

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 30 September 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. ("**PPCF**"). The Company has appointed Stamford Corporate Services Pte. Ltd. (the "**Sponsor**" or "**SCS**") in place of **PPCF** as its continuing sponsor with effect from 7 September 2016.*

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

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

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

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

	Group			Group		
	Three Months Ended			Nine Months Ended		
	30 September 2016 (Unaudited) RM'000	30 September 2015 (Unaudited) RM'000	Change %	30 September 2016 (Unaudited) RM'000	30 September 2015 (Unaudited) RM'000	Change %
Revenue	17,818	15,490	15.0	48,979	39,276	24.7
Other items of income						
Interest income	39	36	8.3	114	133	(14.3)
Other income	1,008	1,114	(9.5)	2,181	2,684	(18.7)
	18,865	16,640	13.4	51,274	42,093	21.8
Items of expense						
Amortisation and depreciation expenses	(1,012)	(759)	33.3	(2,943)	(1,810)	62.6
Employee benefits expense	(10,147)	(6,537)	55.2	(25,360)	(16,051)	58.0
Operating lease expenses	(1,083)	(498)	117.5	(2,869)	(2,166)	32.5
Retainer fees and consultancy fees	(1,964)	(2,866)	(31.5)	(5,581)	(6,002)	(7.0)
Other expenses	(3,205)	(2,637)	21.5	(9,696)	(7,163)	35.4
Finance costs	(276)	(206)	34.0	(761)	(324)	134.9
Share of results of associates, net of tax	6	4	50.0	27	49	(44.9)
Profit before income tax	1,184	3,141	(62.3)	4,091	8,626	(52.6)
Income tax credit/(expense)	(159)	(1,035)	(84.6)	273	(1,617)	(116.9)
Profit for the financial period	1,025	2,106	(51.3)	4,364	7,009	(37.7)
Other comprehensive income						
<i>Items that will or may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	1,799	4,586	(60.8)	(819)	7,096	n.m.
Other comprehensive income for the financial period, net of tax	1,799	4,586	(60.8)	(819)	7,096	n.m.
Total comprehensive income for the financial period	2,824	6,692	(57.8)	3,545	14,105	(74.9)
Profit attributable to:						
Owners of the parent	726	1,888	(61.5)	3,620	6,337	(42.9)
Non-controlling interests	299	218	37.2	744	672	10.7
	1,025	2,106	(51.3)	4,364	7,009	(37.7)
Total comprehensive income attributable to:						
Owners of the parent	2,480	6,368	(61.1)	2,770	13,289	(79.2)
Non-controlling interests	344	324	6.2	775	816	(5.0)
	2,824	6,692	(57.8)	3,545	14,105	(74.9)

n.m. – not meaningful

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

Profit for the financial period is stated after charging/(crediting) the following:	Three Months Ended		Nine Months Ended	
	30 September 2016 (Unaudited) RM'000	30 September 2015 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	30 September 2015 (Unaudited) RM'000
<i>Amortisation and depreciation expenses</i>				
Amortisation of intangible assets	608	402	1,775	847
Depreciation of plant and equipment	404	357	1,168	963
<i>Employee benefits expense</i>				
Share based payment expenses	701	68	1,494	204
<i>Operating lease expenses</i>				
Rental of premises	1,076	467	2,855	1,981
Rental of accommodation	7	31	14	185
<i>Other expenses</i>				
Bad trade and other receivables written off	9	17	37	72
Loss on disposal of plant and equipment	-	-	109	-
Plant and equipment written off	-	-	87	-
Allowance for impairment loss on doubtful trade receivables written back	-	(74)	(50)	(124)
Unrealised foreign exchange (gain)/loss, net	(80)	(59)	(130)	(238)
<i>Income tax expense</i>				
Under provision of income tax expense in respect of prior year	18	-	18	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 September 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000	30 September 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	5,982	6,166	114	125
Intangible assets	61,278	61,516	3,774	3,939
Subsidiaries	-	-	57,760	51,787
Associates	28	61	-	-
Investments	30	30	-	-
Deferred tax assets	1,807	7	-	-
Trade and other receivables	15,689	18,722	15,047	15,033
	<u>84,814</u>	<u>86,502</u>	<u>76,695</u>	<u>70,884</u>
Current assets				
Trade and other receivables	51,020	33,507	40,595	37,001
Prepayments	896	813	49	84
Current income tax recoverable	1,052	903	-	-
Cash and cash equivalents	25,774	26,447	4,218	7,815
Other current assets	4,615	4,349	845	829
	<u>83,357</u>	<u>66,019</u>	<u>45,707</u>	<u>45,729</u>
Total assets	<u>168,171</u>	<u>152,521</u>	<u>122,402</u>	<u>116,613</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	68,685	68,092	68,685	68,092
Retained earnings	16,913	13,293	1,269	3,025
Share options/awards reserve	1,206	305	1,206	305
Currency translation reserve	5,791	6,641	9,935	9,871
Equity attributable to owners of the parent	<u>92,595</u>	<u>88,331</u>	<u>81,095</u>	<u>81,293</u>
Non-controlling interests	2,215	1,143	-	-
Total equity	<u>94,810</u>	<u>89,474</u>	<u>81,095</u>	<u>81,293</u>
Non-current liabilities				
Interest bearing liabilities	6,858	10,984	6,737	10,812
Other payables	170	680	-	-
Provisions	24	69	-	-
Deferred tax liabilities	1,859	2,034	-	-
	<u>8,911</u>	<u>13,767</u>	<u>6,737</u>	<u>10,812</u>
Current liabilities				
Trade and other payables	21,405	19,994	1,252	3,314
Interest bearing liabilities	33,376	21,264	33,304	21,180
Deferred revenue	7,183	6,063	-	-
Provisions	60	60	-	-
Current income tax payable	2,426	1,899	14	14
	<u>64,450</u>	<u>49,280</u>	<u>34,570</u>	<u>24,508</u>
Total liabilities	<u>73,361</u>	<u>63,047</u>	<u>41,307</u>	<u>35,320</u>
Total equity and liabilities	<u>168,171</u>	<u>152,521</u>	<u>122,402</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 30 September 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
5,157	28,219	4,718	16,546

Amount repayable after one year

As at 30 September 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
6,858	-	10,984	-

Details of any collateral

The secured borrowings comprised:

	As at 30 September 2016 (Unaudited) RM'000	As at 31 December 2015 (Audited) RM'000	Secured by
Finance Lease Facilities	193	257	RM180,000 mortgage over the leased motor vehicles and RM13,000 mortgage over the leased photocopy machine.
Term loan	11,822	15,445	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.
	<u>12,015</u>	<u>15,702</u>	

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

Consolidated Statement of Cash Flows

	Three Months Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before income tax	1,184	3,141	4,091	8,626
Adjustments for:				
Allowance for impairment loss on doubtful trade receivables written back	-	(74)	(50)	(124)
Amortisation of intangible assets	608	402	1,775	847
Bad trade and other receivables written off	9	17	37	72
Depreciation of plant and equipment	404	357	1,168	963
Interest income	(39)	(36)	(114)	(133)
Interest expense	254	165	696	230
Interest expense on deferred consideration	22	41	65	94
(Gain)/Loss on disposal of plant and equipment	-	(21)	109	(21)
Plant and equipment written off	-	-	87	-
Provisions	-	17	(44)	49
Share of results of associates, net of tax	(6)	(4)	(27)	(49)
Unrealised foreign exchange (gain)/loss, net	(80)	(59)	(130)	(238)
Share based payment expenses	701	68	1,494	204
Operating cash flows before working capital changes	3,057	4,014	9,157	10,520
Working capital changes:				
Trade and other receivables	(9,958)	(16,753)	(13,328)	(25,835)
Prepayments	57	543	(83)	103
Trade and other payables	8,254	12,552	2,920	15,290
Cash generated from operations	1,410	356	(1,334)	78
Income tax paid	(591)	(631)	(1,217)	(1,443)
Net cash generated from /(used in) operating activities	819	(275)	(2,551)	(1,365)

	Three Months Ended		Nine Months Ended	
	30 September 2016 (Unaudited) RM'000	30 September 2015 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	30 September 2015 (Unaudited) RM'000
Investing activities				
Acquisition of subsidiaries, net of cash required	-	(197)	-	(20,566)
Advances to associate	(2)	(33)	(11)	(33)
Advances to third parties	(288)	(1,779)	(1,564)	(6,116)
Dividend received	-	-	60	40
Interest received	40	36	113	130
Payment for deferred consideration to acquire a subsidiary	(180)	(180)	(540)	(540)
Proceeds from disposal of plant and equipment	6	503	34	503
Purchase of plant and equipment	(576)	(1,022)	(1,132)	(2,614)
Purchase of intangible assets	(1,466)	(1,316)	(2,466)	(3,615)
Net cash used in investing activities	(2,466)	(3,988)	(5,506)	(32,811)
Financing activities				
Interest paid	(254)	(165)	(696)	(230)
Repayment to directors	-	(4)	-	(6)
(Repayment of)/proceeds from term loan facility	-	1,581	(3,530)	15,889
Proceeds from revolving credit facility	9,015	6,847	11,371	11,137
Repayments of finance lease payables	(21)	(20)	(63)	(56)
Net cash generated from financing activities	8,740	8,239	7,082	26,734
Net change in cash and cash equivalents	7,093	3,976	(975)	(7,442)
Cash and cash equivalents at beginning of financial period	19,084	22,679	26,447	34,424
Effect of exchange rate changes on cash and cash equivalents	(403)	(639)	302	(966)
Cash and cash equivalents at end of the financial period	25,774	26,016	25,774	26,016

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/ awards 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	-	-	3,620	-	3,620	744	4,364
Other comprehensive income:							
Foreign currency translation differences	-	-	-	(850)	(850)	31	(819)
Total comprehensive income for the financial period	-	-	3,620	(850)	2,770	775	3,545
Contributions by and distributions to owners of the parent							
Exercise of share awards	593	(593)	-	-	-	-	-
Grant of share options/awards	-	1,494	-	-	1,494	-	1,494
Total transactions with owners of the parent	593	901	-	-	1,494	-	1,494
Transactions with non-controlling interests							
Subscription of shares of a subsidiary	-	-	-	-	-	297	297
Total transactions with non-controlling interests	-	-	-	-	-	297	297
Balance as at 30 September 2016	68,685	1,206	16,913	5,791	92,595	2,215	94,810

(Unaudited)	Share capital	Share options/ awards 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	-	-	6,337	-	6,337	672	7,009
Other comprehensive income:							
Foreign currency translation differences	-	-	-	6,952	6,952	144	7,096
Total comprehensive income for the financial period	-	-	6,337	6,952	13,289	816	14,105
Contributions by and distributions to owners of the parent							
Issuance of ordinary shares	16,873	-	-	-	16,873	-	16,873
Grant of share options	-	204	-	-	204	-	204
Total transactions with owners of the parent	16,873	204	-	-	17,077	-	17,077
Transactions with non-controlling interests							
Subscription of shares	-	-	-	-	-	51	51
Total transactions with non-controlling interests	-	-	-	-	-	51	51
Balance as at 30 September 2015	68,092	238	13,013	6,917	88,260	1,197	89,457

**Statement of Changes in Equity
Company**

(Unaudited)	Share capital	Share options/awards reserve	Retained earnings	Currency translation reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	68,092	305	3,025	9,871	81,293
Loss for the financial period	-	-	(1,756)	-	(1,756)
Other comprehensive income: Foreign currency translation differences	-	-	-	64	64
Total comprehensive income for the financial period	-	-	(1,756)	64	(1,692)
Contributions by and distributions to owners of the parent					
Exercise of share awards	593	(593)	-	-	-
Grant of share options/awards	-	1,494	-	-	1,494
Total transactions with owners of the parent	593	901	-	-	1,494
Balance as at 30 September 2016	68,685	1,206	1,269	9,935	81,095

(Unaudited)	Share capital	Share options/awards 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	-	-	235	-	235
Other comprehensive income:					
Foreign currency translation differences	-	-	-	11,987	11,987
Total comprehensive income for the financial period	-	-	235	11,987	12,222
Contributions by and distributions to owners of the parent					
Issuance of ordinary shares	16,873	-	-	-	16,873
Grant of share options	-	204	-	-	204
Total transactions with owners of the parent	16,873	204	-	-	17,077
Balance as at 30 September 2015	68,092	238	966	12,017	81,313

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 1 July 2016	282,413,212	68,380,664
Issuance of new shares ⁽¹⁾	150,368	136,166
Issuance of new shares ⁽¹⁾	190,483	168,580
Balance as at 30 September 2016	282,754,063	68,685,410

Notes:-

- (1) The issuance of new shares is in relation to the vesting of 150,368 share awards on 16 August 2016 and 190,483 share awards on 9 September 2016 respectively under the ZICO Holdings Performance Share Plan ("PSP").

There were 3,500,000 outstanding options (30 September 2015: 3,500,000 options) and 2,595,000 share awards granted under the PSP (30 September 2015: Nil) as at 30 September 2016.

Save for the above, the Company did not have any convertibles or treasury shares as at 30 September 2016 and 30 September 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 30 September 2016	As at 31 December 2015
Total number of issued shares	282,754,063	282,089,177

The Company did not have any treasury shares as at 30 September 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		Nine Months Ended	
	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)
Profit attributable to owners of the parent (RM'000)	726	1,888	3,620	6,337
Weighted average number of ordinary shares in issue (in thousands)	282,291 ⁽¹⁾	275,021	282,291 ⁽¹⁾	275,021
Basic EPS (RM cents)	0.26	0.69	1.28	2.30
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	287,699 ⁽²⁾	278,521 ⁽³⁾	287,699 ⁽²⁾	278,521 ⁽³⁾
Fully diluted EPS (RM cents)	0.25	0.68	1.26	2.28

Note:-

- (1) Adjusted for 664,886 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP as follow:
 - 324,035 shares on 18 May 2016;
 - 150,368 shares on 16 August 2016; and
 - 190,483 shares on 9 September 2016.
- (2) Adjusted for 6,095,000 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 2,595,000 outstanding share awards for the three months and nine months ended 30 September 2016.
- (3) 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 and Nine months ended 30 September 2015.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the
- (a) Current period reported on; and
- (b) Immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	30 September 2016 (Unaudited)	31 December 2015 (Audited)	30 September 2016 (Unaudited)	31 December 2015 (Audited)
NAV (RM'000)	92,595	88,331	81,095	81,293
Number of ordinary shares in issue (in thousands)	282,754	282,089	282,754	282,089
NAV per ordinary share (RM cents)	32.75	31.31	28.68	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 30 September 2016 ("3Q2016") as compared to the three months ended 30 September 2015 ("3Q2015").

Revenue

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

	3Q2016 (RM million)	3Q2015 (RM million)	% change
Advisory and Transactional Services ("ATS")	11.9	8.9	33.7
Management and Support Services business ("MSS")	4.4	5.4	(18.5)
Licensing Services ("LS")	1.5	1.2	25.0
Total	17.8	15.5	14.8

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

Higher revenue from ATS was due to the additional revenue contributions from advisory service on corporate finance under ZICO Capital Pte. Ltd. ("ZICAP"), (ii) the growth in revenue from investor services under B.A.C.S. Private Limited ("B.A.C.S.") in Singapore and business advisory services under ZICO Labuan LLP in Malaysia.

The Management and Support Services ("MSS") segment's revenue decreased 18.5% to RM4.4 million in 3Q2016, due to a revision of fees in 3Q2015 which did not recur in 3Q2016.

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

The interest income increased by RM3,000 due to interest income earned from the time deposit placed by the Company.

Other income

Other income in 3Q2016 decreased by RM0.1 million mainly due to lower management fee billed.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM0.3 million 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 the corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. ("ZSCS"), Finova Singapore Pte Ltd ("FINOVA") and ZICO BPO Pte Ltd ("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. Employee benefits expense increased significantly by RM3.6 million mainly due to the following:

- (a) increase in headcount in ATS which was attributed by the new businesses, such as ZICAP which commenced operations in July 2016;
- (b) increase in headcount of experienced management personnel in the Company, as investment for future growth of the Group; and
- (c) additional share based payment expenses of RM0.7 million in 3Q2016 arising from the grant of share awards to employees of the Group under the PSP in 2016.

Operating lease expenses

Operating lease expenses increased by RM0.6 million mainly due to new business under ATS, rental of office premises for ZICAP and ZICO Asset Management Pte Ltd ("ZAM").

Retainer fees and consultancy fees

Retainer fees and consultancy fees decreased by RM0.9 million mainly due to the decrease in fees incurred by the trust business in Singapore under ZICO Allshores Trust (S) Pte. Ltd.

Other expenses

Other expenses were higher by RM0.6 million mainly due to the higher disbursement expenses incurred by B.A.C.S as well as the new businesses under ATS, ZICAP and ZAM.

Finance Costs

Finance costs increased by RM70,000 mainly due to the interests incurred from the additional revolving credit facility taken up by the Group for expansion of its business.

Share of associates results

Share of associate results higher by RM2,000 mainly due to higher income generated by the associate.

Profit before income tax

Profit before income tax was lower by RM2.0 million mainly due to higher expenses incurred by the Group as indicated above.

Income tax expense

Income tax expenses reduced by RM0.9 million in 3Q2016 mainly due to recognition of deferred tax assets for the unutilised tax losses of several subsidiaries and lower tax expenses incurred on the lower profit before income tax.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 30 September 2016 and 31 December 2015.

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 2015, and partially offset by the renovation of new offices for ATS and the additions of computer hardware for MSS.

Intangible assets decreased by RM0.2 million mainly due to (i) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S. and FINOVA, BPO, 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, and partially offset by the additions of computer software for MSS.

Investment in associates decreased by RM33,000 mainly due to the dividend income received, offset by the share of associate's profit in the nine months ended 30 September 2016 ("9M2016").

Investments remain unchanged at RM30,000.

Deferred tax assets increased by RM1.8 million 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 RM3.0 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 RM17.5 million mainly due to the additional billings recognized at the end of September 2016 by ATS, MSS and LS.

Prepayments increased by RM83,000 mainly due to the prepayment of information technology software maintenance expenses incurred by MSS in 9M2016.

Current income tax recoverable increased by RM149,000 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 RM0.7 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) increased by RM0.3 million mainly due to the receipt of additional clients' monies held in trust towards end of September 2016.

Non-current liabilities

The decrease in non-current interest bearing liabilities by RM4.1 million was mainly due to the repayment of term loan in 9M2016 and the translation of term loan and revolving credit at different closing rate as compared to 31 December 2015.

The decrease in other payables by RM0.5 million was mainly due to progressive repayment of other payables in relation to the acquisition of ZICO Corporate Services Sdn Bhd ("ZCSSB") in January 2012.

The decrease in provisions by RM44,000 was mainly due to the reversal of provision for reinstatement costs and the translation of 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 increased by RM1.4 million mainly due to client monies received by a subsidiary entity for a corporate exercise which will be paid out later.

Current interest bearing liabilities increased by RM12.1 million mainly due to the additional drawdown of revolving credit facility, the translation of term loan and revolving credit at different closing rate as compared to 31 December 2015 and offset by repayment for the finance lease payables.

Deferred revenue increased by RM1.1 million mainly due to increased billings to the clients under the corporate secretarial businesses.

The provision for leave benefits remains unchanged at RM60,000.

The increase in current income tax payable by RM0.5 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 generated from operating activities of RM0.8 million in 3Q2016 was mainly due to the profit before income tax of RM1.2 million, partially offset by (i) increase in trade and other receivables as a result of additional billings recognized at the end of 3Q2016, and (ii) decrease in trade and other payables due to cash disbursement received from client.

Net cash used in investing activities of RM2.5 million in 3Q2016 was mainly due to the purchase of intangible assets as well as plant and equipment in 3Q2016 and progressive repayment of other payables in relation to the acquisition of ZCSSB.

Net cash generated from financing activities of RM8.7 million in 3Q2016 was mainly due to repayment of term loan facility and offset by additional drawdown of revolving credit facility for working capital purposes.

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 recognize the headwinds posed by the challenging economic outlook, volatile capital and foreign exchange markets, and uncertainties in international trade. However, we remain positive about the long term and continue to opportunistically invest resources in pursuing growth both organically and through acquisitions of 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 3Q2016.

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 3Q2016.

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	7,209	791
Capital expenditure on information technology infrastructure	1,000	970	30
General working capital	3,521	3,521 ⁽¹⁾	-
Listing expenses	1,879	1,879	-
Total	14,400	13,579	821

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 30 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

14 November 2016