

ZICO HOLDINGS INC.

(Company Registration No. LL07968)

**Unaudited Financial Statements and Dividend Announcement
For the Financial Year Ended 31 December 2019**

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		
	Full Year Ended		
	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	Change %
Revenue	77,834	90,092	(13.6)
Other items of income			
Interest income	2,271	1,828	24.2
Other income	4,577	3,154	45.1
	84,682	95,074	(10.9)
Other gains and losses			
Others	(4,431)	(621)	613.5
Loss allowance on trade and other receivables	(147)	(2,212)	(93.4)
	80,104	92,241	(13.2)
Items of expense			
Amortisation and depreciation expenses	(11,718)	(5,217)	124.6
Employee benefits expense	(54,929)	(51,510)	6.6
Operating lease expenses	(229)	(5,655)	96.0
Retainer fees and consultancy fees	(6,820)	(6,239)	9.3
Other expenses	(13,204)	(14,192)	(7.0)
Finance costs	(3,740)	(2,429)	54.0
	(90,640)	(85,242)	5.3
	(10,536)	6,999	(250.5)
Share of results of associates, net of tax	14	33	(57.6)
Share of results of joint venture, net of tax	2,021	1,500	34.7
(Loss)/profit before income tax	(8,501)	8,531	(199.6)
Income tax refund/(expense)	649	(2,707)	(124.0)
(Loss)/profit for the financial year	(7,852)	5,825	(234.8)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	(2,907)	782	471.7
	(2,907)	782	471.7
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value losses on financial assets, at FVOCI	(723)	(1,403)	48.5
Foreign currency translation differences	(207)	(132)	(56.8)
Other comprehensive loss for the financial year, net of tax	(3,837)	(753)	409.6
Total comprehensive (loss)/income for the financial year	(11,689)	5,072	(330.5)
Profit attributable to:			
Owners of the parent	(7,659)	3,260	(334.9)
Non-controlling interests	(193)	2,565	(107.5)
	(7,852)	5,825	(234.8)
Total comprehensive income attributable to:			
Owners of the parent	(11,289)	2,779	(506.2)
Non-controlling interests	(400)	2,293	(117.4)
	(11,689)	5,072	(330.5)

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

Profit for the financial year is stated after charging/(crediting) the following:	Full Year Ended	
	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
<i>Other gains and (losses)</i>		
Trade and other receivables written off	(131)	(319)
Loss on disposal of financial assets at OCI	(21)	-
Loss on disposal of subsidiaries	(4,447)	-
Loss on disposal of plant and equipment	-	(134)
Unrealised foreign exchange gain, net	281	599
Realised foreign exchange loss, net	(113)	(552)
Intangible assets written back	-	49
Intangible assets written off	-	(264)
<i>Amortisation and depreciation expenses</i>		
Amortisation of intangible assets	3,482	3,927
Depreciation of plant and equipment	1,452	1,290
Depreciation of right-of-use assets	6,784	-
<i>Employee benefits expense</i>		
Share based payment expenses	1,062	2,191
<i>Operating lease expenses</i>		
Rental of premises	140	5,590
Rental of accommodation	89	65
<i>Other expenses/(Other income)</i>		
Intangible assets written off	-	264
Intangible assets written back	-	(49)
Loss on disposal of plant and equipment	-	134
Plant and equipment written off	-	4
<i>Income tax expense</i>		
(Over)/under provision of income tax expense in respect of prior year	(214)	87

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 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	4,929	6,571	70	84
Right-of-use assets	12,274	-	887	-
Intangible assets	36,259	62,847	1,742	2,264
Subsidiaries	-	-	39,028	64,581
Associates	17	28	2	2
Joint venture	12,897	10,856	9,342	9,356
Investments	2,085	2,410	-	-
Deferred income tax assets	7,520	4,645	-	-
Trade and other receivables	34,537	4,611	62,320	36,235
	110,518	91,968	113,391	112,522
Current assets				
Trade and other receivables	64,438	96,518	48,145	43,539
Prepayments	409	1,154	59	401
Current income tax recoverable	620	831	-	1
Cash and cash equivalents	19,423	15,956	233	841
Other current assets	4,065	6,759	5	5
	88,955	121,218	48,442	44,787
Total assets	199,473	213,186	161,833	157,309
EQUITY AND LIABILITIES				
Equity				
Share capital	94,328	84,132	94,328	84,132
Retained earnings	16,157	25,705	15,528	3,491
Share based-reserve	2,882	3,294	2,882	3,294
Currency translation reserve	922	3,637	10,112	9,908
Fair value reserve	(2,018)	(1,295)	-	-
Equity attributable to owners of the parent	112,271	115,473	122,850	100,825
Non-controlling interests	(1,618)	552	-	-
Total equity	110,653	116,025	122,850	100,825
Non-current liabilities				
Interest-bearing liabilities	2,922	3,584	2,922	3,582
Lease liabilities	8,471	-	470	-
Provisions	235	129	-	-
Deferred income tax liabilities	1,470	1,830	-	-
	13,098	5,543	3,392	3,582
Current liabilities				
Trade and other payables	20,482	25,447	1,147	10,759
Interest-bearing liabilities	44,513	56,124	33,992	42,143
Lease liabilities	5,312	-	446	-
Contracted liabilities	2,756	6,917	-	-
Provisions	20	20	-	-
Current income tax payable	2,639	3,110	6	-
	75,722	91,618	35,591	52,902
Total liabilities	88,820	97,161	38,983	56,484
Total equity and liabilities	199,473	213,186	161,833	157,309

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 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
49,825	-	56,124	-

Amount repayable after one year

As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
11,393	-	3,584	-

Details of any collateral

The secured borrowings comprised:

	As at 31 December 2019 (Unaudited) RM'000	As at 31 December 2018 (Audited) RM'000	Secured by
Finance lease facilities	2	48	RM2,000 mortgage over the leased motor vehicles.
Term loan	3,417	3,643	1) Letter of undertaking by A director; and 2) Assignment of dividends due to the Company by a subsidiary
Revolving credit	35,543	47,517	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	8,473	8,500	Corporate guarantee by a subsidiary
Lease liabilities	13,783	-	Secured over the rights and benefits to lease the office units
	<u>61,218</u>	<u>59,708</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

	Full Year Ended	
	31 December 2019	31 December 2018
	(Unaudited)	(Audited)
	RM'000	RM'000
Operating activities		
(Loss) / Profit before income tax	(8,501)	8,532
Adjustments for:		
Loss allowance on trade and other receivables	147	2,212
Amortisation of intangible assets	3,482	3,927
Trade and other receivables written off	131	319
Depreciation of plant and equipment	1,452	1,290
Depreciation of right-of-use	6,784	-
Intangible assets written off	-	264
Intangible assets written back	-	(49)
Interest income	(2,271)	(1,828)
Interest expense	3,740	2,138
Loss on disposal of subsidiaries	4,447	-
Loss on disposal of financial assets at OCI	21	-
Loss/(gain) on disposal of plant and equipment	-	134
Plant and equipment written off	-	4
Provisions	107	(18)
Share of results of associates, net of tax	(14)	(33)
Share of results of joint venture, net of tax	(2,021)	(1,500)
Unrealised foreign exchange (gain)/loss, net	(281)	(599)
Share based payment expenses	1,062	2,191
Operating cash flows before working capital changes	8,285	16,984
Working capital changes:		
Trade and other receivables	(547)	(9,271)
Prepayments	407	527
Trade and other payables	1,144	(1,091)
Cash generated from operations	9,289	7,149
Income tax paid	(2,362)	(3,140)
Net cash generated from operating activities	6,927	4,009

	Full Year Ended	
	31 December 2019	31 December 2018
	(Unaudited)	(Audited)
	RM'000	RM'000
Investing activities		
Acquisition of subsidiary, net of cash acquired	-	627
Acquisition of joint venture, net of cash acquired	-	(9,162)
Advances to associate	(2,621)	(5,535)
Repayment from / (Advances to) third parties	1,054	(1,656)
Dividend received	25	30
Disposal of a subsidiary, net of cash disposed of	12,615	-
Interest received	468	288
Proceeds from disposal of FVOCI	164	-
Proceeds from disposal of plant and equipment	-	2
Purchase of plant and equipment	(133)	(923)
Purchase of intangible assets	(91)	(1,198)
Net cash generated from / (used in) investing activities	11,481	(17,527)
Financing activities		
Interest paid	(2,658)	(2,138)
Issuance of ordinary shares	9,030	-
Dividends paid to non-controlling interests	(1,770)	(1,744)
Proceeds from / (Repayment of) term loan facility	3,060	(5,490)
(Repayment of) / Proceeds from revolving credit facility	(14,930)	12,223
Repayments of finance lease payables	(47)	(57)
Repayments of lease liabilities	(7,623)	-
Net cash (used in) / generated from financing activities	(14,938)	2,794
Net change in cash and cash equivalents	3,470	(10,724)
Cash and cash equivalents at beginning of financial year	7,456	18,340
Effect of exchange rate changes on cash and cash equivalents	24	(160)
Cash and cash equivalents at end of the financial year	10,950	7,456

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 2019	84,132	3,294	25,705	3,637	(1,295)	115,473	552	116,025
Adoption of IFRS 16	-	-	(1,343)	-	-	(1,343)	-	(1,343)
	84,132	3,294	24,362	3,637	(1,295)	114,130	552	114,682
Loss for the financial year	-	-	(7,659)	-	-	(7,659)	(193)	(7,852)
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(723)	(723)	-	(723)
Foreign currency translation differences	-	-	-	(2,907)	-	(2,907)	(207)	(3,114)
Total comprehensive income/(loss) for the financial year	-	-	(7,659)	(2,907)	(723)	(11,289)	(400)	(11,689)
Contributions by and distributions to owners of the parent								
Issuance of ordinary shares	9,030					9,030	-	9,030
Exercise of share awards	1,166	(1,166)	-	-	-	-	-	-
Grant of share awards	-	1,062	-	-	-	1,062	-	1,062
Impact on disposal of subsidiaries	-	(308)	(546)	192	-	(662)	-	(662)
Total transactions with owners of the parent	10,196	(412)	(546)	192	-	9,430	-	9,430
Transactions with non-controlling interests								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,770)	(1,770)
Total transactions with non-controlling interests	-	-	-	-	-	-	(1,770)	(1,770)
Balance as at 31 December 2019	94,328	2,882	16,157	922	(2,018)	112,271	(1,618)	110,653

(Audited)	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
Adoption of IFRS 9	-	-	(791)	-	-	(791)	-	(791)
	82,592	2,643	22,445	2,855	(32)	110,503	2,269	112,772
Profit for the financial year	-	-	3,260	-	-	3,260	2,565	5,825
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(1,263)	(1,263)	(140)	(1,403)
Foreign currency translation differences	-	-	-	782	-	782	(132)	650
Total comprehensive income/(loss) for the financial year	-	-	3,260	782	(1,263)	2,779	2,293	5,072
Contributions by and distributions to owners of the parent								
Exercise of share awards	1,540	(1,540)	-	-	-	-	-	-
Grant of share awards	-	2,191	-	-	-	2,191	-	2,191
Total transactions with owners of the parent	1,540	651	-	-	-	2,191	-	2,191
Transactions with non-controlling interests								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,744)	(1,744)
Subscription of shares of a subsidiary	-	-	-	-	-	-	(2,266)	(2,266)
Total transactions with non-controlling interests	-	-	-	-	-	-	(4,010)	(4,010)
Balance as at 31 December 2018	84,132	3,294	25,705	3,637	(1,295)	115,473	552	116,025

**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 2019	84,132	3,294	3,491	9,908	100,825
Adoption of IFRS 16	-	-	(8)	-	(8)
	84,132	3,294	3,483	9,908	100,817
Profit for the financial year	-	-	12,045	-	12,045
Other comprehensive loss:					
Foreign currency translation differences	-	-	-	204	204
Total comprehensive income for the financial year	-	-	12,045	204	12,249
Contributions by and distributions to owners of the parent					
Issuance of ordinary shares	9,030	-	-	-	9,030
Exercise of share awards	1,166	(1,166)	-	-	-
Grant of share awards	-	1,062	-	-	1,062
Impact on disposal of subsidiaries	-	(308)	-	-	(308)
Total transactions with owners of the parent	10,196	(412)	-	-	9,784
Balance as at 31 December 2019	94,328	2,882	15,528	10,112	122,850

(Audited)	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
Adoption of IFRS 9	-	-	(221)	-	(221)
	82,592	2,643	1,153	9,778	96,166
Profit for the financial year	-	-	2,338	-	2,338
Other comprehensive loss:					
Foreign currency translation differences	-	-	-	130	130
Total comprehensive income for the financial year	-	-	2,338	130	2,468
Contributions by and distributions to owners of the parent					
Exercise of share awards	1,540	(1,220)	-	-	320
Grant of share awards	-	1,871	-	-	1,871
Total transactions with owners of the parent	1,540	651	-	-	2,191
Balance as at 31 December 2018	84,132	3,294	3,491	9,908	100,825

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 2019	301,569,463	84,131,694
Issue of new ordinary shares ⁽¹⁾	1,006,309	424,086
Issue of new ordinary shares ⁽²⁾	20,000,000	9,030,600
Issue of new ordinary shares ⁽³⁾	771,653	351,492
Issue of new ordinary shares ⁽⁴⁾	903,317	390,470
Balance as at 31 December 2019	324,250,742	94,328,342

Notes:-

- (1) The issuance of new shares is in relation to the vesting of 788,352 share awards and 217,957 new shares pursuant to the New Awards on 21 March 2019 under the ZICO Holdings Performance Share Plan ("PSP").
- (2) The issuance of new 20,000,000 shares in respect of placement of shares on 25 March 2019.
- (3) The issuance of new shares is in relation to the vesting of 771,653 share awards new shares pursuant to the New Awards on 22 April 2019 under the ZICO Holdings Performance Share Plan ("PSP").
- (4) The issuance of new shares is in relation to the vesting of 903,317 share awards new shares pursuant to the New Awards on 21 May 2019 under the ZICO Holdings Performance Share Plan ("PSP").

There were 3,500,000 outstanding options (31 December 2018: 3,500,000 options) and 2,785,045 share awards granted but unvested under the PSP as at 31 December 2018 (31 December 2018: 5,391,703).

Save for the above, the Company did not have any convertibles or treasury shares as at 31 December 2019 and 31 December 2018.

The Company did not have any subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 December 2019	As at 31 December 2018
Total number of issued shares	324,250,742	301,569,463

The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

1(d)(iv) A statement showing all sales, transfers,, 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

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

The Group's financial statements for the financial year ended 31 December 2019 was prepared in accordance with the International Financial Reporting Standards ("IFRSs"). The Group has performed a detailed analysis of the transition options and other requirements of IFRSs and has determined that there are no changes to the Group's current accounting policies under the IFRSs or material adjustments on the initial transition to the new framework.

Other than the adoption of the new IFRSs, amendments and interpretations of IFRSs which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting year as compared to the most recent audited financial statements.

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

Please refer to paragraph 4 above.

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**

	Group	
	Full Year Ended	
	31 December 2019 (Unaudited)	31 December 2018 (Audited)
Earnings per share ("EPS")		
(Loss)/profit attributable to owners of the parent (RM'000)	(7,659)	3,260
Weighted average number of ordinary shares in issue (in thousands)	318,904 ⁽¹⁾	300,941 ⁽²⁾
Basic EPS (RM cents)	(2.40)	1.08
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	323,072 ⁽³⁾	305,688 ⁽⁴⁾
Fully diluted EPS (RM cents)	(2.37)	1.07

Note:-

- (1) Adjusted for 2,463,322 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP.
 - 788,352 shares on 21 March 2019
 - 771,653 shares on 22 April 2019
 - 903,317 shares on 21 May 2019

and; the issuance of new 217,957 shares pursuant to the New Award under the PSP on 21 March 2019; and subscription of 20,000,000 placement shares on 25 March 2019.
- (2) Adjusted for 2,152,023 ordinary shares allotted and issued pursuant to the vesting of share awards under the PSP.
 - 811,656 shares on 21 March 2018
 - 799,985 shares on 23 April 2018
 - 540,382 shares on 21 May 2018
- (3) Adjusted for 6,285,045 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 2,785,045 outstanding share awards as at 31 December 2019.
- (4) Adjusted for 8,891,703 ordinary shares which may be allotted and issued upon the exercise of 3.5 million outstanding options and vesting of 5,391,703 outstanding share awards for the full year ended 31 December 2018.

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 December 2019 (Unaudited)	31 December 2018 (Audited)	31 December 2019 (Unaudited)	31 December 2018 (Audited)
NAV (RM'000)	112,271	115,473	122,850	100,825
Number of ordinary shares in issue (in thousands)	324,251	301,569	324,251	301,569
NAV per ordinary share (RM cents)	34.62	38.29	37.89	33.43

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 full year ended 31 December 2019 ("FY2019") as compared to the full year ended 31 December 2018 ("FY2018").

Revenue

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

	FY2019 (RM million)	FY2018 (RM million)	% change
Advisory and Transactional Services ("ATS")	65.5	69.2	(5.3)
Management and Support Services Business & Licensing Services ("MSSL")	12.3	20.9	(41.1)
Total	77.8	90.1	(13.7)

The decrease in the Group's revenue was due to the lower revenue from ATS segments, mainly resulted from lower revenue contribution from capital market activities. Capital market activities, including initial public offerings and business advisory activities, have slowed, particularly in Singapore in the periods under review.

The decrease in revenue from MSSL was mainly due to the lower revenue contributions from management and support services under ZICO Knowledge Services Sdn. Bhd. ("ZIKS").

Other items of income

Interest income

Interest income increased by RM0.4 million due to interest income charged on long outstanding trade debtor balances in FY2019.

Other income

Other income increased by RM1.4 million mainly due to higher reimbursement income from client in ZICOLaw Thailand Ltd and corporate secretarial businesses.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM6.5 million mainly due to certain assets being fully amortised and depreciated; and the impact on adoption of IFRS16 Leases.

Employee benefits expense

Employee benefits expense increased by RM3.4 million mainly due to higher employee benefits expenses in ZICOLaw Thailand (“ZTL”) as a results of acquisition of ZTL in 3Q2018 and the additional headcount by ZICO Trust (S) Ltd (“ZAT”) due to expansion of business.

Operating lease expenses

Operating lease expenses decreased by RM5.4 million mainly due to the impact on adoption of IFRS16 Leases and acquisition of ZTL in 3Q2018 (RM0.4 million).

Retainer fees and consultancy fees

Retainer fees and consultancy fees had increased by RM0.6 million mainly due to higher consultancy fees incurred by ZICOInsource Sdn. Bhd.

Other losses

Other losses increased by RM3.8 million mainly due to loss on disposal of Finova Singapore Pte. Ltd. (“Finova”) and ZICO BPO Pte. Ltd. (“BPO”)

Loss allowance on trade and other receivables

The loss on allowance on trade and other receivables is lower by RM2.1 million due to recoverability of debts during the year under review.

Other expenses

Other expenses decreased by RM1.0 million mainly due lower reimbursable expenses incurred by B.A.C.S. Pte. Ltd. (“B.A.C.S.”).

Finance Costs

Finance costs increased by RM1.3 million mainly due to the interests incurred from the bank overdraft and revolving credit facilities taken up by the Group for its business expansion. Out of RM1.3 million, RM1.1 million was due to the impact on adoption of IFRS16 Leases; being impact of discounting effect on lease liabilities.

Share of associates results

Share of associate results decreased by RM19k mainly due to lower income generated by the associate.

Share of joint venture results

Share of joint venture results is higher by RM0.5 million mainly due to higher income generated by a joint venture company.

Profit before income tax

Profit before income tax was lower by RM17.0 million mainly due to loss on disposal of Finova and BPO, and lower revenue generated by the Group and set-off by higher expenses as indicated above.

Income tax credit/ (expense)

Income tax credit increased by RM3.4 million in FY2019 mainly due to higher deferred tax assets recognized for the unutilised tax losses of the subsidiaries.

Fair value losses on financial assets at OCI

The fair value losses on financial assets were due to the fair value adjustment resulting from the revaluation of available-for-sale investments.

Foreign currency translation difference

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

Profit for the financial year

Profit for the financial year was lower by RM13.7 million mainly due to i) non-recurring loss on disposal of Finova and BPO; ii) lower revenue generated by the Group in Q4 2019 due to reasons stated in the revenue section on page 15; and iii) significant increase in headcount specifically for ZICO Trust (Singapore) Ltd which has been granted a capital markets services license by the Monetary Authority of Singapore to conduct the regulated activity of providing custodial services. These were offset by higher income tax credit as indicated above.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 31 December 2019 and 31 December 2018.

Non-current assets

Plant and equipment decreased by RM1.6 million mainly due to (i) depreciation charge for the current financial period and (ii) translation of plant and equipment at different closing rate as compared to 31 December 2018.

Right-of-use assets increased by RM12.3 million (100%) mainly due to the Company adopting IFRS16 using the modified retrospective method with no restatement of comparative information.

Intangible assets decreased by RM28.2 million mainly due to (i) derecognition of goodwill and identifiable assets for the disposal of Finova and BPO; (ii) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S., as well as the corporate secretarial portfolio under ZICO-Stamford Corporate Services Pte. Ltd. at a different closing rate as compared to 31 December 2018; and (iii) amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates decreased by RM11k mainly due to the share of associate's profit offset by the dividend income received in FY2019.

Investment in a joint venture increased by RM2.0 million mainly due to the share of joint venture's profit during the current financial period ended 31 December 2019.

Investments decreased by RM0.3 million mainly due to the disposal of investment in shares and fair value adjustments of shares held by ZICO Capital Pte. Ltd. ("ZICAPSG").

Deferred tax assets increased by RM2.9 million mainly due to recognition of deferred tax assets for the unutilised tax losses of certain subsidiaries.

The non-current trade and other receivables increased by RM29.9 million due to the reclassification of the long term portion of a repayment plan entered into with certain trade debtors.

Current assets

Current trade and other receivables decreased by RM32.1 million mainly due to the higher repayment received from receivables during the current financial period.

Prepayments decreased by RM0.7 million mainly due to amortisation of consultancy fee incurred and insurance.

Current income tax recoverable decreased by RM0.2 million mainly due to tax refunds received from Malaysia tax authorities.

Cash and cash equivalents increased by RM3.5 million mainly due to proceeds from the placement exercise and the disposal of subsidiaries; and offset with the 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 RM2.7 million mainly due to the disbursement of monies held in trust for clients during financial period ended 31 December 2019.

Non-current liabilities

The decrease in non-current interest-bearing liabilities by RM0.7 million was mainly due to the repayment for the term loan facilities in FY2019.

Lease liabilities increased by RM8.5 million (100%) mainly due to the Company adopting IFRS16 using the modified retrospective method with no restatement of comparative information.

The increase in the provisions by RM0.1 million was mainly due to the provision for retirement benefit of PT ZICO Konsultan Indonesia.

The decrease in deferred tax liabilities (“DTL”) by RM0.3 million was mainly due to the reversal of deferred tax liabilities on amortisation of identifiable intangible assets pursuant to the disposal of Finova and BPO.

Current liabilities

Trade and other payables decreased by RM5.0 million mainly due to disposal of Finova and BPO, and reduction in client’s monies held in trust during financial period ended 31 December 2019.

Current interest-bearing liabilities decreased by RM11.6 million mainly due to the repayment for the term loan facilities and the finance lease payables.

Lease liabilities increased by RM5.3 million (100%) mainly due to the Company adopting IFRS16 using the modified retrospective method with no restatement of comparative information.

Contracted liabilities decreased by RM4.2 million mainly due to disposal of Finova and BPO and decreased billings to the clients under the corporate secretarial and trust business and offset with the translation of deferred revenue at a different closing rate as compared to 31 December 2018.

There is no movement on the provision for leave benefits as compared to 31 December 2018.

The decrease in current income tax payable by RM0.5 million was mainly due to the provision of tax on profits generated being lower as compared to tax installment payments.

Consolidated Statement of Cash Flow

The net cash generated from operating activities of RM6.9 million in FY2019 was mainly due to the loss before income tax of RM8.5 million that is offset by increase in trade and other payables towards end of December 2019.

Net cash generated from investing activities of RM11.5 million in FY2019 was mainly due to the proceeds received from the disposal of Finova and BPO, repayment from third parties and interest received.

Net cash used in financing activities of RM14.9 million in FY2019 was mainly due to repayment of revolving credit facilities and lease liabilities, offset by the placement proceeds.

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.

Uncertainty in US-China trade relations have continued to affect the professional services sector in the ASEAN region. This is reflected in the lower revenue contribution and earnings from the Group's capital markets, corporate and other services, especially in Singapore. The Covid-19 health situation is expected to have ripple effects and severely affect many sectors in the region in the coming months. Hence, we expect the current business environment to remain challenging in the near future.

On 16 October 2019, ZICO Trust (Singapore) Ltd was granted a capital markets services license by the Monetary Authority of Singapore to conduct the regulated activity of providing custodial services. This subsidiary increased its resources significantly in FY2019 to prepare for growth opportunities in the provision of custodial services. The Group believes that services related to trust and estate planning and related wealth management and fund management, as well as financial services will grow in Singapore.

Barring unforeseen circumstances and notwithstanding uncertainties outlined above, the Group will continue its efforts to improve its performance in FY2020.

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 for the reason(s) for the decision.

No dividend has been declared or recommended for FY2019 in view of the current phase of growth and the need to consolidate cash resources for business purposes.

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 FY2019.

IPT below S\$100,000 comprise the following:

- 1) Payment to Mr Stephen Arthur Maloy of S\$24,950 per quarter under a consulting agreement which completed on 30 September, 2019, as disclosed in the Company's corporate governance report. Refer to the Company's annual report 2018, page 41.
- 2) Advances to the Company's associated entity ShakeUp Online Sdn Bhd ("Shakeup") for operational requirements. Each transaction is below S\$100,000. Shakeup is an interested person under Chapter 9 of the Catalist Rules, as it is an associate of Mr Chew Liong Kim, a director of the Company. He holds 80% equity interest in Shakeup.

14. Use of IPO proceeds

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

15. Use of Placement proceeds

As announced on 13 May 2019, the proceeds from placement exercise announced on 14 March 2019 and completed on 25 March 2019 have been fully utilised. The utilisation is consistent with the announcement on 13 May 2019.

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. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Elimination RM'000	Total RM'000
FY2019				
Revenue				
External revenue	65,526	12,308	-	77,834
Inter-segment revenue	4,372	6,431	(10,803)	-
	<u>69,898</u>	<u>18,739</u>	<u>(10,803)</u>	<u>77,834</u>
Results				
Segment profit	8,326	(5,159)	-	3,167
Interest income	1,739	532	-	2,271
Finance costs	<u>(3,474)</u>	<u>(266)</u>	<u>-</u>	<u>(3,740)</u>
	<u>6,591</u>	<u>(4,893)</u>	<u>-</u>	<u>1,698</u>
Unallocated expenses				(12,234)
Share of results of associates, net of tax				14
Share of results of joint venture, net of tax				<u>2,021</u>
Profit before income tax				(8,501)
Income tax expenses				<u>649</u>
Profit for the financial year				<u>(7,852)</u>

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Total RM'000
Non-cash items			
Loss allowance on trade and other receivables	147	-	147
Amortisation of intangible assets	801	2,112	2,913
Bad trade and other receivables written off	131	-	131
Depreciation of plant and equipment	1,041	386	1,427
Depreciation of right-of-use assets	5,760	1,024	6,784
Share-based payment expenses	343	230	573
Unrealised foreign exchange gain, net	(247)	-	(247)
Unallocated non-cash item			
Amortisation of intangible assets	-	-	569
Depreciation of plant and equipment	-	-	25
Share-based payment expenses	-	-	489
Unrealised foreign exchange gain, net	-	-	(34)
Capital expenditure			
Plant and equipment	112	21	133
Intangible assets	47	44	91
As at 31 December 2019			
Assets and Liabilities			
Segment assets	116,488	62,644	179,132
-Current income tax recoverable	264	356	620
-Deferred tax assets	4,696	2,824	7,520
	<u>121,448</u>	<u>65,824</u>	<u>187,272</u>
Unallocated assets			<u>12,201</u>
			<u>199,473</u>
Segment liabilities	34,717	11,860	46,577
- Current income tax payable	2,639	-	2,639
- Deferred tax liabilities	1,028	442	1,470
	<u>38,384</u>	<u>12,302</u>	<u>50,686</u>
Unallocated liabilities			<u>38,134</u>
			<u>88,820</u>

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Elimination RM'000	Total RM'000
FY2018				
Revenue				
External revenue	69,148	20,944	-	90,092
Inter-segment revenue	1,749	6,703	(8,452)	-
	<u>70,897</u>	<u>27,647</u>	<u>(8,452)</u>	<u>90,092</u>
Results				
Segment profit	15,498	2,044	-	17,542
Interest income	231	1,547	-	1,778
Finance costs	(355)	(261)	-	(616)
	<u>15,374</u>	<u>3,330</u>	<u>-</u>	<u>18,704</u>
Unallocated expenses				(11,705)
Share of results of associates, net of tax				33
Share of results of joint venture, net of tax				<u>1,500</u>
Profit before income tax				8,532
Income tax expenses				<u>(2,707)</u>
Profit for the financial year				<u>5,825</u>

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Total RM'000
Non-cash items			
Allowance for impairment loss on trade receivables	2,102	110	2,212
Amortisation of intangible assets	1,535	2,342	3,877
Bad trade and other receivables written off	319	-	319
Depreciation of plant and equipment	846	397	1,243
Loss on disposal of plant and equipment	134	-	134
Plant and equipment written off	4	-	4
Provisions	(18)	-	(18)
Share-based payment expenses	659	162	821
Intangible assets written off	264	-	264
Intangible assets written back	(49)	-	(49)
Unrealised foreign exchange gain, net	(498)	126	(372)
Unallocated non-cash item			
Amortisation of intangible assets	-	-	50
Depreciation of plant and equipment	-	-	47
Share-based payment expenses	-	-	1,370
Unrealised foreign exchange gain, net	-	-	(227)
Capital expenditure			
Plant and equipment	923	-	923
Intangible assets	3,391	2,997	6,388
As at 31 December 2018			
Assets and Liabilities			
Segment assets	113,427	73,326	186,753
-Current income tax recoverable	698	121	819
-Deferred tax assets	2,550	2,095	4,645
	116,675	75,542	192,217
Unallocated assets			20,969
			213,186
Segment liabilities	34,962	7,495	42,457
- Current income tax payable	2,376	734	3,110
- Deferred tax liabilities	1,388	442	1,830
	38,726	8,671	47,397
Unallocated liabilities			49,764
			97,161

Geographical

Singapore	Malaysia	Thailand	Indonesia	China	Hong Kong	United States of America	Others	Elimination	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

FY 2019

External revenue	25,910	21,428	2,591	6,567	845	1,357	793	18,343	-	77,834
Inter-segment revenue	867	6,707	-	-	-	-	-	3,229	(10,803)	-
	26,777	28,135	2,591	6,567	845	1,357	793	21,572	(10,803)	77,834
Non-current assets	50,515	58,380	349	715	-	-	-	559	-	110,518

Geographical

Singapore	Malaysia	Thailand	Indonesia	China	Hong Kong	United States of America	Others	Elimination	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

FY 2018

External revenue	31,384	26,763	2,620	10,337	1,212	3,886	687	13,203	-	90,092
Inter-segment revenue	5,324	1,708	576	25	-	-	-	819	(8,452)	-
	36,708	28,471	3,196	10,362	1,212	3,886	687	14,022	(8,452)	90,092
Non-current assets	66,842	17,866	3,444	845	-	-	-	2,971	-	91,968

- 18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

As disclosed in paragraph 8 above.

- 19. A breakdown of sales as follows:**

	Group		
	FY2019 (Unaudited) RM'000	FY2018 (Audited) RM'000	Increase / (Decrease) %
(a) Sales reported for first half year	42,787	44,922	(4.8)
(b) Profit after tax before deducting non-controlling interest reported for first half year	2,003	5,052	(60.4)
(c) Sales reported for second half year	35,047	45,170	(22.4)
(d) Profit after tax before deducting non-controlling interest reported for second half year	(9,855)	773	(1,374.9)

- 20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

No dividend has been declared or recommended for the current financial year reported in, as well as the previous financial year.

- 21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

28 February 2020

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., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. 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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