)** | **(1)** | **9,154** |
|  |  |  |  |  |  |  |  |
|  | Singapore | United States | Malaysian | Indonesian | Pounds |  |  |
|  | Dollar | Dollar | Ringgit | Rupiah | Sterling | Others | Total |
| As at 31 December 2014 | £’000 | £’000 | £’000 | £’000 | £’000 | £’000 | £’000 |
| Financial assets |  |  |  |  |  |  |  |
| Trade receivables | — | — | 5,422 | 1,594 | — | 4 | 7,020 |
| Other receivables and deposits | — | — | 8 | — | 7 | — | 15 |
| Cash and bank balances | — | — | 175 | — | 43 | — | 218 |
|  | — | — | 5,605 | 1,594 | 50 | 4 | 7,253 |
| Financial liabilities |  |  |  |  |  |  |  |
| Trade payables | 16 | 3 | 8 | — | 39 | — | 66 |
| Other payables and accruals | 51 | — | 127 | — | 113 | 24 | 315 |
| Other financial liabilities | 27 | — | 273 | — | 11 | — | 311 |
|  | 94 | 3 | 408 | — | 163 | 24 | 692 |
| Foreign currency exposure | (94) | (3) | 5,197 | 1,594 | (113) | (20) | 6,561 |

The following table details the sensitivity analysis to possible changes in the relative values of foreign currencies to which the Group is exposed as at the end of each year, with all other variables held constant:-

|  |  |  |
| --- | --- | --- |
|  | 31 December | 31 December |
|  | 2015 | 2014 |
|  | Increase/ (Decrease) | Increase/ (Decrease) |
|  | £’000 | £’000 |
| Effects on profit after taxation/equity |  |  |
| Singapore Dollar |  |  |
| - strengthened by 10% | — | (9) |
| - weakened by 10% | — | 9 |
| Malaysian Ringgit: |  |  |
| - strengthened by 10% | 344 | 520 |
| - weakened by 10% | (344) | (520) |
| Indonesian Rupiah: |  |  |
| - strengthened by 10% | 651 | 159 |
| - weakened by 10% | (651) | (159) |
| Others: |  |  |
| - strengthened by 10% | — | (2) |
| - weakened by 10% | — | 2 |

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk sensitivity analysis

As the Group does not have significant third party borrowings, a 100 basis points strengthening/weakening of the interest rate as at the end of each year would have immaterial impact on profit after taxation and/or equity. This assumes that all other variables remain constant.

##### **(ii) Liquidity risk**

The Group monitors liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group’s operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | On demand or | Within two |
|  |  |  |  |  | within one year | to five years |
|  |  |  |  |  | £’000 | £’000 |
| As at 31 December 2015 |  |  |  |  |  |  |
| Trade payables |  |  |  |  | **1,131** | — |
| Other payables and accruals |  |  |  |  | **1,146** | — |
| Other financial liabilities |  |  |  |  | **464** | **53** |
|  |  |  |  |  | **2,741** | **53** |
| As at 31 December 2014 |  |  |  |  |  |  |
| Trade payables |  |  |  |  | **66** | — |
| Other payables and accruals |  |  |  |  | **315** | — |
| Other financial liabilities |  |  |  |  | **242** | 79 |
|  |  |  |  |  | **629** | 79 |

##### **(iii) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in financial loss to the Group.

The Group has continued to experience difficulties in collecting overdue amounts from its two principal customers. The Directors believe that all amounts will be recovered but the principal risks in the medium term are to the Group’s cash flows and its ability to fund growth opportunities. Repayment plans have been put in place and the Group continues to look to new markets such as India and Africa to widen the customer base and reduce the exposure to customer defaults.

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. In addition, receivables are closely monitored on an ongoing basis. Management defines major credit risk as exposure to a concentration exceeding 10% of a total class of such asset.

The Group’s trade receivables at 31 December 2015 included two customers (2014: two customers) that collectively represented 99% (2014: 99%) of trade receivables.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the Consolidated Statement of Financial Position. The Group’s trade receivables are non-interest bearing and credit terms range between 30 and 90 days. Receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The credit risk for trade receivables based on the information provided to key management is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| By geographical areas | |  |  |  |  |  |
| – Indonesia |  |  |  |  | **11,459** | 6,968 |
| – Philippines |  |  |  |  | **-** | 4 |
| – Malaysia |  |  |  |  | **41** | 48 |
|  |  |  |  |  | **11,500** | 7,020 |

The carrying amounts of cash and bank balances, trade and other receivables represent the Group’s maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of customers to make payments when due. The amounts presented in the Consolidated Statement of Financial Position are net of fair value adjustments and allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

##### iv) Capital risk management

Management defines capital as the total equity of the Group. The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

##### (v) Financial instruments by category

The carrying amounts of each category of financial instruments are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Financial assets: |  |  |  |  |  |  |
| Loans and receivables (including cash and bank balances) |  |  |  |  | **11,540** | 7,253 |
| Financial liabilities: |  |  |  |  |  |  |
| Financial liabilities at amortised cost |  |  |  |  | **2,794** | 692 |

The carrying value of financial instruments approximates their fair value.

### 19. Finance lease obligations

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  | Minimum lease |  | Present  value of |
|  |  |  |  |  |  |  |  |  |  |  | payments | Interest | payments |
|  |  |  |  |  |  |  |  |  |  |  | £’000 | £’000 | £’000 |
| At 31 December 2015 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| More than one year and not later than five years | | | | |  |  |  |  |  |  | **60** | **7** | **53** |
| Later than five years |  |  |  |  |  |  |  |  |  |  | — | — | — |
|  |  |  |  |  |  |  |  |  |  |  | **60** | **7** | **53** |
| Not later than one year |  |  |  |  |  |  |  |  |  |  | **15** | **4** | **11** |
|  |  |  |  |  |  |  |  |  |  |  | **75** | **11** | **64** |
| At 31 December 2014 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| More than one year and not later than five years | | | | |  |  |  |  |  |  | 91 | 12 | 79 |
| Later than five years |  |  |  |  |  |  |  |  |  |  | — | — | — |
|  |  |  |  |  |  |  |  |  |  |  | 91 | 12 | 79 |
| Not later than one year |  |  |  |  |  |  |  |  |  |  | 25 | 6 | 19 |
|  |  |  |  |  |  |  |  |  |  |  | 116 | 18 | 98 |

Interest was payable at effective interest rates ranging from 2.35% to 4.65% per annum during the year ended 31 December 2015 (2014: 2.35% to 4.65%)

### 20. Related party information

Transactions between SyQic plc and its subsidiaries, which are related companies of SyQic plc have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related companies are disclosed below. Balances relating to transactions with Directors are shown in the Consolidated Statement of Financial Position.

**Transactions with key management personnel**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Amounts due to Directors: |  |  |  |  | **289** | 112 |

The amounts owing to Directors are unsecured, interest-free and are repayable on demand. The amounts owing are to be settled in cash.

Directors’ guarantees:

A personal guarantee from Muhamad Jamal Bin Muhamad Hassim and Lee Ai Lin, a director of SCSB, dated 5 July 2013, in support of a Maybank Islamic Berhad Islamic Banking Facility Cash Line of RM500,000 taken up by SCSB.

**Amounts owing to shareholders:**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | |
|  |  |  |  |  | **2015** | | 2014 |
|  |  |  |  |  | **£’000** | | £’000 |
| Stream Global Pte Ltd\* | |  |  |  | **64** | | 71 |
|  |  |  |  |  | **64** | | 71 |

###### \* Stream Global is a shareholder of SyQic plc.

The amounts owing to shareholders are unsecured, interest-free and repayable on demand.

*Remuneration of Directors and other transactions*

The remuneration, interests and related party transactions with the Directors of the Company, considered to be the key management personnel of the entity, are disclosed in the Directors Report.

### 21. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings, contracted for at each reporting date but not recognised as liabilities, are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Operating leases which expire: | |  |  |  |  |  |
| Within one year | |  |  |  | **-** | 35 |
| In the second to fifth years inclusive | | |  |  | **-** | 78 |
|  |  |  |  |  | **-** | 113 |

Payments recognised as an expense under these operating leases were as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  | **2015** | 2014 |
|  |  |  |  |  | **£’000** | £’000 |
| Land and buildings |  |  |  |  | **74** | 84 |

### 22. Share options

During the year ended 31 December 2013, the Company granted 500,000 share options to employees with an exercise price of 52.7p each. The weighted average fair value of the options granted was 40.96p per share. A charge of £38,000 (2014: £99,000) has been made to the Statement of Comprehensive Income relating to these options.

These fair values were calculated using the Black Scholes option pricing model. The inputs in the model were as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Stock price |  |  |  |  |  | 62p |
| Exercise price | |  |  |  |  | 52.7p |
| Interest rate |  |  |  |  |  | 2.73% |
| Volatility |  |  |  |  |  | 50% |
| Time to maturity | |  |  |  |  | 10 years |

The expected volatility was determined with reference to similar entities trading on AIM.

Details of share options outstanding at the year-end are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Number** | **WAEP (pence)** | Number | WAEP (pence) |
|  |  |  | **31 December** | **31 December** | 31 December | 31 December |
|  |  |  | **2015** | **2015** | 2014 | 2014 |
| Outstanding as at 1 January | | | **400,000** | **52.7** | 500,000 | 52.7 |
| Granted during the year | | | — |  | — |  |
| Forfeited during the year | | | (100,000) | **52.7** | (100,000) | 52.7 |
| Exercised during the year | | | — | — | — | — |
| Options outstanding at 31 December | | | **300,000** | **52.7** | 400,000 | 52.7 |
| Exercisable at 31 December | | | — | — | — | — |

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.9 years.

The share options were all granted on 4 December 2013 when the Company was admitted to the AIM market and vest in 3 annual instalments on the subsequent anniversaries of that date and, on exercise, will be settled by the issue of ordinary shares in the Company.

An option-holder has no voting or dividend rights in the Company before the exercise of a share option.