

**ZICO HOLDINGS INC.**

(Company Registration No. LL07968)

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**Unaudited Financial Statements and Dividend Announcement  
For the Three Months Ended 30 June 2016**

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*ZICO Holdings Inc. (the "**Company**") has been listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") since 11 November 2014. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group			Group		
	Three Months Ended			Six Months Ended		
	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000	Change %	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000	Change %
Revenue	16,034	13,858	15.7	31,161	23,786	31.0
<b>Other items of income</b>						
Interest income	36	42	(14.3)	75	97	(22.7)
Other income	457	402	13.7	1,173	1,570	(25.3)
	16,527	14,302	15.6	32,409	25,453	27.3
<b>Items of expense</b>						
Amortisation and depreciation expenses	(974)	(609)	59.9	(1,931)	(1,051)	83.7
Employee benefits expense	(8,145)	(4,852)	67.9	(15,213)	(9,514)	59.9
Operating lease expenses	(933)	(595)	56.8	(1,786)	(1,668)	7.1
Retainer fees and consultancy fees	(1,543)	(2,119)	(27.2)	(3,617)	(3,136)	15.3
Other expenses	(3,532)	(3,399)	3.9	(6,491)	(4,526)	43.4
Finance costs	(202)	(77)	162.3	(485)	(118)	311
Share of results of associates, net of tax	15	18	(16.7)	21	45	(53.3)
<b>Profit before income tax</b>	1,213	2,669	(54.6)	2,907	5,485	(47.0)
Income tax credit/(expense)	79	101	(21.8)	432	(582)	n.m.
<b>Profit for the financial period</b>	1,292	2,770	(53.4)	3,339	4,903	(31.9)
<b>Other comprehensive income</b>						
<i>Items that will or may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	2,067	1,264	63.5	(2,618)	2,510	n.m.
<b>Other comprehensive income for the financial period, net of tax</b>	2,067	1,264	63.5	(2,618)	2,510	n.m.
<b>Total comprehensive income for the financial period</b>	3,359	4,034	(12.3)	721	7,413	(90.3)
<b>Profit attributable to:</b>						
Owners of the parent	961	2,480	(61.3)	2,894	4,449	(35.0)
Non-controlling interests	331	290	14.1	445	454	(2.0)
	1,292	2,770	(53.4)	3,339	4,903	(31.9)
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	2,992	3,715	(19.5)	290	6,921	(95.8)
Non-controlling interests	367	319	15.0	431	492	(12.4)
	3,359	4,034	(16.7)	721	7,413	(90.3)

n.m. – not meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit for the financial period is stated after charging/(crediting) the following:	Three Months Ended		Six Months Ended	
	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000
<b><i>Amortisation and depreciation expenses</i></b>				
Amortisation of intangible assets	590	316	1,167	445
Depreciation of plant and equipment	384	293	764	606
<b><i>Employee benefits expense</i></b>				
Share based payment expenses	733	68	793	136
<b><i>Operating lease expenses</i></b>				
Rental of premises	926	544	1,779	1,514
Rental of accommodation	7	51	7	154
<b><i>Other expenses</i></b>				
Bad trade and other receivables written off	28	26	28	55
Loss on disposal of plant and equipment	109	-	109	-
Plant and equipment written off	83	-	87	-
Allowance for impairment loss on doubtful trade receivables written back	(14)	(48)	(50)	(50)
Unrealised foreign exchange (gain)/loss, net	29	(186)	(50)	(179)

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	30 June 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000	30 June 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	5,611	6,166	116	125
Intangible assets	59,188	61,516	3,670	3,939
Subsidiaries	-	-	51,015	51,787
Associates	22	61	-	-
Investments	30	30	-	-
Deferred tax assets	1,368	7	-	-
Trade and other receivables	15,558	18,722	14,777	15,033
	<u>81,777</u>	<u>86,502</u>	<u>69,578</u>	<u>70,884</u>
<b>Current assets</b>				
Trade and other receivables	40,468	33,507	35,025	37,001
Prepayments	952	813	73	84
Current income tax recoverable	999	903	-	-
Cash and cash equivalents	19,084	26,447	5,732	7,815
Other current assets	3,760	4,349	817	829
	<u>65,263</u>	<u>66,019</u>	<u>41,647</u>	<u>45,729</u>
<b>Total assets</b>	<u>147,040</u>	<u>152,521</u>	<u>111,225</u>	<u>116,613</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	68,381	68,092	68,381	68,092
Retained earnings	16,187	13,293	2,235	3,025
Share options/awards reserve	809	305	809	305
Currency translation reserve	4,037	6,641	8,489	9,871
<b>Equity attributable to owners of the parent</b>	<u>89,414</u>	<u>88,331</u>	<u>79,914</u>	<u>81,293</u>
Non-controlling interests	1,574	1,143	-	-
<b>Total equity</b>	<u>90,988</u>	<u>89,474</u>	<u>79,914</u>	<u>81,293</u>
<b>Non-current liabilities</b>				
Interest bearing liabilities	6,753	10,984	6,616	10,812
Other payables	339	680	-	-
Provisions	23	69	-	-
Deferred tax liabilities	1,862	2,034	-	-
	<u>8,977</u>	<u>13,767</u>	<u>6,616</u>	<u>10,812</u>
<b>Current liabilities</b>				
Trade and other payables	14,842	19,994	1,038	3,314
Interest bearing liabilities	23,721	21,264	23,644	21,180
Deferred revenue	6,213	6,063	-	-
Provisions	60	60	-	-
Current income tax payable	2,239	1,899	13	14
	<u>47,075</u>	<u>49,280</u>	<u>24,695</u>	<u>24,508</u>
<b>Total liabilities</b>	<u>56,052</u>	<u>63,047</u>	<u>31,311</u>	<u>35,320</u>
<b>Total equity and liabilities</b>	<u>147,040</u>	<u>152,521</u>	<u>111,225</u>	<u>116,613</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities-**

**Amount repayable in one year or less, or on demand**

As at 30 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
5,071	18,650	4,718	16,546

**Amount repayable after one year**

As at 30 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
6,753	-	10,984	-

**Details of any collateral**

The secured borrowings comprised:

	As at 30 June 2016 (Unaudited) RM'000	As at 31 December 2015 (Audited) RM'000	Secured by
Finance Lease Facilities	214	257	RM198,000 mortgage over the leased motor vehicles and RM16,000 mortgage over the leased photocopy machine.
Term loan	11,610	15,445	<ol style="list-style-type: none"> <li>1) First party charge over shares held in a subsidiary entity;</li> <li>2) Charge and assignment over all rights on a designated banking account; and</li> <li>3) Deed of subordination of all financial indebtedness extended by the shareholders or related parties of the Company, save for trade related transactions.</li> </ol>
	11,824	15,702	

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Consolidated Statement of Cash Flows

	Three Months Ended		Six Months Ended	
	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000
<b>Operating activities</b>				
Profit before income tax	1,213	2,669	2,907	5,485
Adjustments for:				
Allowance for impairment loss on doubtful trade receivables	-	(22)	-	-
Allowance for impairment loss on doubtful trade receivables written back	(14)	(48)	(50)	(50)
Amortisation of intangible assets	590	316	1,167	445
Bad trade and other receivables written off	28	26	28	55
Depreciation of plant and equipment	384	293	764	606
Interest income	(36)	(42)	(75)	(97)
Interest expense	181	56	442	65
Interest expense on deferred consideration	21	21	43	53
Loss on disposal of plant and equipment	109	-	109	-
Plant and equipment written off	83	-	87	-
Provisions	(44)	52	(44)	32
Share of results of associates, net of tax	(15)	(18)	(21)	(45)
Unrealised foreign exchange (gain)/loss, net	29	(186)	(50)	(179)
Share based payment expenses	733	68	793	136
<b>Operating cash flows before working capital changes</b>	<b>3,262</b>	<b>3,185</b>	<b>6,100</b>	<b>6,506</b>
<b>Working capital changes:</b>				
Trade and other receivables	32	(6,474)	(3,370)	(9,082)
Prepayments	(170)	(789)	(140)	(440)
Trade and other payables	(2,692)	5,243	(5,334)	2,738
Cash generated from operations	432	1,165	(2,744)	(278)
Income tax paid	(554)	(279)	(626)	(812)
<b>Net cash (used in)/generated from operating activities</b>	<b>(122)</b>	<b>886</b>	<b>(3,370)</b>	<b>(1,090)</b>

	Three Months Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM' 000	RM' 000	RM' 000	RM' 000
<b>Investing activities</b>				
Acquisition of subsidiaries, net of cash required	-	(20,369)	-	(20,369)
Advances to associate	(7)	-	(9)	-
Advances to third parties	(740)	(2,713)	(1,276)	(4,337)
Dividend received	60	-	60	40
Interest received	34	42	73	94
Payment for deferred consideration to acquire a subsidiary	(180)	(180)	(360)	(360)
Proceeds from disposal of plant and equipment	28	-	28	-
Purchase of plant and equipment	(288)	(684)	(556)	(1,592)
Purchase of intangible assets	(739)	(1,384)	(1,000)	(2,299)
<b>Net cash used in investing activities</b>	<b>(1,832)</b>	<b>(25,288)</b>	<b>(3,040)</b>	<b>(28,823)</b>
<b>Financing activities</b>				
Interest paid	(181)	(56)	(442)	(65)
Repayment to directors	-	-	-	(2)
(Repayment of)/proceeds from term loan facility	(3,530)	14,308	(3,530)	14,308
Proceeds from revolving credit facility	2,356	4,265	2,356	4,290
Repayments of finance lease payables	(21)	(20)	(42)	(36)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,376)</b>	<b>18,497</b>	<b>(1,658)</b>	<b>18,495</b>
Net change in cash and cash equivalents	(3,330)	(5,905)	(8,068)	(11,418)
Cash and cash equivalents at beginning of financial period	22,832	28,776	26,447	34,424
Effect of exchange rate changes on cash and cash equivalents	(418)	(192)	705	(327)
<b>Cash and cash equivalents at end of the financial period</b>	<b>19,084</b>	<b>22,679</b>	<b>19,084</b>	<b>22,679</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Changes in Equity  
Group**

(Unaudited)

	Share capital	Share options/ awards reserve	Retained earnings	Currency translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	68,092	305	13,293	6,641	88,331	1,143	89,474
<b>Profit for the financial period</b>	-	-	2,894	-	2,894	445	3,339
<b>Other comprehensive income:</b>							
Foreign currency translation differences	-	-	-	(2,604)	(2,604)	(14)	(2,618)
<b>Total comprehensive income for the financial period</b>	-	-	2,894	(2,604)	290	431	721
<b>Contributions by and distributions to owners of the parent</b>							
Exercise of share awards	289	(289)	-	-	-	-	-
Grant of share options/awards	-	793	-	-	793	-	793
<b>Total transactions with owners of the parent</b>	289	504	-	-	793	-	793
Balance as at 30 June 2016	68,381	809	16,187	4,037	89,414	1,574	90,988



(Unaudited)	Share capital	Share options/ awards reserve	Retained earnings	Currency translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	51,219	34	6,676	(35)	57,894	330	58,224
<b>Profit for the financial period</b>	-	-	4,449	-	4,449	454	4,903
<b>Other comprehensive income:</b>							
Foreign currency translation differences	-	-	-	2,472	2,472	38	2,510
<b>Total comprehensive income for the financial period</b>	-	-	4,449	2,472	6,921	492	7,413
<b>Contributions by and distributions to owners of the parent</b>							
Issuance of ordinary shares	17,194	-	-	-	17,194	-	17,194
Grant of share options	-	136	-	-	136	-	136
<b>Total transactions with owners of the parent</b>	17,194	136	-	-	17,330	-	17,330
Balance as at 30 June 2015	68,413	170	11,125	2,437	82,145	822	82,967

**Statement of Changes in Equity  
Company**

(Unaudited)	Share capital	Share options/awards reserve	Retained earnings	Currency translation reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	68,092	305	3,025	9,871	81,293
<b>Loss for the financial period</b>	-	-	(790)	-	(790)
<b>Other comprehensive income:</b> Foreign currency translation differences	-	-	-	(1,382)	(1,382)
<b>Total comprehensive income for the financial period</b>	-	-	(790)	(1,382)	(2,172)
<b>Contributions by and distributions to owners of the parent</b>					
Exercise of share awards	289	(289)	-	-	-
Grant of share options/awards	-	793	-	-	793
<b>Total transactions with owners of the parent</b>	289	504	-	-	793
Balance as at 30 June 2016	68,381	809	2,235	8,489	79,914

<b>(Unaudited)</b>	<b>Share capital</b>	<b>Share options/awards reserve</b>	<b>Retained earnings</b>	<b>Currency translation reserve</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2015	51,219	34	731	30	52,014
<b>Profit for the financial period</b>	-	-	697	-	697
<b>Other comprehensive income:</b> Foreign currency translation differences	-	-	-	3,606	3,606
<b>Total comprehensive income for the financial period</b>	-	-	697	3,606	4,303
<b>Contributions by and distributions to owners of the parent</b>					
Issuance of ordinary shares	17,194	-	-	-	17,194
Grant of share options	-	136	-	-	136
<b>Total transactions with owners of the parent</b>	-	136	-	-	17,330
Balance as at 30 June 2015	68,413	170	1,428	3,636	73,647

**1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Shares Capital – Ordinary Shares**

	<b>Number of issued shares</b>	<b>Issued and paid-up share capital (RM)</b>
Balance as at 1 April 2016	282,089,177	68,092,634
Issuance of new shares <sup>(1)</sup>	324,035	288,030
<b>Balance as at 30 June 2016</b>	<b>282,413,212</b>	<b>68,380,664</b>

Notes:-

(1) The issuance of new shares is in relation to the vesting of 324,035 share awards under the ZICO Holdings Performance Share Plan (“PSP”) on 18 May 2016.

There were 3,500,000 outstanding options (30 June 2015: 3,500,000 options) and 2,595,000 share awards granted under the PSP (30 June 2015: Nil) as at 30 June 2016.

Save for the above, the Company did not have any convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 30 June 2016	As at 31 December 2015
Total number of issued shares	282,413,212	282,089,177

The Company did not have any treasury shares as at 30 June 2016 and 31 December 2015.

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2015.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the applicable new and revised International Financial Reporting Standards ("IFRS") that are mandatory for the accounting periods beginning on or after 1 January 2016. The adoption of these new and revised IFRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per share ("EPS")	Group			
	Three Months Ended		Six Months Ended	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
Profit attributable to owners of the parent (RM'000)	961	2,480	2,894	4,449
Weighted average number of ordinary shares in issue (in thousands)	282,168 <sup>(1)</sup>	271,429	282,168 <sup>(1)</sup>	271,429
Basic EPS (RM cents)	0.34	0.91	1.03	1.64
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	287,232 <sup>(2)</sup>	274,929 <sup>(3)</sup>	287,232 <sup>(2)</sup>	274,929 <sup>(3)</sup>
Fully diluted EPS (RM cents)	0.33	0.90	1.01	1.62

Note:-

- (1) Adjusted for 324,035 ordinary shares allotted and issued pursuant to the vesting of 324,035 shares awards under the PSP on 18 May 2016.
- (2) Adjusted for 6,095,000 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 2,595,000 outstanding share awards for the three months and six months ended 30 June 2016.
- (3) Adjusted for 3.5 million ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options for the three months and six months ended 30 June 2015.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**  
**(a) Current period reported on; and**  
**(b) Immediately preceding financial year**

Net asset value ("NAV")	Group		Company	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
NAV (RM'000)	89,414	88,331	79,914	81,293
Number of ordinary shares in issue (in thousands)	282,413	282,089	282,413	282,089
NAV per ordinary share (RM cents)	31.66	31.31	28.30	28.82

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Consolidated Statement of Comprehensive Income

**Review for the performance of the Group for the three months ended 30 June 2016 ("2Q2016") as compared to the three months ended 30 June 2015 ("2Q2015").**

Revenue

The Group's revenue breakdown for each business segment was as follows:

	<b>2Q2016</b> <b>(RM million)</b>	<b>2Q2015</b> <b>(RM million)</b>	<b>% change</b>
Advisory and Transactional Services ("ATS")	10.2	9.4	8.5
Management and Support Services business ("MSS")	4.4	3.1	41.9
Licensing Services ("LS")	1.4	1.4	-
<b>Total</b>	<b>16.0</b>	<b>13.9</b>	<b>15.7</b>

The increase in the Group's revenue was due to the higher revenue from ATS and MSS segments.

Higher revenue from ATS was due to (i) additional revenue contributions from corporate secretarial business under Finova Singapore Pte Ltd ("FINOVA") and services under ZICO BPO Pte Ltd ("BPO") and (ii) the growth in revenue from investor services under B.A.C. Pte Ltd ("B.A.C.S."), corporate secretarial under ZICO Corporate Services Pte Ltd in Singapore and ZICO Corporate Services Sdn Bhd ("ZCSSB") in Malaysia.

The increase in revenue from MSS was due to the higher fees generated from the provision of support services in 2Q2016.

The revenue from LS remains unchanged at RM1.4 million.

Other items of income

*Interest income*

The interest income decreased by RM6,000 due to lower interest earned from the partial uplift of the time deposit placed by the Company.



### *Other income*

Other income in 2Q2016 increased by RM0.4 million mainly due to additional disbursement income from clients in the ATS and rental income.

### Items of expense

#### *Amortisation and depreciation expenses*

Amortisation and depreciation expenses increased by RM0.4 million was mainly due to (i) the addition of plant and equipment arising from the renovation of offices under ATS, (ii) the installation of additional computer hardware and software, as well as (iii) amortisation of intangible assets arising from the acquisition of corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. ("ZSCS"), FINOVA and BPO.

#### *Employee benefits expense*

The Company has expanded and augmented its management team and business since its listing on the Catalist of the SGX-ST in preparation for future growth. Employee benefits expense increased significantly by RM3.3 million mainly due to the following:

- (a) increase in headcount in MSS and ATS which was attributed by the new businesses, such as ZICOInsource Inc. which commenced operations in July 2015 and the acquired businesses such as FINOVA and BPO with effect from June 2015;
- (b) increase in headcount of experienced management personnel in the Company, as investment for future growth of the Group; and
- (c) additional share based payment expenses of RM0.7 million in 2Q2016 arising from the grant of share awards to employees of the Group under the PSP in 2016.

#### *Operating lease expenses*

Operating lease expenses increased by RM0.3 million mainly due to additional office space taken up by ZICO Consultancy Sdn Bhd under MSS as well as by the businesses acquired in 2Q2015.

#### *Retainer fees and consultancy fees*

Retainer fees and consultancy fees decreased by RM0.6 million mainly due to the decrease in fees incurred by the trust business in Singapore under ZICO Allshores Trust (S) Pte. Ltd..

### *Other expenses*

Other expenses were higher by RM133,000 mainly due to the disbursement expenses from the ATS as a result of the acquisition of FINOVA in 2Q2015.

### *Finance Costs*

Finance costs increased by RM125,000 mainly due to the interests incurred from the revolving credit facility and term loan taken up by the Group for expansion of its business.

### *Share of associates results*

Share of associate results lowered by RM3,000 mainly due to lower income generated by the associate.

### Profit before income tax

Profit before income tax was lower by RM1.5 million mainly due to higher expenses incurred by the Group as indicated above.

### Income tax credit/(expense)

Income tax credit reduced by RM22,000 in 2Q2016 mainly due to recognition of deferred tax assets for the unutilised tax losses of several subsidiaries and lower tax expenses incurred on the lower profit before income tax.

## Consolidated Statement of Financial Position

***The comparative performance for both the assets and liabilities are based on the financial statements as at 30 June 2016 and 31 December 2015.***

### Non-current assets

Plant and equipment decreased by RM0.6 million mainly due to (i) depreciation charge for the current financial period, (ii) translation of plant and equipment at different closing rate as compared to 31 December 2015, partially offset by (iii) the renovation of new offices for ATS and the additions of computer hardware for MSS.

Intangible assets decreased by RM2.3 million mainly due to (i) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S. and FINOVA, BPO, as well as the corporate secretarial portfolio under ZSCS at different closing rate as compared to 31 December 2015, and (ii) amortisation of the computer software and identifiable assets for the current financial period, and partially offset by the additions of computer software for MSS.

Investment in associates decreased by RM39,000 mainly due to the dividend income received, offset by the share of associate's profit in the six months ended 30 June 2016 ("**6M2016**").

Investments remain unchanged at RM30,000.

Deferred tax assets increased by RM1.3 million mainly due to recognition of deferred tax assets for the unutilized tax losses of several subsidiaries.

Non-current trade and other receivables were related to a payment plan agreed with certain debtors for the provision of services under MSS and LS. The decrease of non-current trade and other receivables by RM3.2 million was mainly due to payment received from the debtors and the translation at different closing rate as compared to 31 December 2015.

### Current assets

Current trade and other receivables increased by RM7.0 million mainly due to the additional billings recognized at the end of June 2016 by ATS, MSS and LS.

Prepayments increased by RM0.1 million mainly due to the prepayment of information technology software maintenance expenses incurred by MSS in 6M2016.

Current income tax recoverable increased by RM96,000 mainly due to the lower tax expense incurred for its Malaysia subsidiaries as compared to the actual tax installment paid to the Malaysia tax authorities.

Cash and cash equivalents decreased by RM7.3 million mainly due to cash being utilised for operations.

Other current assets (comprised clients' monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM0.6 million mainly due to translation at different closing rate as compared to 31 December 2015, and partial uplift of fixed deposit .

### Non-current liabilities

The decrease in non-current interest bearing liabilities by RM4.2 million was mainly due to the repayment of term loan in 6M2016 and the translation of term loan and revolving credit at different closing rate as compared to 31 December 2015.

The decrease in other payables by RM0.3 million was mainly due to progressive repayment of other payables in relation to the acquisition of ZCSSB in January 2012.

The decrease in provisions by RM46,000 was mainly due to the reversal of provision for reinstatement costs and the translation of provision for retirement benefits at different closing rate as compared to 31 December 2015.

The decrease in deferred tax liabilities by RM0.2 million was mainly due to reversal of deferred tax liabilities on amortisation of identifiable intangible assets arising from the acquisition of B.A.C.S. and FINOVA.

### Current liabilities

Trade and other payables decreased by RM5 million were mainly due to the repayment to creditors in 6M2016.

Current interest bearing liabilities increased by RM2.4 million was mainly due to the additional drawdown of revolving credit facility, the translation of term loan and revolving credit at different closing rate as compared to 31 December 2015 and offset by repayment for the finance lease payables.

Deferred revenue increased by RM0.2 million mainly due to advance billings to the clients under the corporate secretarial businesses.

The provisions remain unchanged at RM60,000.

The increase in current income tax payable by RM0.3 million was mainly due to the provision of tax on a profit generated by a newly incorporated subsidiary, ZICO Knowledge Services Sdn Bhd, under MSS.

### Consolidated Statement of Cash Flow

The net cash used in operating activities of RM0.1 million in 2Q2016 was mainly due to the profit before income tax of RM1.2 million, partially offset by (i) increase in trade and other receivables as a result of additional billings recognized at the end of 2Q2016, and (ii) decrease in trade and other payables due to payment to creditors.

Net cash used in investing activities of RM1.8 million in 2Q2016 was mainly due to the purchase of intangible assets as well as plant and equipment in 2Q2016 and progressive repayment of other payables in relation to the acquisition of ZCSSB.

Net cash used in financing activities of RM1.4 million in 2Q2016 was mainly due repayment of term loan facility and offset by additional drawdown of revolving credit facility for working capital purposes.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

We recognize the headwinds posed by the challenging economic outlook in the short term. Be that as it may, we continue to invest resources in pursuing growth both organically and through acquisitions of services which are synergistic and provide opportunities for cross selling and integration. At the same time, we are leveraging on our continuous investments in our human resources and technological infrastructure.

In this regard, we have expanded our suite of complementary professional services and now with the establishment of ZICO Capital Pte. Ltd., we are able to provide clients with advice and services on corporate finance and the capital markets.

**11. Dividend**

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period reported on.

(b)(i) Amount per share (cents)  
(Optional) Rate (%)

Not applicable.

(b)(ii) Previous corresponding period (cents)  
(Optional) Rate (%)

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for 2Q2016.

**13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a general mandate for recurrent interested person transactions. There were no interested person transactions of S\$100,000 and above in 2Q2016.

**14. Use of IPO proceeds**

The Company refers to the net proceeds amounting to S\$12.521 million (excluding listing expenses of approximately S\$1.879 million raised from the IPO on the Catalist Board of the SGX-ST on 11 November 2014).

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<b><u>Use of IPO net proceeds</u></b>	<b><u>Amount allocated (S\$'000)</u></b>	<b><u>Amount utilised (S\$'000)</u></b>	<b><u>Balance (S\$'000)</u></b>
Expansion of business operations including potential acquisitions	8,000	6,816	1,184
Capital expenditure on information technology infrastructure	1,000	404	596
General working capital	3,521	3,521 <sup>(1)</sup>	-
Listing expenses	1,879	1,879	-
<b>Total</b>	<b>14,400</b>	<b>12,620</b>	<b>1,780</b>

Note:

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

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

**16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual**

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3 months financial period ended 30 June 2016 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Chew Seng Kok  
Managing Director

11 August 2016