

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 31 March 2016**

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

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

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

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

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

	Group		
	Three Months Ended		
	31 March 2016 (Unaudited) RM'000	31 March 2015 (Unaudited) RM'000	Change %
Revenue	15,127	9,928	52.4
Other items of income			
Interest income	39	55	(29.1)
Other income	716	720	(0.6)
	15,882	10,703	48.4
Items of expense			
Amortisation and depreciation expenses	(957)	(442)	116.5
Employee benefits expense	(7,068)	(4,662)	51.6
Operating lease expenses	(853)	(625)	36.5
Retainer fees and consultancy fees	(2,074)	(1,017)	103.9
Other expenses	(2,959)	(1,127)	162.6
Finance costs	(283)	(41)	590.2
Share of results of associates, net of tax	6	27	(77.7)
Profit before income tax	1,694	2,816	(39.8)
Income tax credit/(expense)	353	(683)	n.m.
Profit for the financial period	2,047	2,133	(4.0)
Other comprehensive income			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	(4,685)	1,246	n.m.
Other comprehensive income for the financial period, net of tax	(4,685)	1,246	n.m.
Total comprehensive income for the financial period	(2,638)	3,379	n.m.
Profit attributable to:			
Owners of the parent	1,933	1,969	(1.8)
Non-controlling interests	114	164	(30.5)
	2,047	2,133	(4.0)
Total comprehensive income attributable to:			
Owners of the parent	(2,702)	3,206	n.m.
Non-controlling interests	64	173	(63.0)
	(2,638)	3,379	n.m.

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	
	31 March 2016 (Unaudited) RM'000	31 March 2015 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>		
Amortisation of intangible assets	577	129
Depreciation of plant and equipment	380	313
<i>Employee benefits expense</i>		
Share option expenses	60	68
<i>Operating lease expenses</i>		
Rental of premises	853	522
Rental of accommodation	-	103
<i>Other expenses</i>		
Allowance for impairment loss on doubtful trade receivables	-	22
Bad trade and other receivables written off	-	29
Plant and equipment written off	4	-
Allowance for impairment loss on doubtful trade receivables written back	(36)	(2)
Unrealised foreign exchange (gain)/loss, net	(79)	7

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	
	31 March 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000	31 March 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	5,859	6,166	116	125
Intangible assets	57,727	61,516	3,671	3,939
Subsidiaries	-	-	49,609	51,787
Associates	67	61	-	-
Investments	29	30	-	-
Deferred tax assets	877	7	-	-
Trade and other receivables	15,429	18,722	14,388	15,033
	<u>79,988</u>	<u>86,502</u>	<u>67,784</u>	<u>70,884</u>
Current assets				
Trade and other receivables	40,317	33,507	35,554	37,001
Prepayments	782	813	141	84
Current income tax recoverable	874	903	-	-
Cash and cash equivalents	22,832	26,447	7,215	7,815
Other current assets	4,017	4,349	793	829
	<u>68,822</u>	<u>66,019</u>	<u>43,703</u>	<u>45,729</u>
Total assets	<u>148,810</u>	<u>152,521</u>	<u>111,487</u>	<u>116,613</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	68,092	68,092	68,092	68,092
Retained earnings	15,226	13,293	3,538	3,025
Share options reserve	365	305	365	305
Currency translation reserve	2,006	6,641	6,373	9,871
Equity attributable to owners of the parent	<u>85,689</u>	<u>88,331</u>	<u>78,368</u>	<u>81,293</u>
Non-controlling interests	1,207	1,143	-	-
Total equity	<u>86,896</u>	<u>89,474</u>	<u>78,368</u>	<u>81,293</u>
Non-current liabilities				
Interest bearing liabilities	10,499	10,984	10,347	10,812
Other payables	510	680	-	-
Provisions	66	69	-	-
Deferred tax liabilities	1,868	2,034	-	-
	<u>12,943</u>	<u>13,767</u>	<u>10,347</u>	<u>10,812</u>
Current liabilities				
Trade and other payables	18,553	19,994	2,489	3,314
Interest bearing liabilities	20,353	21,264	20,270	21,180
Deferred revenue	7,764	6,063	-	-
Provisions	58	60	-	-
Current income tax payable	2,243	1,899	13	14
	<u>48,971</u>	<u>49,280</u>	<u>22,772</u>	<u>24,508</u>
Total liabilities	<u>61,914</u>	<u>63,047</u>	<u>33,119</u>	<u>35,320</u>
Total equity and liabilities	<u>148,810</u>	<u>152,521</u>	<u>111,487</u>	<u>116,613</u>

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

Amount repayable in one year or less, or on demand

As at 31 March 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
4,518	15,835	4,718	16,546

Amount repayable after one year

As at 31 March 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
10,499	-	10,984	-

Details of any collateral

The secured borrowings comprised:

	As at 31 March 2016 (Unaudited) RM'000	As at 31 December 2015 (Audited) RM'000	Secured by
Finance Lease Facilities	235	257	RM217,000 mortgage over the leased motor vehicles and RM18,000 mortgage over the leased photocopy machine.
Term loan	14,782	15,445	<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.
	15,017	15,702	

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

Consolidated Statement of Cash Flows

	Three Months Ended	
	31 March 2016 (Unaudited) RM'000	31 March 2015 (Unaudited) RM'000
Operating activities		
Profit before income tax	1,694	2,816
Adjustments for:		
Allowance for impairment loss on doubtful trade receivables	-	22
Allowance for impairment loss on doubtful trade receivables written back	(36)	(2)
Amortisation of intangible assets	577	129
Bad trade and other receivables written off	-	29
Depreciation of plant and equipment	380	313
Interest income	(39)	(55)
Interest expense	261	9
Interest expense on deferred consideration	22	32
Plant and equipment written off	4	-
Provisions	-	(20)
Share of results of associates, net of tax	(6)	(27)
Unrealised foreign exchange (gain)/loss, net	(79)	7
Share based payment expenses	60	68
Operating cash flows before working capital changes	2,838	3,321
Working capital changes:		
Trade and other receivables	(3,402)	(2,608)
Prepayments	30	349
Trade and other payables	(2,642)	(2,505)
Cash generated from operations	(3,175)	(1,443)
Income tax paid	(72)	(533)
Net cash used in operating activities	(3,248)	(1,976)

	Three Months Ended	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Investing activities		
Advances to associate	(2)	-
Advances to third parties	(536)	(1,624)
Dividend received	-	40
Interest received	39	52
Payment for deferred consideration to acquire a subsidiary	(180)	(180)
Purchase of plant and equipment	(268)	(908)
Purchase of intangible assets	(261)	(915)
Net cash used in investing activities	(1,208)	(3,535)
Financing activities		
Interest paid	(261)	(9)
Repayment to directors	-	(2)
Proceeds from revolving credit facility	-	25
Repayments of finance lease payables	(21)	(16)
Net cash used in financing activities	(282)	(2)
Net change in cash and cash equivalents	(4,738)	(5,513)
Cash and cash equivalents at beginning of financial period	26,447	34,424
Effect of exchange rate changes on cash and cash equivalents	1,123	(135)
Cash and cash equivalents at end of the financial period	22,832	28,776

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

**Statement of Changes in Equity
Group**

(Unaudited)

	Share capital	Share options 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	-	-	1,933	-	1,933	114	2,047
Other comprehensive income:							
Foreign currency translation differences	-	-	-	(4,635)	(4,635)	(50)	(4,685)
Total comprehensive income for the financial period	-	-	1,933	(4,635)	(2,702)	64	(2,638)
Contributions by and distributions to owners of the parent							
Grant of share options	-	60	-	-	60	-	60
Total transactions with owners of the parent	-	60	-	-	60	-	60
Balance as at 31 March 2016	68,092	365	15,226	2,006	85,689	1,207	86,896

(Unaudited)	Share capital	Share options reserve	Retained earnings	Currency translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	51,219	34	6,676	(35)	57,894	330	58,224
Profit for the financial period	-	-	1,969	-	1,969	164	2,133
Other comprehensive income:							
Foreign currency translation differences	-	-	-	1,237	1,237	9	1,246
Total comprehensive income for the financial period	-	-	1,969	1,237	3,206	173	3,379
Contributions by and distributions to owners of the parent							
Grant of share options	-	68	-	-	68	-	68
Total transactions with owners of the parent	-	68	-	-	68	-	68
Balance as at 31 March 2015	51,219	102	8,645	1,202	61,168	503	61,671

**Statement of Changes in Equity
Company**

(Unaudited)	Share capital	Share options 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
Profit for the financial period	-	-	513	-	513
Other comprehensive income:					
Foreign currency translation differences	-	-	-	(3,498)	(3,498)
Total comprehensive income for the financial period	-	-	513	(3,498)	(2,985)
Contributions by and distributions to owners of the parent					
Grant of share options	-	60	-	-	60
Total transactions with owners of the parent	-	60	-	-	60
Balance as at 31 March 2016	68,092	365	3,538	6,373	78,368

(Unaudited)	Share capital	Share options reserve	Retained earnings	Currency translation reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	51,219	34	731	30	52,014
Profit for the financial period	-	-	392	-	392
Other comprehensive income: Foreign currency translation differences	-	-	-	1,084	1,084
Total comprehensive income for the financial period	-	-	392	1,084	1,476
Contributions by and distributions to owners of the parent					
Grant of share options	-	68	-	-	68
Total transactions with owners of the parent	-	68	-	-	68
Balance as at 31 March 2015	51,219	102	1,123	1,114	53,558

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.

There were no changes in the issued share capital of the Company (“Shares”) since 31 December 2015 to 31 March 2016.

There were 3,500,000 outstanding options as at 31 March 2016 (31 March 2015: 3,500,000 options) and 2,919,035 share awards granted as at 31 March 2016 (31 March 2015: Nil).

Save for the above, the Company did not have any convertibles or treasury shares as at 31 March 2016 and 31 March 2015.

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

	As at 31 March 2016	As at 31 December 2015
Total number of issued shares	282,089,177	282,089,177

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

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

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

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

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

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

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

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

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

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

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

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

Earnings per share ("EPS")	Group	
	Three Months Ended	
	31 March 2016 (Unaudited)	31 March 2015 (Unaudited)
Profit attributable to owners of the parent (RM'000)	1,933	1,969
Weighted average number of ordinary shares in issue (in thousands)	282,089	267,079
Basic EPS (RM cents)	0.69	0.74
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands) ⁽¹⁾	285,942	270,579
Fully diluted EPS (RM cents)	0.68	0.73

Note:-

- (1) Adjusted for 3.5 million ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options for the three months ended 31 March 2016 and 31 March 2015. It is also adjusted for 2,919,035 ordinary shares which may be allotted and issued upon the vesting of 2,919,035 outstanding share awards granted for the three months ended 31 March 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	
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2016 (Unaudited)	31 December 2015 (Audited)
NAV (RM'000)	85,689	88,331	78,368	81,293
Number of ordinary shares in issue (in thousands)	282,089	282,089	282,089	282,089
NAV per ordinary share (RM cents)	30.38	31.31	27.78	28.82

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Consolidated Statement of Comprehensive Income

Review for the performance of the Group for the three months ended 31 March 2016 ("1Q2016") as compared to the three months ended 31 March 2015 ("1Q2015").

Revenue

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

	1Q2016 (RM million)	1Q2015 (RM million)	% change
Advisory and Transactional Services ("ATS")	8.3	4.5	84.4
Management and Support Services business ("MSS")	5.1	3.9	30.8
Licensing Services ("LS")	1.7	1.5	13.3
Total	15.1	9.9	52.4

The increase in the Group's revenue was mainly due to the higher revenue from all business segments.

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

The increase in revenue from MSS was due to the higher fees generated from the provision of support services in 1Q2016 due to upward revision of fees.

The increase in revenue from LS was due to the higher royalty fees arising from the growth of our licensees' net revenue.

Other items of income

Interest income

Interest income decreased by RM16,000 mainly due to lower interest earned from the partial uplift of the time deposit placed by the Company.

Other income

Other income remained unchanged at RM0.7 million.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM0.5 million was mainly due to (i) the addition of plant and equipment arising from the renovation of offices under ATS, (ii) the installation of additional computer hardware and software, as well as (iii) amortisation of intangible assets arising from the acquisition of corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. (“ZSCS”), B.A.C.S., FINOVA and BPO.

Employee benefits expense

The Company has expanded and augmented its management team and business since its listing on the Catalist of the SGX-ST in preparation for future growth. As a result, employee benefits expense increased significantly.

The employee benefits expense increased by RM2.4 million was mainly due to the following:

- (a) increase in headcount in MSS and ATS which included the new businesses, such as ZICOInsource Inc. which commenced operations in July 2015 and the acquired businesses such as B.A.C.S., FINOVA and BPO in the second quarter of 2015 (“2Q2015”); and
- (b) increase in headcount of experienced management personnel in the Company, as investment for future growth of the Group.

Operating lease expenses

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

Retainer fees and consultancy fees

Retainer fees and consultancy fees increased by RM1.1 million mainly due to additional professional and consultancy fees incurred by the Group for business development and for ZAT in Singapore.

Other expenses

Other expenses were higher by RM1.8 million mainly due to the disbursement expenses from the ATS as a result of the acquisitions of B.A.C.S. and FINOVA in 2Q2015.

Finance Costs

Finance costs increased by RM242,000 mainly due to the interests incurred from the revolving credit facility and term loan taken up by the Group for expansion of its business.

Share of associates results

Share of associate results lowered by RM21,000 mainly due to lower income generated by the associate.

Profit before income tax

Profit before income tax was lower by RM1.1 million mainly due to higher expenses incurred by the Group as indicated above.

Income tax credit/(expense)

The Group has an income tax credit of RM0.4 million in 1Q2016 as compared to income tax expenses of RM0.7 million in 1Q2015 mainly due to recognition of deferred tax assets for the unutilised tax losses of several subsidiaries.

Consolidated Statement of Financial Position

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

Non-current assets

Plant and equipment decreased by RM0.3 million mainly due to (i) depreciation charge for the current financial period, (ii) translation of plant and equipment at different closing rate as compared to 31 December 2015, partially offset by (iii) the renovation of new offices for ATS and the additions of computer hardware for MSS.

Intangible assets decreased by RM3.8 million mainly due to (i) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S. and FINOVA, as well as the corporate secretarial portfolio under ZSCS at different closing rate as compared to 31 December 2015, and (ii) amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates increased by RM6,000 mainly due to the share of associate's profit in 1Q2016.

Investments decreased by RM1,000 due to the translation of the value of the corporate club membership at different closing rate as compared to 31 December 2015.

Deferred tax assets increased by RM870,000 mainly due to recognition of deferred tax assets for the unutilized tax losses of several subsidiaries.

Non-current trade and other receivables were related to a payment plan agreed with certain debtors for the provision of services under MSS and LS. The decrease of non-current trade and other receivables by RM3.3 million was mainly due to payment received from the debtors and the translation at different closing rate as compared to 31 December 2015.

Current assets

Current trade and other receivables increased by RM6.8 million mainly due to the additional billings recognized at the end of March 2016 by ATS, MSS and LS.

Prepayments decreased by RM31,000 mainly due to the recognition of referral fees and consultancy fees in the expense accounts.

Current income tax recoverable decreased by RM29,000 mainly due to the lower tax expense incurred for its Malaysia subsidiaries as compared to the actual tax installment paid to the Malaysia tax authorities.

Cash and cash equivalents decreased by RM3.6 million mainly due to cash being utilised for operations.

Other current assets (comprised clients' monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM0.3 million mainly due to translation at different closing rate as compared to 31 December 2015, and partial uplift of fixed deposit .

Non-current liabilities

The decrease in non-current interest bearing liabilities by RM0.5 million was mainly due to the translation of term loan at different closing rate as compared to 31 December 2015.

The decrease in other payables by RM0.2 million was mainly due to progressive repayment of other payables in relation to the acquisition of ZCSSB in January 2012.

The decrease in provisions by RM3,000 was mainly due to the translation of provision for reinstatement costs and provision for retirement benefits at different closing rate as compared to 31 December 2015.

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

Current liabilities

Trade and other payables decreased by RM1.4 million were mainly due to the repayment to creditors in 1Q2016.

Current interest bearing liabilities decreased by RM0.9 million was mainly due to the translation of term loan and revolving credit at different closing rate as compared to 31 December 2015 and repayment for the finance lease payables.

Deferred revenue increased by RM1.7 million mainly due to advance billings to the clients under the corporate secretarial businesses.

The decrease in provisions by RM2,000 was mainly due to the translation of provision for leave benefits at different closing rate as compared to 31 December 2015.

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

Consolidated Statement of Cash Flow

The net cash used in operating activities of RM3.2 million was mainly due to the profit before income tax of RM1.7 million, partially offset by (i) increase in trade and other receivables as a result of additional billings recognized at the end of 1Q2016, and (ii) decrease in trade and other payables due to payment to creditors.

Net cash used in investing activities of RM1.2 million was mainly due to advance to a third party in relation to the start-up cost of a regional intellectual property practice and the purchase of intangible assets as well as plant and equipment in 1Q2016.

Net cash used in financing activities of RM0.3 million was mainly due to interest paid for term loan and revolving credit facility for acquisition of FINOVA and working capital purposes respectively.

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.

Whilst we recognize the headwinds posed by the challenging economic outlook in the short term, we continue to invest resources in pursuing growth both organically and through acquisitions of services which are synergistic and provide opportunities for cross selling and integration; and at the same time, leveraging on the investments already made in our human resource and technological infrastructure.

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 1Q2016.

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 1Q2016.

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	6,816	1,184
Capital expenditure on information technology infrastructure	1,000	159	841
General working capital	3,521	3,521 ⁽¹⁾	-
Listing expenses	1,879	1,879	-
Total	14,400	12,375	2,025

Note:

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

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

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

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3 months financial period ended 31 March 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

12 May 2016