

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 30 June 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			Six Months Ended		
	30 June 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	Change %	30 June 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	Change %
Revenue	22,127	16,034	38.0	38,871	31,161	24.7
Other items of income						
Interest income	26	36	(27.8)	52	75	(30.7)
Other income	873	457	91.0	1,883	1,173	60.5
	23,026	16,527	39.3	40,806	32,409	25.9
Items of expense						
Amortisation and depreciation expenses	(1,283)	(974)	31.7	(2,520)	(1,931)	30.5
Employee benefits expense	(11,588)	(8,145)	42.3	(21,693)	(15,213)	42.6
Operating lease expenses	(1,259)	(933)	34.9	(2,559)	(1,786)	43.3
Retainer fees and consultancy fees	(1,546)	(1,543)	0.2	(2,853)	(3,617)	(21.1)
Other expenses	(4,058)	(3,532)	14.9	(6,255)	(6,491)	(3.6)
Finance costs	(343)	(202)	69.8	(638)	(485)	31.5
Share of results of associates, net of tax	13	15	(13.3)	16	21	(23.8)
Profit before income tax	2,962	1,213	144.2	4,304	2,907	48.1
Income tax (expense) /credit	(348)	79	(540.5)	(244)	432	(156.5)
Profit for the financial period	2,614	1,292	102.3	4,060	3,339	21.6
Other comprehensive income						
<i>Items that will or may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	(1,582)	2,067	n.m.	(1,218)	(2,618)	n.m.
Other comprehensive income for the financial period, net of tax	(1,582)	2,067	n.m.	(1,218)	(2,618)	n.m.
Total comprehensive income for the financial period	1,032	3,359	(69.3)	2,842	721	294.2
Profit attributable to:						
Owners of the parent	1,913	961	99.1	3,384	2,894	16.9
Non-controlling interests	701	331	111.8	676	445	51.9
	2,614	1,292	102.3	4,060	3,339	21.6
Total comprehensive income attributable to:						
Owners of the parent	356	2,992	(88.1)	2,152	290	642.1
Non-controlling interests	676	367	84.2	690	431	60.1
	1,032	3,359	(69.3)	2,842	721	294.2

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 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>				
Amortisation of intangible assets	888	590	1,712	1,167
Depreciation of plant and equipment	395	384	808	764
<i>Employee benefits expense</i>				
Share based payment expenses	809	733	984	793
<i>Operating lease expenses</i>				
Rental of premises	1,237	926	2,529	1,779
Rental of accommodation	22	7	30	7
<i>Other expenses</i>				
Allowance for impairment loss on doubtful trade receivables	28	-	28	-
Bad trade and other receivables written off	25	28	25	28
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	(42)	(14)	(42)	(50)
Gain on disposal of plant & equipment	(1)	-	(1)	-
Unrealised foreign exchange loss/(gain), net	12	29	51	(50)

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 2017	31 December 2016	30 June 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Plant and equipment	7,160	7,111	106	113
Intangible assets	63,649	64,162	3,908	4,098
Subsidiaries	-	-	61,307	58,874
Associates	22	38	-	-
Investments	599	30	-	-
Deferred income tax assets	3,476	2,733	-	-
Trade and other receivables	7,232	10,013	24,021	19,116
	82,138	84,087	89,342	82,201
Current assets				
Trade and other receivables	68,016	56,110	43,561	38,070
Prepayments	1,474	911	87	32
Current income tax recoverable	1,071	1,090	-	-
Cash and cash equivalents	25,821	19,592	9,224	3,666
Other current assets	3,002	6,509	24	861
	99,384	84,212	52,896	42,629
Total assets	181,522	168,299	142,238	124,830
EQUITY AND LIABILITIES				
Equity				
Share capital	82,272	68,685	82,272	68,685
Retained earnings	20,955	17,571	605	367
Share-based reserve	1,562	1,707	1,562	1,707
Currency translation reserve	6,400	7,632	12,161	11,432
Equity attributable to owners of the parent	111,189	95,595	96,600	82,191
Non-controlling interests	2,029	1,251	-	-
Total equity	113,218	96,846	96,600	82,191
Non-current liabilities				
Interest-bearing liabilities	1,327	7,468	1,247	7,363
Other payables	-	-	-	-
Provisions	61	61	-	-
Deferred income tax liabilities	1,668	1,758	-	-
	3,056	9,287	1,247	7,363
Current liabilities				
Trade and other payables	11,490	19,947	795	2,055
Interest-bearing liabilities	43,641	33,274	43,582	33,207
Deferred revenue	7,334	6,315	-	-
Provisions	61	62	-	-
Current income tax payable	2,722	2,568	14	14
	65,248	62,166	44,391	35,276
Total liabilities	68,304	71,453	45,638	42,639
Total equity and liabilities	181,522	168,299	142,238	124,830

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 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
43,641	-	33,274	-

Amount repayable after one year

As at 30 June 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
1,327	-	7,468	-

Details of any collateral

The secured borrowings comprised:

	As at 30 June 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000	Secured by
Finance Lease Facilities	139	172	RM130,000 mortgage over the leased motor vehicles and RM9,000 mortgage over the leased photocopy machine.
Term loan	8,256	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; and 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 5) Assignment of dividends due to the Company by certain subsidiaries
Revolving credit	36,573	28,536	Corporate guarantee for all moneys owing by certain subsidiaries
	<u>44,968</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		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before income tax	2,962	1,213	4,304	2,907
Adjustments for:				
Allowance for impairment loss on doubtful trade receivables	28	-	28	-
Allowance for impairment loss on doubtful trade receivables written back	(42)	(14)	(42)	(50)
Amortisation of intangible assets	888	590	1,712	1,167
Bad trade and other receivables written off	25	28	25	28
Depreciation of plant and equipment	395	384	808	764
Interest income	(26)	(36)	(52)	(75)
Interest expense	333	181	618	442
Interest expense on deferred consideration	10	21	20	43
Gain/(Loss) on disposal of plant and equipment	(1)	109	(1)	109
Plant and equipment written off	-	83	-	87
Provisions	-	(44)	-	(44)
Share of results of associates, net of tax	(13)	(15)	(16)	(21)
Unrealised foreign exchange loss/(gain), net	12	29	51	(50)
Share based payment expenses	809	733	984	793
Operating cash flows before working capital changes	5,380	3,262	8,439	6,100
Working capital changes:				
Trade and other receivables	(1,839)	32	(10,917)	(3,370)
Prepayments	302	(170)	(564)	(140)
Trade and other payables	(4,806)	(2,692)	(2,896)	(5,334)
Cash (used in)/generated from operations	(963)	432	(5,938)	(2,744)
Income tax paid	(297)	(554)	(674)	(626)
Net cash used in operating activities	(1,260)	(122)	(6,612)	(3,370)

	Three Months Ended		Six Months Ended	
	30 June 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000
Investing activities				
Advances to associate	-	(7)	-	(9)
Advances to third parties	(1,160)	(740)	678	(1,276)
Dividend received	30	60	30	60
Interest received	26	34	52	73
Payment for deferred consideration to acquire a subsidiary	(180)	(180)	(360)	(360)
Proceeds from disposal of plant and equipment	1	28	1	28
Purchase of plant and equipment	(413)	(288)	(1,037)	(556)
Purchase of intangible assets	(1,229)	(739)	(1,905)	(1,000)
Purchase of investment	(568)	-	(568)	-
Net cash used in investing activities	(3,493)	(1,832)	(3,109)	(3,040)
Financing activities				
Interest paid	(333)	(181)	(618)	(442)
Issuance of ordinary shares	12,458	-	12,458	-
Repayment of term loan facility	(5,077)	(3,530)	(3,811)	(3,530)
Proceeds from revolving credit facility	5,562	2,356	7,778	2,356
Repayments of finance lease payables	(13)	(21)	(33)	(42)
Net cash generated from/(used in) financing activities	12,597	(1,376)	15,774	(1,658)
Net change in cash and cash equivalents	7,844	(3,330)	6,053	(8,068)
Cash and cash equivalents at beginning of financial period	17,626	22,832	19,592	26,447
Effect of exchange rate changes on cash and cash equivalents	351	(418)	176	705
Cash and cash equivalents at end of the financial period	25,821	19,084	25,821	19,084

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	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 2017	68,685	1,707	17,571	7,632	95,595	1,251	96,846
Profit for the financial period	-	-	3,384	-	3,384	676	4,060
Other comprehensive income:							
Foreign currency translation differences	-	-	-	(1,232)	(1,232)	14	(1,218)
Total comprehensive income for the financial period	-	-	3,384	(1,232)	2,152	690	2,842
Contributions by and distributions to owners of the parent							
Exercise of share awards	1,129	(1,129)	-	-	-	-	-
Issuance of ordinary shares	12,458	-	-	-	12,458	-	12,458
Grant of share awards	-	984	-	-	984	-	984
Total transactions with owners of the parent	13,587	(145)	-	-	13,442	-	13,442
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 June 2017	82,272	1,562	20,955	6,400	111,189	2,029	113,218

(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	-	-	2,894	-	2,894	445	3,339
Other comprehensive income:							
Foreign currency translation differences	-	-	-	(2,604)	(2,604)	(14)	(2,618)
Total comprehensive income for the financial period	-	-	2,894	(2,604)	290	431	721
Contributions by and distributions to owners of the parent							
Exercise of share awards	289	(289)			-	-	-
Grant of share options/awards	-	793	-	-	793	-	793
Total transactions with owners of the parent	289	504	-	-	793	-	793
Balance as at 30 June 2016	68,381	809	16,187	4,037	89,414	1,574	90,988

**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	-	-	238	-	238
Other comprehensive income:					
Foreign currency translation differences	-	-	-	729	729
Total comprehensive income for the financial period	-	-	238	729	967
Contributions by and distributions to owners of the parent					
Exercise of share awards	1,129	(755)	-	-	374
Issuance of ordinary shares	12,458	-	-	-	12,458
Grant of share awards	-	610	-	-	610
Total transactions with owners of the parent	13,587	(145)	-	-	13,442
Balance as at 30 June 2017	82,272	1,562	605	12,161	96,600

(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	-	-	(790)	-	(790)
Other comprehensive income:					
Foreign currency translation differences	-	-	-	(1,382)	(1,382)
Total comprehensive income for the financial period	-	-	(790)	(1,382)	(2,172)
Contributions by and distributions to owners of the parent					
Exercise of share awards	289	(289)	-	-	-
Grant of share options/awards	-	793	-	-	793
Total transactions with owners of the parent	289	504	-	-	793
Balance as at 30 June 2016	68,381	809	2,235	8,489	79,914

- 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 April 2017	283,605,719	69,440,042
Issuance of new shares ⁽¹⁾	15,000,000	12,458,525
Issuance of new shares ⁽²⁾	439,989	373,676
Balance as at 30 June 2017	299,045,708	82,272,243

Notes:-

- (1) The issuance of new shares is in relation to the subscription of 15,000,000 placement shares.
- (2) The issuance of new shares is in relation to the vesting of 439,989 share awards on 21 April 2017 under the ZICO Holdings Performance Share Plan ("PSP").

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

Save for the above, the Company did not have any convertibles or treasury shares as at 30 June 2017 and 30 June 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 June 2017	As at 31 December 2016
Total number of issued shares	299,045,708	282,754,063

The Company did not have any treasury shares as at 30 June 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		Six Months Ended	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Profit attributable to owners of the parent (RM'000)	1,913	961	3,384	2,894
Weighted average number of ordinary shares in issue (in thousands)	290,036 ⁽¹⁾	282,168 ⁽²⁾	290,036 ⁽¹⁾	282,168 ⁽²⁾
Basic EPS (RM cents)	0.66	0.34	1.17	1.03
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	293,777 ⁽³⁾	287,232 ⁽⁴⁾	293,777 ⁽³⁾	287,232 ⁽⁴⁾
Fully diluted EPS (RM cents)	0.65	0.33	1.15	1.01

Note:-

- (1) Adjusted for 851,656 and 439,989 ordinary shares allotted and issued on 21 March 2017 and 21 April 2017 pursuant to the vesting of share awards under the PSP.
- (2) Adjusted for 324,035 ordinary shares allotted and issued on 18 May 2016 pursuant to the vesting of share awards under the PSP.
- (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 six months ended 30 June 2017.
- (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 six months ended 30 June 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 June 2017 (Unaudited)	31 December 2016 (Audited)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
NAV (RM'000)	111,189	95,595	96,600	82,191
Number of ordinary shares in issue (in thousands)	299,046	282,754	299,046	282,754
NAV per ordinary share (RM cents)	37.18	33.81	32.30	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 June 2017 ("2Q2017") as compared to the three months ended 30 June 2016 ("2Q2016").

Revenue

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

	2Q2017 (RM million)	2Q2016 (RM million)	% change
Advisory and Transactional Services (" ATS ")	16.7	10.2	63.7
Management and Support Services business & Licensing Services (" MSSL ")	5.4	5.8	(6.9)
Total	22.1	16.0	38.0

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**") and the growth in revenue from business advisory services under ZICOInsource Inc and ZICOInsource Sdn Bhd, and investor services under B.A.C.S. Pte. Ltd. ("**B.A.C.S.**").

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 RM10,000 due to lower interest earned from the partial uplift of the time deposit placed by the Company.

Other income

Other income increased by RM0.4 million mainly due to higher reimbursements from client and higher gain on foreign exchange arising from the fluctuation of the foreign currencies.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM0.3 million mainly due to renovation of additional office space taken up, as well as the installation of additional computer hardware and software.

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 RM3.4 million mainly due to the increase in headcount in ATS, which was mainly attributed by the expansion of new businesses, such as ZICAP and ZICO Asset Management Pte. Ltd. ("**ZAM**") which commenced operations in July 2016 and February 2017.

Operating lease expenses

Operating lease expenses increased by RM0.3 million mainly due to new business under ATS, rental of office premises for ZICAP and ZAM and additional office space taken up by ZICO RMC Pte. Ltd. ("**RMC**").

Retainer fees and consultancy fees

Retainer fees and consultancy fees remain relatively unchanged as a result of an increase in consultancy fees incurred by ZICO Consultancy Sdn. Bhd. and ZICOInsource Sdn Bhd, and offset by the decrease in fees incurred by the trust business in Singapore under ZICO Allshores Trust (S) Pte. Ltd.

Other expenses

Other expenses increased by RM0.5 million mainly due to the higher reimbursable expenses incurred by B.A.C.S..

Finance Costs

Finance costs increased by RM0.1 million mainly due to the interest expense incurred from the additional revolving credit facility and term loan facility taken up by the Group for expansion of its business.

Profit before income tax

Profit before income tax was higher by RM1.7 million mainly due to higher revenue generated by the Group as indicated above.

Income tax (expense)/credit

Income tax expenses increased by RM0.4 million in 2Q2017 mainly due to lower deferred tax assets recognized for the unutilised tax losses of subsidiaries and higher income tax expenses arising from the higher profit before income tax.

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 June 2017 and 31 December 2016.

Non-current assets

Plant and equipment remains relatively unchanged due to the renovation of new offices for MSSL, partially offset by (i) depreciation charge for the current financial period, and (ii) translation of plant and equipment at different closing rate as compared to 31 December 2016.

Intangible assets decreased by RM0.5 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 RM16,000 mainly due to the dividend income received, offset by the share of associate's profit in the six months ended 30 June 2017 ("**6M2017**").

Investments increased by RM0.6 million mainly due to the purchase of investment in shares by ZICAP.

Deferred income tax assets increased by RM0.7 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 RM11.9 million mainly due to the additional billings recognized at the end of June 2017 by ATS and MSSL.

Prepayments increased by RM0.6 million mainly due to the prepayment of consultancy fee incurred by MSSL in 2Q2017.

Current income tax recoverable decreased by RM19,000 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 RM6.2 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 RM3.5 million mainly due to the utilisation of clients' monies held in trust.

Non-current liabilities

The decrease in non-current interest-bearing liabilities by RM6.1 million was mainly due to the repayment of term loan facility in 2Q2017 and the translation of term loan at different closing rate as compared to 31 December 2016.

The provisions remain unchanged at RM61,000.

The decrease in deferred income tax liabilities by RM90,000 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 RM8.5 million mainly due to repayment of other payables and reduction of clients' monies held in trust towards end of June 2017.

Current interest-bearing liabilities increased by RM10.4 million 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 2016 and partially offset by repayment for the revolving credit facility and finance lease payables. As at 31 December 2016, the revolving credit was secured by the corporate guarantee of certain subsidiary companies.

Deferred revenue increased by RM1.0 million mainly due to the advance billings to the clients under the corporate secretarial businesses.

The increase in current income tax payable by RM0.2 million was mainly due to the provision of tax on profits generated being higher as compared to tax installment payments.

Consolidated Statement of Cash Flow

The net cash used in operating activities of RM1.3 million in 2Q2017 was mainly due to the profit before income tax of RM3.0 million, partially offset by (i) increase in trade and other receivables as a result of additional billings recognized at the end of 2Q2017, and (ii) decrease in trade and other payables due to repayment of other payables and utilisation of clients' monies held in trust towards end of June 2017.

Net cash used in investing activities of RM3.5 million in 2Q2017 was mainly due to repayment to third parties, purchase of investment by ZICAP, the purchase of intangible assets (mainly on IT software) as well as plant and equipment (mainly renovation in 2Q2017).

Net cash generated from financing activities of RM12.6 million in 2Q2017 was mainly due to proceeds from the placement exercise, additional drawdown of revolving credit facility for working capital purposes and partially offset by repayment of term loan and 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 are pleased with the results of our investment in expanding the business advisory services. We expect to further extract synergies by integrating these new services across the ZICO group and the ZICOlaw network as a multidisciplinary professional services provider in the dynamic ASEAN region

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 2Q2017.

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 2Q2017.

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	7,223	777
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	13,623	777

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	769	231
Capital expenditure and maintenance on information technology infrastructure	1,600	1,058	542
Working capital requirements of the Group, mainly to support the working capital requirements of new services and offices.	1,400	389 ⁽¹⁾	1,011
Total	4,000	2,216	1,784

Note:-

(1) The amount of working capital was used for payment of salaries and wages, rental of office premises and operational expenses. The renovation of office premise was reclassified under Business expansion.

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 June 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

11 August 2017