

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 30 September 2017**

*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. ("**PPCF**"). The Company has appointed Stamford Corporate Services Pte. Ltd. (the "**Sponsor**" or "**SCS**") in place of PPCF as its continuing sponsor with effect from 7 September 2016.*

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			Nine Months Ended		
	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	Change %	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	Change %
Revenue	19,531	17,818	9.6	58,402	48,979	19.2
Other items of income						
Interest income	20	39	(48.7)	72	114	(36.8)
Other income	477	1,008	(52.7)	2,360	2,181	8.2
	20,028	18,865	6.2	60,834	51,274	18.6
Items of expense						
Amortisation and depreciation expenses	(1,002)	(1,012)	(1.0)	(3,522)	(2,943)	19.7
Employee benefits expense	(10,376)	(10,147)	2.3	(32,069)	(25,360)	26.5
Operating lease expenses	(1,467)	(1,083)	35.5	(4,026)	(2,869)	40.3
Retainer fees and consultancy fees	(1,672)	(1,964)	(14.9)	(4,525)	(5,581)	(18.9)
Other expenses	(3,935)	(3,205)	22.8	(10,190)	(9,696)	5.1
Finance costs	(342)	(276)	23.9	(980)	(761)	28.8
Share of results of associates, net of tax	(3)	6	(150.0)	13	27	(51.9)
Profit before income tax	1,231	1,184	4.0	5,535	4,091	35.3
Income tax (expense) /credit	(152)	(159)	(4.4)	(396)	273	(245.1)
Profit for the financial period	1,079	1,025	5.3	5,139	4,364	17.8
Other comprehensive income						
<i>Items that will or may be reclassified subsequently to profit or loss</i>						
Fair value loss on available-for-sale financial assets	(33)	-	n.m.	(33)	-	n.m.
Foreign currency translation differences	(525)	1,799	n.m.	(1,743)	(819)	n.m.
Other comprehensive income for the financial period, net of tax	(558)	1,799	n.m.	(1,776)	(819)	n.m.
Total comprehensive income for the financial period	521	2,824	(81.6)	3,363	3,545	(5.1)
Profit attributable to:						
Owners of the parent	930	726	28.1	4,314	3,620	19.2
Non-controlling interests	149	299	(50.2)	825	744	10.9
	1,079	1,025	5.3	5,139	4,364	17.8
Total comprehensive income attributable to:						
Owners of the parent	380	2,480	(84.7)	2,532	2,770	(8.6)
Non-controlling interests	141	344	(59.0)	831	775	7.2
	521	2,824	(81.6)	3,363	3,545	(5.1)

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		Nine Months Ended	
	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>				
Amortisation of intangible assets	848	608	2,560	1,775
Depreciation of plant and equipment	154	404	962	1,168
<i>Employee benefits expense</i>				
Share based payment expenses	719	701	1,703	1,494
<i>Operating lease expenses</i>				
Rental of premises	1,437	1,076	3,966	2,855
Rental of accommodation	30	7	60	14
<i>Other expenses</i>				
Allowance for impairment loss on doubtful trade receivables	118	-	146	-
Bad trade and other receivables written off	49	9	74	37
Loss on disposal of plant and equipment	-	-	-	109
Plant and equipment written off	57	-	57	87
Allowance for impairment loss on doubtful trade receivables written back	(12)	-	(54)	(50)
Bad trade and other receivables written back	(77)	-	(77)	-
Gain on disposal of plant & equipment	-	-	(1)	-
Unrealised foreign exchange loss/(gain), net	52	(80)	103	(130)
<i>Income tax expense</i>				
Under provision of income tax expense in respect of prior year	16	18	16	18

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 September 2017 (Unaudited) RM'000	31 December 2016 (Audited) RM'000	30 September 2017 (Unaudited) RM'000	31 December 2016 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	6,844	7,111	102	113
Intangible assets	62,825	64,162	3,766	4,098
Subsidiaries	-	-	61,512	58,874
Associates	21	38	-	-
Investments	565	30	-	-
Deferred income tax assets	3,881	2,733	-	-
Trade and other receivables	7,232	10,013	26,168	19,116
	<u>81,368</u>	<u>84,087</u>	<u>91,548</u>	<u>82,201</u>
Current assets				
Trade and other receivables	73,573	56,110	44,455	38,070
Prepayments	2,212	911	96	32
Current income tax recoverable	1,025	1,090	-	-
Cash and cash equivalents	21,767	19,592	5,032	3,666
Other current assets	4,006	6,509	7	861
	<u>102,583</u>	<u>84,212</u>	<u>49,590</u>	<u>42,629</u>
Total assets	<u>183,951</u>	<u>168,299</u>	<u>141,138</u>	<u>124,830</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	82,592	68,685	82,592	68,685
Retained earnings	21,885	17,571	(1,431)	367
Share-based reserve	1,961	1,707	1,961	1,707
Currency translation reserve	5,880	7,632	11,996	11,432
Fair value reserve	(30)	-	-	-
Equity attributable to owners of the parent	<u>112,288</u>	<u>95,595</u>	<u>95,118</u>	<u>82,191</u>
Non-controlling interests	2,170	1,251	-	-
Total equity	<u>114,458</u>	<u>96,846</u>	<u>95,118</u>	<u>82,191</u>
Non-current liabilities				
Interest-bearing liabilities	6,033	7,468	15,542	7,363
Other payables	-	-	-	-
Provisions	59	61	-	-
Deferred income tax liabilities	1,630	1,758	-	-
	<u>7,722</u>	<u>9,287</u>	<u>15,542</u>	<u>7,363</u>
Current liabilities				
Trade and other payables	12,060	19,947	899	2,055
Interest-bearing liabilities	39,195	33,274	29,565	33,207
Deferred revenue	8,411	6,315	-	-
Provisions	62	62	-	-
Current income tax payable	2,043	2,568	14	14
	<u>61,771</u>	<u>62,166</u>	<u>30,478</u>	<u>35,276</u>
Total liabilities	<u>69,493</u>	<u>71,453</u>	<u>46,020</u>	<u>42,639</u>
Total equity and liabilities	<u>183,951</u>	<u>168,299</u>	<u>141,138</u>	<u>124,830</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 September 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
39,195	-	33,274	-

Amount repayable after one year

As at 30 September 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
6,033	-	7,468	-

Details of any collateral

The secured borrowings comprised:

	As at 30 September 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000	Secured by
Finance Lease Facilities	121	172	RM117,000 mortgage over the leased motor vehicles and RM4,000 mortgage over the leased photocopy machine.
Term loan	8,914	12,034	<ol style="list-style-type: none"> 1) First party charge over shares held in a subsidiary entity; 2) Charge and assignment over all rights on a designated banking account; 3) Deed of subordination of all financial indebtedness extended by the shareholders or related parties of the Company, save for trade related transactions; 4) Letter of undertaking by the director; and 5) Assignment of dividends due to the Company by certain subsidiaries
Revolving credit	36,193	28,536	Corporate guarantee for all moneys owing by certain subsidiaries
	<u>45,228</u>	<u>40,742</u>	

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		Nine Months Ended	
	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000
Operating activities				
Profit before income tax	1,231	1,184	5,535	4,091
Adjustments for:				
Allowance for impairment loss on doubtful trade receivables	118	-	146	-
Allowance for impairment loss on doubtful trade receivables written back	(12)	-	(54)	(50)
Amortisation of intangible assets	848	608	2,560	1,775
Bad trade and other receivables written (back)/off	(28)	9	(3)	37
Depreciation of plant and equipment	154	404	962	1,168
Interest income	(20)	(39)	(72)	(114)
Interest expense	336	254	954	696
Interest expense on deferred consideration	6	22	26	65
(Gain)/Loss on disposal of plant and equipment	-	-	(1)	109
Plant and equipment written off	57	-	57	87
Provisions	-	-	-	(44)
Share of results of associates, net of tax	3	(6)	(13)	(27)
Unrealised foreign exchange loss/(gain), net	52	(80)	103	(130)
Share based payment expenses	719	701	1,703	1,494
Operating cash flows before working capital changes	3,464	3,057	11,903	9,157
Working capital changes:				
Trade and other receivables	(5,965)	(9,958)	(16,882)	(13,328)
Prepayments	(738)	57	(1,302)	(83)
Trade and other payables	1,321	8,254	(1,575)	2,920
Cash (used in)/generated from operations	(1,918)	1,410	(7,856)	(1,334)
Income tax paid	(1,307)	(591)	(1,981)	(1,217)
Net cash (used in)/generated from operating activities	(3,225)	819	(9,837)	(2,551)

	Three Months Ended		Nine Months Ended	
	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000
Investing activities				
Advances to associate	(10)	(2)	(10)	(11)
(Advances to)/Repayment from third parties	(371)	(288)	307	(1,564)
Dividend received	-	-	30	60
Interest received	20	40	72	113
Payment for deferred consideration to acquire a subsidiary	(180)	(180)	(540)	(540)
Proceeds from disposal of plant and equipment	-	6	1	34
Purchase of plant and equipment	(88)	(576)	(2,227)	(1,132)
Purchase of intangible assets	(322)	(1,466)	(1,125)	(2,466)
Purchase of investment	-	-	(568)	-
Net cash used in investing activities	(951)	(2,466)	(4,060)	(5,506)
Financing activities				
Interest paid	(336)	(254)	(954)	(696)
Issuance of ordinary shares	-	-	12,458	-
Proceeds from/(Repayment of) term loan facility	673	-	(3,138)	(3,530)
(Repayment of)/Proceeds from revolving credit facility	(313)	9,015	7,465	11,371
Repayments of finance lease payables	(18)	(21)	(51)	(63)
Net cash generated from financing activities	6	8,740	15,780	7,082
Net change in cash and cash equivalents	(4,170)	7,093	1,883	(975)
Cash and cash equivalents at beginning of financial period	25,821	19,084	19,592	26,447
Effect of exchange rate changes on cash and cash equivalents	116	(403)	292	302
Cash and cash equivalents at end of the financial period	21,767	25,774	21,767	25,774

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-based reserve	Retained earnings	Currency translation reserve	Fair value 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	RM'000
Balance as at 1 January 2017	68,685	1,707	17,571	7,632	-	95,595	1,251	96,846
Profit for the financial period	-	-	4,314	-	-	4,314	825	5,139
Other comprehensive income:								
Fair value loss on available-for-sale financial assets	-	-	-	-	(30)	(30)	(3)	(33)
Foreign currency translation differences	-	-	-	(1,752)	-	(1,752)	9	(1,743)
Total comprehensive income for the financial period	-	-	4,314	(1,752)	(30)	2,532	831	3,363
Contributions by and distributions to owners of the parent								
Exercise of share awards	1,449	(1,449)	-	-	-	-	-	-
Issuance of ordinary shares	12,458	-	-	-	-	12,458	-	12,458
Grant of share awards	-	1,703	-	-	-	1,703	-	1,703
Total transactions with owners of the parent	13,907	254	-	-	-	14,161	-	14,161
Transactions with non-controlling interests								
Subscription of shares of a subsidiary	-	-	-	-	-	-	88	88
Total transactions with non-controlling interests	-	-	-	-	-	-	88	88
Balance as at 30 September 2017	82,592	1,961	21,885	5,880	(30)	112,288	2,170	114,458

(Unaudited)	Share capital	Share-based 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
Profit for the financial period	-	-	3,620	-	3,620	744	4,364
Other comprehensive income:							
Foreign currency translation differences	-	-	-	(850)	(850)	31	(819)
Total comprehensive income for the financial period	-	-	3,620	(850)	2,770	775	3,545
Contributions by and distributions to owners of the parent							
Exercise of share awards	593	(593)			-	-	-
Grant of share options/awards	-	1,494	-	-	1,494	-	1,494
Total transactions with owners of the parent	593	901	-	-	1,494	-	1,494
Transactions with non-controlling interests							
Subscription of shares of a subsidiary	-	-	-	-	-	297	297
Total transactions with non-controlling interests	-	-	-	-	-	297	297
Balance as at 30 September 2016	68,685	1,206	16,913	5,791	92,595	2,215	94,810

**Statement of Changes in Equity
Company**

(Unaudited)	Share capital	Share-based reserve	Retained earnings	Currency translation reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	68,685	1,707	367	11,432	82,191
Profit for the financial period	-	-	(1,798)	-	(1,798)
Other comprehensive income:					
Foreign currency translation differences	-	-	-	564	564
Total comprehensive income for the financial period	-	-	(1,798)	564	(1,234)
Contributions by and distributions to owners of the parent					
Exercise of share awards	1,449	(755)	-	-	694
Issuance of ordinary shares	12,458	-	-	-	12,458
Grant of share awards	-	1,009	-	-	1,009
Total transactions with owners of the parent	13,907	254	-	-	14,161
Balance as at 30 September 2017	82,592	1,961	(1,431)	11,996	95,118

(Unaudited)	Share capital	Share-based 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
Loss for the financial period	-	-	(1,756)	-	(1,756)
Other comprehensive income:					
Foreign currency translation differences	-	-	-	64	64
Total comprehensive income for the financial period	-	-	(1,756)	64	(1,692)
Contributions by and distributions to owners of the parent					
Exercise of share awards	593	(593)	-	-	-
Grant of share options/awards	-	1,494	-	-	1,494
Total transactions with owners of the parent	593	901	-	-	1,494
Balance as at 30 September 2016	68,685	1,206	1,269	9,935	81,095

- 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

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 1 July 2017	299,045,708	82,272,243
Issuance of new shares ⁽¹⁾	161,717	142,349
Issuance of new shares ⁽²⁾	210,015	177,858
Balance as at 30 September 2017	299,417,440	82,592,450

Notes:-

- (1) The issuance of new shares is in relation to the vesting of 161,717 share awards on 14 August 2017 under the ZICO Holdings Performance Share Plan ("PSP").
- (2) The issuance of new shares is in relation to the vesting of 210,015 share awards on 11 September 2017 under the ZICO Holdings Performance Share Plan ("PSP").

There were 3,500,000 outstanding options (30 September 2016: 3,500,000 options) and 4,223,344 share awards granted but unvested under the PSP as at 30 September 2017 (30 September 2016: 2,595,000).

Save for the above, the Company did not have any convertibles or treasury shares as at 30 September 2017 and 30 September 2016.

- 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 September 2017	As at 31 December 2016
Total number of issued shares	299,417,440	282,754,063

The Company did not have any treasury shares as at 30 September 2017 and 31 December 2016.

- 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 2016.

- 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 2017. 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		Nine Months Ended	
	30 September 2017 (Unaudited)	30 September 2016 (Unaudited)	30 September 2017 (Unaudited)	30 September 2016 (Unaudited)
Profit attributable to owners of the parent (RM'000)	930	726	4,314	3,620
Weighted average number of ordinary shares in issue (in thousands)	293,116 ⁽¹⁾	282,291 ⁽²⁾	293,116 ⁽¹⁾	282,291 ⁽²⁾
Basic EPS (RM cents)	0.32	0.26	1.47	1.28
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	297,239 ⁽³⁾	287,699 ⁽⁴⁾	297,239 ⁽³⁾	287,699 ⁽⁴⁾
Fully diluted EPS (RM cents)	0.31	0.25	1.45	1.26

Note:-

- (1) Adjusted for 1,663,377 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP as follow:
 - 851,656 shares on 21 March 2017
 - 439,989 shares on 21 April 2017
 - 161,717 shares on 14 August 2017
 - 210,015 shares on 11 September 2017
 and; subscription of 15,000,000 placement shares.
- (2) Adjusted for 664,886 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP as follow:
 - 324,035 shares on 18 May 2016
 - 150,368 shares on 16 August 2016
 - 190,483 shares on 9 September 2016
- (3) Adjusted for 7,723,344 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 4,223,344 outstanding share awards for the three months and nine months ended 30 September 2017 PSP and subscription of 15,000,000 placement shares.
- (4) 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 nine months ended 30 September 2016.

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 September 2017 (Unaudited)	31 December 2016 (Audited)	30 September 2017 (Unaudited)	31 December 2016 (Audited)
NAV (RM'000)	112,288	95,595	95,118	82,191
Number of ordinary shares in issue (in thousands)	299,417	282,754	299,417	282,754
NAV per ordinary share (RM cents)	37.50	33.81	31.77	29.07

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 September 2017 ("3Q2017") as compared to the three months ended 30 September 2016 ("3Q2016").

Revenue

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

	3Q2017 (RM million)	3Q2016 (RM million)	% change
Advisory and Transactional Services ("ATS")	13.7	11.9	15.1
Management and Support Services business & Licensing Services ("MSSL")	5.8	5.9	(1.7)
Total	19.5	17.8	9.6

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

Higher revenue from ATS was mainly due to the additional revenue contributions from advisory service on corporate finance under ZICO Capital Pte. Ltd. ("ZICAP"), asset management under ZICO Asset Management Pte. Ltd. ("ZAM") and the growth in revenue from business advisory services under ZICOInsource Inc and ZICOInsource Sdn Bhd.

The decrease in revenue from MSSL was mainly due to a change in invoicing arrangements as previously disclosed.

Other items of income

Interest income

The interest income decreased by RM19,000 due to lower interest earned from the partial uplift of the fixed deposits placed by the Group.

Other income

Other income decreased by RM0.5 million mainly due to lower reimbursements from client and management fee income.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses remain relatively unchanged.

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 marginally by RM0.2 million mainly due to the increase in headcount in ATS, which was mainly attributed by the expansion of new business ZAM which commenced operations in February 2017.

Operating lease expenses

Operating lease expenses increased by RM0.4 million due to additional office space taken up by new business under ATS, namely ZAM and ZICO RMC Pte. Ltd. ("**RMC**").

Retainer fees and consultancy fees

Retainer fees and consultancy fees decreased by RM0.3 million mainly due to lower consultancy fees incurred by ZICO Consultancy Sdn Bhd.

Other expenses

Other expenses increased by RM0.7 million mainly due to the higher reimbursable expenses incurred by B.A.C.S. Pte. Ltd. (B.A.C.S), and higher staff insurance, staff welfare and IT software maintenance expenses incurred by MSSL.

Finance Costs

Finance costs increased by RM66,000 mainly due to the interest expense incurred from the additional term loan facility taken up by the Group for expansion of its business.

Share of associates results

Share of associate results is lower by RM9,000 mainly due to lower income generated by the associate.

Profit before income tax

Profit before income tax was higher by RM47,000 mainly due to higher revenue generated by the Group as indicated above.

Income tax (expense)/credit

Income tax expenses remain relatively unchanged.

Foreign currency translation difference

The foreign currency translation difference was mainly due to the fluctuation of foreign currency from US Dollars and Singapore Dollars to Ringgit Malaysia.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 30 September 2017 and 31 December 2016.

Non-current assets

Plant and equipment decreased by RM0.3 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 2016, and partially offset by (iii) the renovation of new offices for MSSL.

Intangible assets decreased by RM1.3 million mainly due to (i) the translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S., Finova Singapore Pte. Ltd., ZICO BPO Pte. Ltd. ("**FINOVA**"), as well as the corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. at different closing rate as compared to 31 December 2016, and (ii) amortisation of the computer software and identifiable assets for the current financial period, and partially offset by (iii) additions of computer software for MSSL.

Investment in associates decreased by RM17,000 mainly due to dividend income being more than the share of associate's profit in the nine months ended 30 September 2017 ("**9M2017**").

Investments increased by RM0.5 million mainly due to the purchase of investment in shares by ZICAP.

Deferred income tax assets increased by RM1.1 million mainly due to recognition of deferred tax assets for the unutilised 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 MSSL. The decrease of non-current trade and other receivables by RM2.8 million was mainly due to payment received from the debtors and the translation at different closing rate as compared to 31 December 2016.

Current assets

Current trade and other receivables increased by RM17.5 million mainly due to the additional billings recognized at the end of September 2017 by ATS and MSSL.

Prepayments increased by RM1.3 million mainly due to the prepayment of consultancy fee incurred by MSSL in 3Q2017.

Current income tax recoverable decreased by RM65,000 mainly due to the higher tax expense incurred for its Malaysia subsidiaries as compared to the actual tax installment paid to the Malaysia tax authorities.

Cash and cash equivalents increased by RM2.2 million mainly due to proceeds from the placement exercise and offset with the cash being utilised for operations.

Other current assets (comprising clients' monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM2.5 million mainly due to the utilisation of clients' monies held in trust.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM8.1 million was mainly due to the additional drawdown of term loan and revolving credit facilities and offset with the repayment of term loan facility in 9M2017 and the translation of term loan and revolving credit facilities at different closing rate as compared to 31 December 2016.

The decrease in deferred income tax liabilities by RM0.1 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 and the translation of deferred income tax liabilities at different closing rate as compared to 31 December 2016.

Current liabilities

Trade and other payables decreased by RM7.9 million mainly due to repayment of other payables and reduction of clients' monies held in trust towards end of September 2017.

Current interest-bearing liabilities decreased by RM3.7 million mainly due to the repayment for the term loan and revolving credit facility and finance lease payables and partially offset by the additional drawdown of revolving credit and term loan facility, the translation of term loan and revolving credit at different closing rate as compared to 31 December 2016 .

Deferred revenue increased by RM2.1 million mainly due to the advance billings to the clients under the corporate secretarial businesses.

The provision for leave benefits remains unchanged at RM62,000.

The decrease in current income tax payable by RM0.5 million was mainly due to the tax installment payments being higher as compared to provision of tax on profits generated.

Consolidated Statement of Cash Flow

The net cash used in operating activities of RM3.2 million in 3Q2017 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 3Q2017, (ii) increase in deferred revenue offset with decrease in trade and other payables due to repayment of other payables and utilisation of clients' monies held in trust towards end of September 2017.

Net cash used in investing activities of RM1.0 million in 3Q2017 was mainly due to advances to third parties, payment for deferred consideration to acquire a subsidiary and the purchase of intangible assets as well as plant and equipment in 3Q2017.

Net cash generated from financing activities of RM6,000 in 3Q2017 was mainly due to additional drawdown of term loan facility for working capital purposes and partially offset by payment of interest expense and repayment of revolving credit facility.

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 continue to focus on growth in the dynamic ASEAN region while extracting synergies from our complementary services. With this, we believe ZICO's position as an ASEAN-focused integrated provider of multidisciplinary professional services will grow.

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 receive 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 3Q2017.

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 3Q2017.

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:

<u>Use of IPO net proceeds</u>	<u>Amount allocated (S\$'000)</u>	<u>Amount utilised (S\$'000)</u>	<u>Balance (S\$'000)</u>
Expansion of business operations including potential acquisitions	8,000	7,338	662
Capital expenditure on information technology infrastructure	1,000	1,000	-
General working capital	3,521	3,521 ⁽¹⁾	-
Listing expenses	1,879	1,879	-
Total	14,400	13,738	662

Note:-

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

15. Use of Placement proceeds

The Company refers to the net proceeds amounting to S\$4 million raised from the placement exercise announced on 24 March 2017 and completed on 12 April 2017.

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

<u>Use of Placement net proceeds</u>	<u>Amount allocated (S\$'000)</u>	<u>Amount utilised (S\$'000)</u>	<u>Balance (S\$'000)</u>
Business expansion	1,000	1,000	-
Capital expenditure and maintenance on information technology infrastructure	1,600	1,182	418
Working capital requirements of the Group, mainly to support the working capital requirements of new services and offices.	1,400	844 ⁽¹⁾	556
Total	4,000	3,026	974

Note:-

(1) The amount of working capital was used for payment of salaries and wages, rental of office premises and operational expenses.

16. 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.

17. 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 three months ended 30 September 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

13 November 2017