

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 30 June 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			Six Months Ended		
	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	Change %	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	Change %
Revenue	24,620	22,127	11.3	44,922	38,871	15.6
Other items of income						
Interest income	89	26	242.3	107	52	105.8
Other income	630	873	(27.8)	1,138	1,883	(39.6)
	25,339	23,026	10.0	46,167	40,806	13.1
Items of expense						
Amortisation and depreciation expenses	(1,185)	(1,283)	(7.6)	(2,364)	(2,520)	(6.2)
Employee benefits expense	(13,580)	(11,588)	17.2	(25,254)	(21,693)	16.4
Operating lease expenses	(1,303)	(1,259)	3.5	(2,608)	(2,559)	1.9
Retainer fees and consultancy fees	(1,515)	(1,546)	(2.0)	(2,996)	(2,853)	5.0
Other expenses	(3,938)	(4,058)	(3.0)	(7,121)	(6,255)	13.8
Finance costs	(436)	(343)	27.1	(788)	(638)	23.5
Share of results of associates, net of tax	8	13	(38.5)	16	16	-
Profit before income tax	3,390	2,962	14.4	5,052	4,304	17.4
Income tax expense	(462)	(348)	(32.8)	(503)	(244)	(106.1)
Profit for the financial period	2,928	2,614	12.0	4,549	4,060	12.0
Other comprehensive income						
<i>Items that will or may be reclassified subsequently to profit or loss</i>						
Fair value loss on financial assets	(10)	-	n.m.	(62)	-	n.m.
Foreign currency translation differences	1,466	(1,582)	n.m.	(1,966)	(1,218)	n.m.
Other comprehensive income for the financial period, net of tax	1,456	(1,582)	n.m.	(2,028)	(1,218)	n.m.
Total comprehensive income for the financial period	4,384	1,032	324.8	2,521	2,842	(11.3)
Profit attributable to:						
Owners of the parent	1,765	1,913	(7.7)	2,837	3,384	(16.2)
Non-controlling interests	1,163	701	65.9	1,712	676	153.3
	2,928	2,614	12.0	4,549	4,060	12.0
Total comprehensive income attributable to:						
Owners of the parent	3,208	356	801.1	882	2,152	(59.0)
Non-controlling interests	1,176	676	74.0	1,639	690	137.5
	4,384	1,032	324.8	2,521	2,842	(11.3)

n.m. – not meaningful

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

Profit for the financial period is stated after charging/(crediting) the following:	Three Months Ended		Six Months Ended	
	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>				
Amortisation of intangible assets	843	888	1,683	1,712
Depreciation of plant and equipment	342	395	681	808
<i>Employee benefits expense</i>				
Share based payment expenses	676	809	961	984
<i>Operating lease expenses</i>				
Rental of premises	1,297	1,237	2,602	2,529
Rental of accommodation	6	22	6	30
<i>Other expenses</i>				
Allowance for impairment loss on doubtful trade receivables	-	28	-	28
Bad trade and other receivables written off	80	25	94	25
Loss/(gain) on disposal of plant and equipment	9	(1)	9	(1)
Allowance for impairment loss on doubtful trade receivables written back	(106)	(42)	(131)	(42)
Unrealised foreign exchange (gain)/loss, net	(108)	12	(29)	51

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 2018	31 December 2017	30 June 2018	31 December 2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Plant and equipment	6,462	6,655	87	96
Intangible assets	60,567	59,970	2,640	2,977
Subsidiaries	-	-	60,774	61,853
Associates	11	24	2	2
Investments	445	552	-	-
Deferred income tax assets	4,865	3,697	-	-
Trade and other receivables	11,381	15,104	29,303	31,413
	83,731	86,002	92,806	96,341
Current assets				
Trade and other receivables	83,861	74,616	37,095	40,633
Prepayments	950	1,448	141	92
Current income tax recoverable	1,060	1,243	-	-
Cash and cash equivalents	20,032	20,323	1,845	4,578
Other current assets	3,657	4,881	6	2
	109,560	102,511	39,087	45,305
Total assets	193,291	188,513	131,893	141,646
EQUITY AND LIABILITIES				
Equity				
Share capital	84,132	82,592	84,132	82,592
Retained earnings	26,073	23,236	1,786	1,374
Share based-reserve	2,064	2,643	2,064	2,643
Currency translation reserve	956	2,855	7,213	9,778
Fair value reserve	(88)	(32)	-	-
Equity attributable to owners of the parent	113,137	111,294	95,195	96,387
Non-controlling interests	87	2,269	-	-
Total equity	113,224	113,563	95,195	96,387
Non-current liabilities				
Interest bearing liabilities	2,550	1,828	2,531	1,780
Provisions	103	109	-	-
Deferred income tax liabilities	1,665	1,771	-	-
	4,318	3,708	2,531	1,780
Current liabilities				
Trade and other payables	18,219	17,618	879	1,222
Interest bearing liabilities	44,646	44,284	33,275	42,244
Contracted liabilities	9,761	6,625	-	-
Provisions	59	61	-	-
Current income tax payable	3,064	2,654	13	13
	75,749	71,242	34,167	43,479
Total liabilities	80,067	74,950	36,698	45,259
Total equity and liabilities	193,291	188,513	131,893	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 June 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
2,550	-	44,284	-

Amount repayable after one year

As at 30 June 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
44,646	-	1,828	-

Details of any collateral

The secured borrowings comprised:

	As at 30 June 2018 (Unaudited) RM'000	As at 31 December 2017 (Audited) RM'000	Secured by
Finance lease facilities	76	105	RM76,000 mortgage over the leased motor vehicles.
Term loan	3,091	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	35,969	35,042	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	8,060	1,983	Corporate guarantee by a subsidiary
	<u>47,196</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		Six Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before income tax	3,390	2,962	5,052	4,304
Adjustments for:				
Allowance for impairment loss on doubtful trade receivables	-	28	-	28
Allowance for impairment loss on doubtful trade receivables written back	(106)	(42)	(131)	(42)
Amortisation of intangible assets	843	888	1,683	1,712
Bad trade and other receivables written off	80	25	94	25
Depreciation of plant and equipment	342	395	681	808
Interest income	(89)	(26)	(107)	(52)
Interest expense	436	333	788	618
Interest expense on deferred consideration	-	10	-	20
(Loss)/gain on disposal of plant and equipment	9	(1)	9	(1)
Share of results of associates, net of tax	(8)	(13)	(16)	(16)
Unrealised foreign exchange (gain)/ loss, net	(108)	12	(29)	51
Share based payment expenses	676	809	961	984
Operating cash flows before working capital changes	5,465	5,380	8,985	8,439
Working capital changes:				
Trade and other receivables	3,615	(1,839)	(6,378)	(10,917)
Prepayments	145	302	527	(564)
Trade and other payables	(3,529)	(4,806)	216	(2,896)
Cash generated from/(used in) operations	5,696	(963)	3,350	(5,938)
Income tax paid	(546)	(297)	(1,190)	(674)
Net cash generated from/(used in) operating activities	5,150	(1,260)	2,160	(6,612)

	Three Months Ended		Six Months Ended	
	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000
Investing activities				
Acquisition of subsidiary, net of cash acquired	627	-	627	-
Advances to associate	(1,371)	-	(3,222)	-
(Repayment from)/Advances to third parties	(275)	(1,160)	297	678
Dividend received	30	30	30	30
Interest received	88	26	106	52
Payment for deferred consideration to acquire a subsidiary	-	(180)	-	(360)
Proceeds from disposal of plant and equipment	1	1	1	1
Purchase of plant and equipment	(95)	(413)	(255)	(1,037)
Purchase of intangible assets	(130)	(1,229)	(140)	(1,905)
Additions of investment	-	(568)	-	(568)
Net cash used in investing activities	(1,125)	(3,493)	(2,556)	(3,109)
Financing activities				
Dividend paid to non-controlling interest	(1,744)	-	(1,744)	-
Interest paid	(436)	(333)	(788)	(618)
Issuance of ordinary shares	-	12,458	-	12,458
Repayment of term loan facility	(6,707)	(5,077)	(5,681)	(3,811)
Proceeds from revolving credit facility	2,215	5,562	1,871	7,778
Repayments of finance lease payables	(13)	(13)	(28)	(33)
Net cash (used in)/generated from financing activities	(6,685)	12,597	(6,370)	15,774
Net change in cash and cash equivalents	(2,660)	7,844	(6,766)	6,053
Cash and cash equivalents at beginning of financial period	14,903	17,626	18,340	19,592
Effect of exchange rate changes on cash and cash equivalents	(271)	351	398	176
Cash and cash equivalents at end of the financial period	11,972	25,821	11,972	25,821

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	-	-	2,837	-	-	2,837	1,712	4,549
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(56)	(56)	(6)	(62)
Foreign currency translation differences	-	-	-	(1,899)	-	(1,899)	(67)	(1,966)
Total comprehensive income/(loss) for the financial period	-	-	2,837	(1,899)	(56)	882	1,639	2,521
Contributions by and distributions to owners of the parent								
Exercise of share awards	1,540	(1,540)	-	-	-	-	-	-
Grant of share awards	-	961	-	-	-	961	-	961
Total transactions with owners of the parent	1,540	(579)	-	-	-	961	-	961
Transactions with non-controlling interests								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,744)	(1,744)
Subscription of shares of a subsidiary	-	-	-	-	-	-	(2,077)	(2,077)
Total transactions with non-controlling interests	-	-	-	-	-	-	(3,821)	(3,821)
Balance as at 30 June 2018	84,132	2,064	26,073	956	(88)	113,137	87	113,224

(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

**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
Profit for the financial period	-	-	412	-	412
Other comprehensive loss:					
Foreign currency translation differences	-	-	-	(2,565)	(2,565)
Total comprehensive income/(loss) for the financial period	-	-	412	(2,565)	(2,153)
Contributions by and distributions to owners of the parent					
Exercise of share awards	1,540	(1,220)	-	-	320
Grant of share awards	-	641	-	-	641
Total transactions with owners of the parent	1,540	(579)	-	-	961
Balance as at 30 June 2018	84,132	2,064	1,786	7,213	95,195

(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	68,285	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

- 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

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 1 April 2018	300,229,096	83,199,894
Issuance of new shares ⁽¹⁾	799,985	580,042
Issuance of new shares ⁽²⁾	540,382	351,728
Balance as at 30 June 2018	301,569,463	84,131,664

Notes:-

- (1) The issuance of new shares is in relation to the vesting of 799,985 share awards on 23 April 2018 under the ZICO Holdings Performance Share Plan ("PSP").
- (2) The issuance of new shares is in relation to the vesting of 540,382 share awards on 21 May 2018 under the ZICO Holdings Performance Share Plan ("PSP").

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

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

The Company did not have any subsidiary holdings as at 30 June 2018 and 30 June 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 June 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 June 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		Six Months Ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Profit attributable to owners of the parent (RM'000)	1,765	1,913	2,837	3,384
Weighted average number of ordinary shares in issue (in thousands)	300,302 ⁽¹⁾	290,036 ⁽²⁾	300,302 ⁽¹⁾	290,036 ⁽²⁾
Basic EPS (RM cents)	0.59	0.66	0.94	1.17
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	303,302 ⁽³⁾	293,777 ⁽⁴⁾	303,302 ⁽³⁾	293,777 ⁽⁴⁾
Fully diluted EPS (RM cents)	0.58	0.65	0.94	1.15

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 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.
- (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 six months ended 30 June 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 six months ended 30 June 2017.

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 2018 (Unaudited)	31 December 2017 (Audited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
NAV (RM'000)	113,137	111,294	95,195	96,387
Number of ordinary shares in issue (in thousands)	301,569	299,417	301,569	299,417
NAV per ordinary share (RM cents)	37.52	37.17	31.57	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 June 2018 ("2Q2018") as compared to the three months ended 30 June 2017 ("2Q2017").

Revenue

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

	2Q2018 (RM million)	2Q2017 (RM million)	% change
Advisory and Transactional Services (" ATS ")	19.7	16.7	18.0
Management and Support Services Business & Licensing Services ((" MSSL ")	4.9	5.4	(0.1)
Total	24.6	22.1	11.3

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"), trust business under ZICO Allshores Trust (S) Ltd. in Singapore and asset management services under ZICO Asset Management Pte. Ltd. ("ZAM").

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 RM63,000 due to interest income charge on advances to associate.

Other income

Other income decreased by RM0.2 million mainly due to lower reimbursement income from client.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses decreased by RM98,000 mainly due to lower amortisation charge on the identifiable assets arising from the acquisition of B.A.C.S. Pte. Ltd. (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.

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 RM2.0 million mainly due to the increase in headcount in ATS which was mainly attributed by the expansion of new businesses, i.e. ZICO Capital Sdn. Bhd. ("ZICAPMY") which commenced operations in September 2017.

Operating lease expenses

Operating lease expenses increased by RM44,000 mainly due to fluctuation of the foreign currency.

Retainer fees and consultancy fees

Retainer fees and consultancy fees decreased by RM31,000 mainly due to lower consultancy fees incurred by ZICO Consultancy Sdn. Bhd..

Other expenses

Other expenses decreased by RM0.1 million mainly due to the lower reimbursable expenses incurred by B.A.C.S. and offset with higher IT software maintenance expenses incurred by MSSL.

Finance Costs

Finance costs increased by RM93,000 mainly due to the interests incurred from the bank overdraft facility taken up by the Group for its business expansion.

Share of associates results

Share of associate results is lower by RM5,000 mainly due to lower income generated by the associate.

Profit before income tax

Profit before income tax was higher by RM0.4 million mainly due to higher revenue generated by the Group as indicated above.

Income tax expense

Income tax expense increased by RM0.1 million in 2Q2018 mainly due to higher income tax expenses arising from the subsidiaries with 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.

Profit for the financial period

Profit for the financial period was higher by RM0.3 million 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 June 2018 and 31 December 2017.

Non-current assets

Plant and equipment decreased by RM0.2 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 a subsidiary, ZICOLaw Thailand Ltd ("ZIT").

Intangible assets increased by RM0.6 million mainly due to (i) 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 (ii) amortisation of the computer software and identifiable assets for the current financial period, and (iii) goodwill arising from the acquisition of ZIT.

Investment in associates decreased by RM13,000 mainly due to the dividend income received, offset by the share of associate's profit in the six months ended 30 June 2018 ("6M2018").

Investments decreased by RM0.1 million mainly due to the fair value adjustments of shares held by ZICAP.

Deferred tax assets increased by RM1.2 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 RM3.7 million mainly due to the payment received from the debtors.

Current assets

Current trade and other receivables increased by RM9.2 million mainly due to the additional billings recognized at the end of June 2018 by ATS and MSSSL, and trade and other receivables from new business acquired in ATS.

Prepayments decreased by RM0.5 million mainly due to amortization of consultancy fee incurred by MSSSL.

Current income tax recoverable decreased by RM0.2 million 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 RM0.3 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 RM1.2 million mainly due to the utilisation of clients' monies held in trust towards end of June 2018.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM0.7 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 RM0.6 million mainly due to the addition of other payables arising from the acquisition of ZIT and offset with the reduction of clients' monies held in trust towards end of June 2018.

Current interest bearing liabilities increased by RM0.4 million mainly due to the utilization of bank overdraft facilities, 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 RM3.1 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 RM2,000 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 RM0.4 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 RM5.2 million in 2Q2018 was mainly due to the profit before income tax of RM3.4 million and decrease in trade and other receivables as a result of payment received from the debtors, partially offset by (i) increase in trade and other payables and the reduction of clients' monies held in trust towards end of June 2018.

Net cash used in investing activities of RM1.1 million in 2Q2018 was mainly due to advances to associate, purchase of intangible assets and partially offset by the net cash acquired from the acquisition of ZIT.

Net cash used in financing activities of RM6.7 million in 2Q2018 was mainly due to additional drawdown of revolving credit facilities for working capital purposes and partially offset by repayment of term loan facilities and dividend paid to non-controlling interest.

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 have expanded the suite of our services with the inclusion of immigration services through our 50% owned Malaysian joint venture company with Fragomen Global Immigration Services LLC, the leading company in this field. We have also acquired 49% of ZICOLaw Thailand Ltd, a member of the ZICOLaw Network.

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 2Q2018.

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 2Q2018.

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	8,000	-
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	14,400	-

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	1,600 ⁽¹⁾	-
Working capital requirements of the Group, mainly to support the working capital requirements of new services and offices.	1,400	1,400 ⁽²⁾	-
Total	4,000	4,000	-

Note:-

(1) The amount was being utilised for capex and maintenance of IT infrastructure.

(2) 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 six months ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

13 August 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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