

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 31 March 2018**

*ZICO Holdings Inc. (the "**Company**") has been listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") since 11 November 2014. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**"). The Company has appointed Stamford Corporate Services Pte. Ltd. (the "**Sponsor**" or "**SCS**") in place of **PPCF** as its continuing sponsor with effect from 7 September 2016. On 2 March 2018, the Company has appointed Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**" or "**ACA**") in place of SCS as its continuing sponsor.*

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 2018 (Unaudited) RM'000	31 March 2017 (Unaudited) RM'000	Change %
Revenue	20,302	16,744	21.2
Other items of income			
Interest income	18	26	(30.8)
Other income	508	1,010	(49.7)
	20,828	17,780	17.1
Items of expense			
Amortisation and depreciation expenses	(1,179)	(1,237)	(4.7)
Employee benefits expense	(11,674)	(10,105)	15.5
Operating lease expenses	(1,305)	(1,300)	0.4
Retainer fees and consultancy fees	(1,481)	(1,307)	13.3
Other expenses	(3,183)	(2,197)	44.9
Finance costs	(352)	(295)	19.3
Share of results of associates, net of tax	8	3	166.7
Profit before income tax	1,662	1,342	23.8
Income tax (expense)/credit	(41)	104	(139.4)
Profit for the financial period	1,621	1,446	12.1
Other comprehensive income			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Fair value loss on financial assets	(52)	-	n.m
Foreign currency translation differences	(3,432)	364	n.m
Other comprehensive (loss)/ income for the financial period, net of tax	(3,484)	364	n.m
Total comprehensive (loss)/ income for the financial period	(1,863)	1,810	(202.9)
Profit attributable to:			
Owners of the parent	1,072	1,471	(27.1)
Non-controlling interests	549	(25)	2,296.0
	1,621	1,446	12.1
Total comprehensive (loss)/ income attributable to:			
Owners of the parent	(2,326)	1,796	(229.5)
Non-controlling interests	463	14	3,207.1
	(1,863)	1,810	(202.9)

n.m. – not meaningful

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

Profit for the financial year is stated after charging/(crediting) the following:	Three Months Ended	
	31 March 2018 (Unaudited) RM'000	31 March 2017 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>		
Amortisation of intangible assets	840	824
Depreciation of plant and equipment	339	413
<i>Employee benefits expense</i>		
Share based payment expenses	285	175
<i>Operating lease expenses</i>		
Rental of premises	1,305	1,292
Rental of accommodation	-	8
<i>Other expenses/(Other income)</i>		
Bad trade and other receivables written off	14	-
Allowance for impairment loss on doubtful trade receivables written back	(25)	-
Unrealised foreign exchange loss, net	79	39

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 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000	31 March 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	6,286	6,655	90	96
Intangible assets	57,265	59,970	2,760	2,977
Subsidiaries	-	-	60,135	61,853
Associates	32	24	2	2
Investments	484	552	-	-
Deferred income tax assets	4,189	3,697	-	-
Trade and other receivables	14,682	15,104	30,045	31,413
	82,938	86,002	93,032	96,341
Current assets				
Trade and other receivables	82,210	74,616	42,177	40,633
Prepayments	1,066	1,448	121	92
Current income tax recoverable	1,118	1,243	-	-
Cash and cash equivalents	19,360	20,323	2,675	4,578
Other current assets	4,140	4,881	3	2
	107,894	102,511	44,976	45,305
Total assets	190,832	188,513	138,008	141,646
EQUITY AND LIABILITIES				
Equity				
Share capital	83,200	82,592	83,200	82,592
Retained earnings	24,308	23,236	1,851	1,374
Share based-reserve	2,320	2,643	2,320	2,643
Currency translation reserve	(496)	2,855	6,914	9,778
Fair value reserve	(79)	(32)	-	-
Equity attributable to owners of the parent	109,253	111,294	94,285	96,387
Non-controlling interests	2,732	2,269	-	-
Total equity	111,985	113,563	94,285	96,387
Non-current liabilities				
Interest bearing liabilities	2,694	1,828	2,660	1,780
Provisions	103	109	-	-
Deferred income tax liabilities	1,701	1,771	-	-
	4,498	3,708	2,660	1,780
Current liabilities				
Trade and other payables	15,258	17,618	318	1,222
Interest bearing liabilities	45,246	44,284	40,732	42,244
Contracted liabilities	11,369	6,625	-	-
Provisions	59	61	-	-
Current income tax payable	2,417	2,654	13	13
	74,349	71,242	41,063	43,479
Total liabilities	78,847	74,950	43,723	45,259
Total equity and liabilities	190,832	188,513	138,008	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 31 March 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
45,246	-	44,284	-

Amount repayable after one year

As at 31 March 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
2,694	-	1,828	-

Details of any collateral

The secured borrowings comprised:

	As at 31 March 2018 (Unaudited) RM'000	As at 31 December 2017 (Audited) RM'000	Secured by
Finance lease facilities	90	105	RM90,000 mortgage over the leased motor vehicles.
Term loan	9,737	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	33,656	35,042	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	4,457	1,983	Corporate guarantee by a subsidiary
	<u>47,940</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	
	31 March 2018	31 March 2017
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Operating activities		
Profit before income tax	1,662	1,342
Adjustments for:		
Allowance for impairment loss on doubtful trade receivables written back	(25)	-
Amortisation of intangible assets	840	824
Bad trade and other receivables written off	14	-
Depreciation of plant and equipment	339	413
Interest income	(18)	(26)
Interest expense	352	285
Interest expense on deferred consideration	-	10
Share of results of associates, net of tax	(8)	(3)
Unrealised foreign exchange loss, net	79	39
Share based payment expenses	285	175
Operating cash flows before working capital changes	3,520	3,059
Working capital changes:		
Trade and other receivables	(9,993)	(9,078)
Prepayments	382	(866)
Trade and other payables	3,745	1,963
Cash used in operations	(2,346)	(4,922)
Income tax paid	(644)	(377)
Net cash used in operating activities	(2,990)	(5,299)

	Three Months Ended	
	31 March 2018	31 March 2017
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Investing activities		
Advances to associate	(1,851)	(53)
Repayment from third parties	572	1,838
Interest received	18	26
Payment for deferred consideration to acquire a subsidiary	-	(180)
Purchase of plant and equipment	(160)	(624)
Purchase of intangible assets	(10)	(676)
Net cash (used in)/generated from investing activities	(1,431)	331
Financing activities		
Interest paid	(352)	(285)
Proceeds from term loan facility	1,026	1,266
(Repayment of)/proceeds from revolving credit facility	(344)	2,216
Repayments of finance lease payables	(15)	(20)
Net cash generated from financing activities	315	3,177
Net change in cash and cash equivalents	(4,106)	(1,791)
Cash and cash equivalents at beginning of financial period	18,340	19,592
Effect of exchange rate changes on cash and cash equivalents	669	(175)
Cash and cash equivalents at end of the financial period	14,903	17,626

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	-	-	1,072	-	-	1,072	549	1,621
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(47)	(47)	(5)	(52)
Foreign currency translation differences	-	-	-	(3,351)	-	(3,351)	(81)	(3,432)
Total comprehensive income/(loss) for the financial period	-	-	1,072	(3,351)	(47)	(2,326)	463	(1,863)
Contributions by and distributions to owners of the parent								
Issuance of ordinary shares	608	(608)	-	-	-	-	-	-
Grant of share awards	-	285	-	-	-	285	-	285
Total transactions with owners of the parent	608	(323)	-	-	-	285	-	285
Balance as at 31 March 2018	83,200	2,320	24,308	(496)	(79)	109,253	2,732	111,985

(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	-	-	1,471	-	1,471	(25)	1,446
Other comprehensive income:							
Foreign currency translation differences	-	-	-	325	325	39	364
Total comprehensive income for the financial period	-	-	1,471	325	1,796	14	1,810
Contributions by and distributions to owners of the parent							
Issuance of ordinary shares	755	(755)	-	-	-	-	-
Grant of share awards	-	175	-	-	175	-	175
Total transactions with owners of the parent	755	(580)	-	-	175	-	175
Transactions with non-controlling interests							
Subscription of shares of a subsidiary	-	-	-	-	-	88	88
Total transactions with non-controlling interests	-	-	-	-	-	88	88
Balance as at 31 March 2017	69,440	1,127	19,042	7,957	97,566	1,353	98,919

**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	-	-	477	-	477
Other comprehensive loss: Foreign currency translation differences	-	-	-	(2,864)	(2,864)
Total comprehensive income/(loss) for the financial period	-	-	477	(2,864)	(2,387)
Contributions by and distributions to owners of the parent					
Issuance of ordinary shares	608	(608)	-	-	-
Grant of share awards	-	285	-	-	285
Total transactions with owners of the parent	608	(323)	-	-	285
Balance as at 31 March 2018	83,200	2,320	1,851	6,914	94,285

(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	-	-	48	-	48
Other comprehensive income:					
Foreign currency translation differences	-	-	-	1,973	1,973
Total comprehensive income for the financial period	-	-	48	1,973	2,021
Contributions by and distributions to owners of the parent					
Issuance of ordinary shares	775	(775)	-	-	-
Grant of share awards	-	175	-	-	175
Total transactions with owners of the parent	775	(580)	-	-	175
Balance as at 31 March 2017	69,440	1,127	415	13,405	84,387

- 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 January 2018	299,417,440	82,592,450
Issuance of new shares ⁽¹⁾	811,656	607,444
Balance as at 31 March 2018	300,229,096	83,199,894

Notes:-

- (1) The issuance of new shares is in relation to the vesting of 811,656 share awards on 21 March 2018 under the ZICO Holdings Performance Share Plan ("PSP").

There were 3,500,000 outstanding options (31 March 2017: 3,500,000 options) and 3,411,688 share awards granted but unvested under the PSP as at 31 March 2018 (31 March 2017: 1,743,344).

Save for the above, the Company did not have any convertibles or treasury shares as at 31 March 2018 and 31 March 2017.

The Company did not have any subsidiary holdings as at 31 March 2018 and 31 March 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 31 March 2018	As at 31 December 2017
Total number of issued shares	300,229,096	299,417,440

The Company did not have any treasury shares as at 31 March 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, 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	
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Profit attributable to owners of the parent (RM'000)	1,072	1,471
Weighted average number of ordinary shares in issue (in thousands)	299,517 ⁽¹⁾	282,858 ⁽³⁾
Basic EPS (RM cents)	0.36	0.52
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	304,117 ⁽²⁾	286,002 ⁽⁴⁾
Fully diluted EPS (RM cents)	0.35	0.51

Note:-

- (1) Adjusted for 811,656 ordinary shares allotted and issued on 21 March 2018 pursuant to the vesting of share awards under the PSP.
- (2) Adjusted for 6,911,688 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 3,411,688 outstanding share awards as at 31 March 2018.
- (3) Adjusted for 851,656 ordinary shares allotted and issued on 21 March 2017 pursuant to the vesting of share awards under the PSP.
- (4) Adjusted for 5,243,344 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 1,743,344 outstanding share awards as at 31 March 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	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)	31 March 2018 (Unaudited)	31 December 2017 (Audited)
NAV (RM'000)	109,253	111,294	94,285	96,387
Number of ordinary shares in issue (in thousands)	300,229	299,417	300,229	299,417
NAV per ordinary share (RM cents)	36.39	37.17	31.40	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 31 March 2018 ("1Q2018") as compared to the three months ended 31 March 2017 ("1Q2017").

Revenue

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

	1Q2018 (RM million)	1Q2017 (RM million)	% change
Advisory and Transactional Services (" ATS ")	14.9	10.7	39.3
Management and Support Services Business & Licensing Services ((" MSSL ")	5.4	6.0	(10.0)
Total	20.3	16.7	21.2

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 trust business under ZICO Allshores Trust (S) Ltd. in Singapore, advisory service on corporate finance under ZICO Capital Pte. Ltd. ("ZICAP") 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 decreased by RM8,000 due to lower interest earned from the partial uplift of the fixed deposits placed by the Group.

Other income

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

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses decreased by RM58,000 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 RM1.6 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 and an increase in variable remuneration to the advisors of ZAM which is in line with ZAM's revenue growth.

Operating lease expenses

Operating lease expenses increased by RM5,000 mainly due to fluctuation of the foreign currency.

Retainer fees and consultancy fees

Retainer fees and consultancy fees increased by RM0.2 million mainly due to consultancy fee incurred by ZICO Consultancy Sdn. Bhd..

Other expenses

Other expenses increased by RM1.0 million mainly due to the higher reimbursable expenses incurred by B.A.C.S. , IT software maintenance expenses incurred by MSSL and the related fees incurred in application of license as well as continuing activity fee to SGX by ZICAP.

Finance Costs

Finance costs increased by RM57,000 mainly due to the interests incurred from the bank overdraft facility taken up by the Group for expansion of its business.

Share of associates results

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

Profit before income tax

Profit before income tax was higher by RM0.3 million mainly due to higher revenue generated by the Group as indicated above.

Income tax (expense)/credit

Income tax (expense)/credit increased by RM0.1 million in 1Q2018 mainly due to lower deferred tax assets recognized for the unutilised tax losses of subsidiaries and higher income tax expenses arising from the higher profit before income tax.

Foreign currency translation difference

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

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 31 March 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) the renovation of offices for ATS and the additions of computer hardware for MSSL.

Intangible assets decreased by RM2.7 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, and (ii) amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates increased by RM8,000 mainly due to share of associate's profit in 1Q2018.

Investments decreased by RM68,000 mainly due to the fair value adjustments of shares held by ZICAP.

Deferred tax assets increased by RM0.5 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 RM0.4 million mainly due to translation at different closing rate as compared to 31 December 2017.

Current assets

Current trade and other receivables increased by RM7.6 million mainly due to the additional billings recognized at the end of March 2018 by ATS.

Prepayments decreased by RM0.4 million mainly due to the information technology software maintenance expenses and consultancy fee was incurred by MSSL.

Current income tax recoverable decreased by RM0.1 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 RM1.0 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 RM0.7 million mainly due to the utilisation of clients' monies held in trust towards end of March 2018.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM0.9 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 RM70,000 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 decreased by RM2.4 million mainly due to repayment of other payables in relation to the payroll related costs and the reduction of clients' monies held in trust towards end of March 2018.

Current interest bearing liabilities increased by RM1.0 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 revolving credit facilities and the finance lease payables.

Deferred revenue increased by RM4.7 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 decrease in current income tax payable by RM0.2 million was mainly due to payment to the tax authorities by subsidiaries under MSSL.

Consolidated Statement of Cash Flow

The net cash used in operating activities of RM3.0 million in 1Q2018 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 March 2018, (ii) decrease in trade and other payables due to repayment of other payables and the reduction of clients' monies held in trust towards end of March 2018.

Net cash used in investing activities of RM1.4 million in 1Q2018 was mainly due to advances to associates, repayment from third parties and the purchase of plant and equipment.

Net cash generated from financing activities of RM0.3 million in 1Q2018 was mainly due to proceeds from additional drawdown of term loan facilities for working capital purposes and partially offset by payment of interest expense and repayment of revolving credit facilities.

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.

Barring competitive headwinds and other unforeseen circumstances, the Group remains optimistic about its performance throughout FY2018.

The ATS division will continue to be the main revenue driver, principally from corporate finance advisory, wealth management and trust services in Singapore and Malaysia. The Group is also continuing its investment in asset management and business advisory services.

Alongside the strategies highlighted in FY2017, the Group remains committed to strengthening synergies within its suite of services while it consolidates its position as the region's integrated provider of choice for multidisciplinary professional services.

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 1Q2018.

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 1Q2018.

14. Use of IPO proceeds

The Company refers to the net proceeds amounting to S\$12.521 million (excluding listing expenses of approximately S\$1.879 million raised from the IPO on the Catalist Board of the SGX-ST on 11 November 2014).

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

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

Note:-

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

15. Use of Placement proceeds

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

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

<u>Use of Placement net proceeds</u>	<u>Amount allocated (S\$'000)</u>	<u>Amount utilised (S\$'000)</u>	<u>Balance (S\$'000)</u>
Business expansion	1,000	1,000	-
Capital expenditure and maintenance on information technology infrastructure	1,600	1,520	80
Working capital requirements of the Group, mainly to support the working capital requirements of new services and offices.	1,400	1,400 ⁽¹⁾	-
Total	4,000	3,920	80

Note:-

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

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

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

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the three months ended 31 March 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

11 May 2018

Datuk Ng Hock Heng
Executive Director

11 May 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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