

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 30 September 2018**

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 2018 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	Change %	30 September 2018 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	Change %
Revenue	22,569	19,531	15.6	67,491	58,402	15.6
Other items of income						
Interest income	89	20	345.0	196	72	172.2
Other income	991	477	107.8	2,129	2,360	(9.8)
	23,649	20,028	18.1	69,816	60,834	14.8
Items of expense						
Amortisation and depreciation expenses	(1,379)	(1,002)	37.6	(3,743)	(3,522)	6.3
Employee benefits expense	(12,914)	(10,376)	24.5	(38,168)	(32,069)	19.0
Operating lease expenses	(1,442)	(1,467)	(1.8)	(4,050)	(4,026)	0.6
Retainer fees and consultancy fees	(1,828)	(1,672)	9.3	(4,824)	(4,525)	6.6
Other expenses	(4,440)	(3,935)	12.8	(11,561)	(10,190)	13.5
Finance costs	(505)	(342)	47.7	(1,293)	(980)	31.9
Share of results of associates, net of tax	4	(3)	233.3	20	13	53.8
Share of results of joint venture, net of tax	94	-	100.0	94	-	100.0
Profit before income tax	1,239	1,231	0.6	6,291	5,535	13.7
Income tax expense	(226)	(152)	48.7	(729)	(396)	84.1
Profit for the financial period	1,013	1,079	(6.1)	5,562	5,139	8.2
Other comprehensive income						
<i>Items that will or may be reclassified subsequently to profit or loss</i>						
Fair value loss on financial assets	(964)	(33)	n.m.	(1,026)	(33)	n.m.
Foreign currency translation differences	2,006	(525)	n.m.	40	(1,743)	n.m.
Other comprehensive income for the financial period, net of tax	1,042	(558)	n.m.	(986)	(1,776)	n.m.
Total comprehensive income for the financial period	2,055	521	294.4	4,576	3,363	36.1
Profit attributable to:						
Owners of the parent	877	930	(5.7)	3,714	4,314	(13.9)
Non-controlling interests	136	149	(8.7)	1,848	825	124.0
	1,013	1,079	(6.1)	5,562	5,139	8.2
Total comprehensive income attributable to:						
Owners of the parent	2,085	380	448.7	2,967	2,532	17.2
Non-controlling interests	(30)	141	(121.3)	1,609	831	93.6
	2,055	521	294.4	4,576	3,363	36.1

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	30 September	30 September	30 September
	2018 (Unaudited) RM'000	2017 (Unaudited) RM'000	2018 (Unaudited) RM'000	2017 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>				
Amortisation of intangible assets	1,031	848	2,714	2,560
Depreciation of plant and equipment	348	154	1,029	962
<i>Employee benefits expense</i>				
Share based payment expenses	279	719	1,240	1,703
<i>Operating lease expenses</i>				
Rental of premises	1,398	1,437	4,000	3,966
Rental of accommodation	44	30	50	60
<i>Other expenses</i>				
Allowance for impairment loss on doubtful trade receivables	67	118	67	146
Bad trade and other receivables written off	15	49	109	74
Loss on disposal of plant and equipment	-	-	9	-
Plant and equipment written off	4	57	4	57
Allowance for impairment loss on doubtful trade receivables written back	(16)	(12)	(147)	(54)
Bad trade and other receivables written back	(6)	(77)	(6)	(77)
Gain on disposal of plant and equipment	-	-	-	(1)
Unrealised foreign exchange (gain)/loss, net	(183)	52	(212)	103
<i>Income tax expense</i>				
Under provision of income tax expense in respect of prior year	(3)	16	(3)	16

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 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000	30 September 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	6,213	6,655	86	96
Intangible assets	63,735	59,970	2,574	2,977
Subsidiaries	-	-	63,323	61,853
Associates	14	24	2	2
Joint venture	9,408		9,314	-
Investments	2,774	552	-	-
Deferred income tax assets	5,617	3,697	-	-
Trade and other receivables	10,491	15,104	31,632	31,413
	98,252	86,002	106,931	96,341
Current assets				
Trade and other receivables	89,541	74,616	38,905	40,633
Prepayments	1,208	1,448	134	92
Current income tax recoverable	1,207	1,243	-	-
Cash and cash equivalents	17,751	20,323	978	4,578
Other current assets	3,537	4,881	6	2
	113,244	102,511	40,023	45,305
Total assets	211,496	188,513	146,954	141,646
EQUITY AND LIABILITIES				
Equity				
Share capital	84,132	82,592	84,132	82,592
Retained earnings	26,950	23,236	1,189	1,374
Share based-reserve	2,343	2,643	2,343	2,643
Currency translation reserve	3,032	2,855	9,469	9,778
Fair value reserve	(956)	(32)	-	-
Equity attributable to owners of the parent	115,501	111,294	97,133	96,387
Non-controlling interests	76	2,269	-	-
Total equity	115,577	113,563	97,133	96,387
Non-current liabilities				
Interest bearing liabilities	2,675	1,828	2,665	1,780
Provisions	103	109	-	-
Deferred income tax liabilities	1,648	1,771	-	-
	4,426	3,708	2,665	1,780
Current liabilities				
Trade and other payables	22,654	17,618	3,584	1,222
Interest bearing liabilities	57,436	44,284	43,559	42,244
Contracted liabilities	7,759	6,625	-	-
Provisions	60	61	-	-
Current income tax payable	3,584	2,654	13	13
	91,493	71,242	47,156	43,479
Total liabilities	95,919	74,950	49,821	45,259
Total equity and liabilities	211,496	188,513	146,954	141,646

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 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
57,436	-	44,284	-

Amount repayable after one year

As at 30 September 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
2,675	-	1,828	-

Details of any collateral

The secured borrowings comprised:

	As at 30 September 2018 (Unaudited) RM'000	As at 31 December 2017 (Audited) RM'000	Secured by
Finance lease facilities	62	105	RM62,000 mortgage over the leased motor vehicles.
Term loan	2,850	8,982	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	48,753	35,042	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	8,446	1,983	Corporate guarantee by a subsidiary
	<u>60,111</u>	<u>46,112</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	30 September	30 September	30 September
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before income tax	1,239	1,231	6,291	5,535
Adjustments for:				
Allowance for impairment loss on doubtful trade receivables	67	118	67	146
Allowance for impairment loss on doubtful trade receivables written back	(16)	(12)	(147)	(54)
Amortisation of intangible assets	1,031	848	2,714	2,560
Bad trade and other receivables written (back)/off	9	(28)	103	(3)
Depreciation of plant and equipment	348	154	1,029	962
Interest income	(89)	(20)	(196)	(72)
Interest expense	505	336	1,293	954
Interest expense on deferred consideration	-	6	-	26
Loss/(gain) on disposal of plant and equipment	-	-	9	(1)
Plant and equipment written off	4	57	4	57
Share of results of associates, net of tax	(4)	3	(20)	(13)
Share of results of joint venture, net of tax	(94)	-	(94)	-
Unrealised foreign exchange (gain)/ loss, net	(183)	52	(212)	103
Share based payment expenses	279	719	1,240	1,703
Operating cash flows before working capital changes	3,096	3,464	12,081	11,903
Working capital changes:				
Trade and other receivables	(370)	(5,965)	(6,748)	(16,882)
Prepayments	(258)	(738)	269	(1,302)
Trade and other payables	(348)	1,321	(132)	(1,575)
Cash generated from/(used in) operations	2,120	(1,918)	5,470	(7,856)
Income tax paid	(673)	(1,307)	(1,864)	(1,981)
Net cash generated from/(used in) operating activities	1,447	(3,225)	3,606	(9,837)

	Three Months Ended		Nine Months Ended	
	30 September 2018 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	30 September 2018 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000
Investing activities				
Acquisition of subsidiary, net of cash acquired	-	-	627	-
Advances to associate	(1,334)	(10)	(4,556)	(10)
(Repayment from)/advances to third parties	(453)	(371)	(156)	307
Dividend received	-	-	30	30
Interest received	89	20	196	72
Joint venture, net of cash acquired	(9,162)	-	(9,162)	-
Payment for deferred consideration to acquire a subsidiary	-	(180)	-	(540)
Proceeds from disposal of plant and equipment	-	-	1	1
Purchase of plant and equipment	(15)	(88)	(270)	(2,227)
Purchase of intangible assets	(604)	(322)	(744)	(1,125)
Additions of investment	(3,243)	-	(3,243)	(568)
Net cash used in investing activities	(14,722)	(951)	(17,277)	(4,060)
Financing activities				
Dividend paid to non-controlling interest	-	-	(1,744)	-
Interest paid	(505)	(336)	(1,293)	(954)
Issuance of ordinary shares	-	-	-	12,458
(Repayment of)/proceeds from term loan facility	(300)	673	(5,981)	(3,138)
Proceeds from/(repayment of) revolving credit facility	11,873	(313)	13,744	7,465
Repayments of finance lease payables	(15)	(18)	(43)	(51)
Net cash generated from financing activities	11,053	6	4,683	15,780
Net change in cash and cash equivalents	(2,222)	(4,170)	(8,988)	1,883
Cash and cash equivalents at beginning of financial period	11,972	25,821	18,340	19,592
Effect of exchange rate changes on cash and cash equivalents	(445)	116	(47)	292
Cash and cash equivalents at end of the financial period	9,305	21,767	9,305	21,767

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 2018	82,592	2,643	23,236	2,855	(32)	111,294	2,269	113,563
Profit for the financial period	-	-	3,714	-	-	3,714	1,848	5,562
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(924)	(924)	(102)	(1,026)
Foreign currency translation differences	-	-	-	177	-	177	(137)	40
Total comprehensive income/(loss) for the financial period	-	-	3,714	177	(924)	2,967	1,609	4,576
Contributions by and distributions to owners of the parent								
Exercise of share awards	1,540	(1,540)	-	-	-	-	-	-
Grant of share awards	-	1,240	-	-	-	1,240	-	1,240
Total transactions with owners of the parent	1,540	(300)	-	-	-	1,240	-	1,240
Transactions with non-controlling interests								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,744)	(1,744)
Subscription of shares of a subsidiary	-	-	-	-	-	-	(2,058)	(2,058)
Total transactions with non-controlling interests	-	-	-	-	-	-	(3,802)	(3,802)
Balance as at 30 September 2018	84,132	2,343	26,950	3,032	(956)	115,501	76	115,577

(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 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

**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 2018	82,592	2,643	1,374	9,778	96,387
Loss for the financial period	-	-	(185)	-	(185)
Other comprehensive loss: Foreign currency translation differences	-	-	-	(309)	(309)
Total comprehensive income/(loss) for the financial period	-	-	(185)	(309)	(494)
Contributions by and distributions to owners of the parent					
Exercise of share awards	1,540	(1,220)	-	-	320
Grant of share awards	-	920	-	-	920
Total transactions with owners of the parent	1,540	(300)	-	-	1,240
Balance as at 30 September 2018	84,132	2,343	1,189	9,469	97,133

(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
Loss 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

- 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 and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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

There were no changes in the issued share capital of the Company since 30 June 2018 to 30 September 2018.

There were 3,500,000 outstanding options (30 September 2017: 3,500,000 options) and 5,391,703 share awards granted but unvested under the PSP as at 30 September 2018 (30 September 2017: 4,223,344).

Save for the above, the Company did not have any convertibles or treasury shares as at 30 September 2018 and 30 September 2017.

The Company did not have any subsidiary holdings as at 30 September 2018 and 30 September 2017.

- 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 2018	As at 31 December 2017
Total number of issued shares	301,569,463	299,417,440

The Company did not have any treasury shares as at 30 September 2018 and 31 December 2017.

- 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.

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

Not applicable. There were no subsidiary holdings 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 2017.

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 2018. 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 2018 (Unaudited)	30 September 2017 (Unaudited)	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)
Profit attributable to owners of the parent (RM'000)	877	930	3,714	4,314
Weighted average number of ordinary shares in issue (in thousands)	300,730 ⁽¹⁾	293,116 ⁽²⁾	300,730 ⁽¹⁾	293,116 ⁽²⁾
Basic EPS (RM cents)	0.29	0.32	1.23	1.47
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	303,668 ⁽³⁾	297,239 ⁽⁴⁾	303,668 ⁽³⁾	297,239 ⁽⁴⁾
Fully diluted EPS (RM cents)	0.29	0.31	1.22	1.45

Note:-

- (1) Adjusted for 2,152,023 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP.
 - 811,656 shares on 21 March 2018
 - 799,985 shares on 23 April 2018
 - 540,382 shares on 21 May 2018
- (2) 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.
- (3) Adjusted for 8,891,703 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 5,391,703 outstanding share awards for the three months and nine months ended 30 September 2018.
- (4) 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.

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 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2018 (Unaudited)	31 December 2017 (Audited)
NAV (RM'000)	115,501	111,294	97,133	96,387
Number of ordinary shares in issue (in thousands)	301,569	299,417	301,569	299,417
NAV per ordinary share (RM cents)	38.30	37.17	32.21	32.19

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 2018 ("3Q2018") as compared to the three months ended 30 September 2017 ("3Q2017").

Revenue

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

	3Q2018 (RM million)	3Q2017 (RM million)	% change
Advisory and Transactional Services (" ATS ")	17.0	13.7	24.1
Management and Support Services Business & Licensing Services ((" MSSL ")	5.6	5.8	(3.4)
Total	22.6	19.5	15.6

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

Higher revenue from ATS was due to the additional revenue contributions from advisory service on corporate finance under ZICO Capital Pte. Ltd. ("ZICAP") and trust business under ZICO Allshores Trust (S) Ltd. ("ZAT") in Singapore; and additional revenue contributions from the acquisition of legal business, ZICOLaw Thailand Limited ("ZTL").

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

Other items of income

Interest income

The interest income increased by RM69,000 due to interest income charge on advances to associate.

Other income

Other income increased by RM0.5 million mainly due to higher referral fee charged by trust business and higher gain on foreign exchange arising from the fluctuation of the foreign exchange.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM0.4 million mainly due to higher amortisation charge on the installation of additional computer 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 by RM2.5 million mainly due to the increase in headcount in ATS which was mainly attributed by (i) acquisition of new business, ZICOLaw Thailand Limited (“ZIT”) in 3Q2018; (ii) expansion of new businesses, i.e. ZICO Capital Sdn. Bhd. (“ZICAPMY”) which commenced operations in September 2017 and (iii) additional headcount by ZAT in 3Q2018 due to expansion of business.

Operating lease expenses

Operating lease expenses decreased by RM25,000 mainly due to fluctuation of the foreign currency.

Retainer fees and consultancy fees

Retainer fees and consultancy fees increased by RM156,000 mainly due to consultancy fees incurred by ZICAP and ZICOInsource; and set off with the decrease of consultancy fee incurred by ZICO RMC Pte. Ltd..

Other expenses

Other expenses increased by RM0.5 million mainly due to IT software maintenance expenses incurred by MSSL; higher reimbursable expenses incurred by Finova Singapore Pte. Ltd. ("FINOVA") and registration and processing fee incurred by ZICAP.

Finance Costs

Finance costs increased by RM163,000 mainly due to the interests incurred from the bank overdraft and revolving credit facilities taken up by the Group for its business expansion.

Share of associates results

Share of associate results is higher by RM7,000 mainly due to higher income generated by the associate.

Share of joint venture results

Share of joint venture results is higher by RM94,000 due to an investment in a new joint venture in Fragomen ZICO Inc("Fragomen") in 3Q2018.

Profit before income tax

Profit before income tax was higher by RM8,000 mainly due to higher revenue generated by the Group as indicated above.

Income tax expense

Income tax expense increased by RM74,000 in 3Q2018 mainly due to higher income tax expenses arising from the subsidiaries with higher profit before income tax.

Fair value loss on financial assets

The fair value loss on financial assets was due to the fair value adjustment resulted from the revaluation of available-for-sale investments.

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.

Profit for the financial period

Profit for the financial period was lower by RM66,000 mainly due to higher revenue generated by the Group and set-off with the higher income tax as indicated above.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 30 September 2018 and 31 December 2017.

Non-current assets

Plant and equipment decreased by RM0.4 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 2017, partially offset by (iii) plant and equipment arising from the acquisition of ZIT.

Intangible assets increased by RM3.8 million mainly due to (i) goodwill arising from the acquisition of ZIT and (ii) the additions of computer software for MSSL (iii) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S., FINOVA, as well as the corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. at different closing rate as compared to 31 December 2017 and partially offset by (iv) amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates decreased by RM10,000 mainly due to the dividend income received, offset by the share of associate's profit in the nine months ended 30 September 2018 ("9M2018").

An investment in joint venture is arising from the new joint venture in Fragomen during the current financial period.

Investments increased by RM2.2 million mainly due to the new investment in shares and fair value adjustments of shares held by ZICAP.

Deferred tax assets increased by RM1.9 million mainly due to recognition of deferred tax assets for the unutilised tax losses of several subsidiaries.

The non-current trade and other receivables decreased by RM4.6 million mainly due to the payment received from the debtors.

Current assets

Current trade and other receivables increased by RM14.9 million mainly due to the additional billings recognized at the end of September 2018 by ATS and MSSL, and trade and other receivables from new business acquired in ATS.

Prepayments decreased by RM0.2 million mainly due to amortization of consultancy fee incurred by MSSL.

Current income tax recoverable decreased by RM36,000 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 decreased by RM2.6 million mainly due to 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 RM1.3 million mainly due to the utilisation of clients' monies held in trust towards end of September 2018.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM0.8 million was mainly due to the additional drawdown of term loan facilities.

The decrease in provisions by RM6,000 was mainly due to the translation of provision for retirement benefits and provision for reinstatement costs at different closing rate as compared to 31 December 2017.

The decrease in deferred tax liabilities by RM0.1 million was mainly due to the 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 increased by RM5.0 million mainly due to the addition of other payables arising from the acquisition of ZIT, payable for additional computer software incurred by MSSL and offset with the reduction of clients' monies held in trust towards end of September 2018.

Current interest bearing liabilities increased by RM13.2 million mainly due to the utilization of bank overdraft facilities and additional drawdown of revolving credit facility, the translation of term loan and revolving credit at different closing rate as compared to 31 December 2017 and offset by repayment for the term loan facilities and the finance lease payables.

Deferred revenue increased by RM1.1 million mainly due to increased billings to the clients under the corporate secretarial and trust business and offset with the translation of deferred revenue at different closing rate as compared to 31 December 2017.

The provision for leave benefits decreased by RM1,000 mainly due to the translation of provisions at different closing rate as compared to 31 December 2017.

The increase in current income tax payable by RM0.9 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 generated from operating activities of RM1.4 million in 3Q2018 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 billings to debtors and (ii) decrease in trade and other payables towards end of September 2018.

Net cash used in investing activities of RM14.7 million in 3Q2018 was mainly due to net cash utilised for the acquisition of a new investment in a joint venture, advances to associate and addition of investment.

Net cash generated from financing activities of RM11.1 million in 3Q2018 was mainly due to additional drawdown of revolving credit facility for working capital purposes and partially offset by repayment of term loan facilities and interest paid.

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 seeing steady top-line growth in the year to date thanks to a good performance from both new and existing businesses under our ATS segment.

During the quarter in review, our subsidiary under the ATS segment, ZICO Asset Management Pte Ltd, has been granted a capital markets services licence by the Monetary Authority of Singapore to carry out fund management activities. We will continue to build up our ATS business and expect it to remain our core revenue contributor as we grow our presence in the ASEAN region.

We also added immigration services to our suite of services via the acquisition of 50% equity interest in Fragomen (Malaysia) Sdn Bhd and incorporation of Fragomen ZICO Inc. We have managed to derive positive profit contribution from this Fragomen-ZICO joint venture. We will continue to add competencies and increase synergies to cement our position as the Go-To ASEAN Professional Services Firm.

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 3Q2018.

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 3Q2018.

14. Use of IPO proceeds

As announced on 13 August 2018, the proceeds from IPO have been fully utilised.

15. Use of Placement proceeds

As announced on 13 August 2018, the proceeds from Placement have been fully utilised.

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 nine months ended 30 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

13 November 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and Exchange assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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