ZICO HOLDINGS INC.
(Company Registration No. LL07968)

Unaudited Financial Statements and Dividend Announcement
For the Financial Period Ended 30 June 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			Group		
	Three Months Ended			Six Months Ended		
	30 June 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	Change %	30 June 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	Change %
Revenue	21,887	24,620	(11.1)	42,787	44,922	(4.8)
Other items of income						
Interest income	109	89	22.5	635	107	493.5
Other income	1,086	316	243.7	2,620	972	169.5
	23,082	25,025	(7.8)	46,042	46,001	0.1
Other gains and losses						
Others	88	(8)	(1,200)	(350)	(195)	79.5
Gain allowance on trade and other receivables	244	106	130.2	159	131	21.4
	23,414	25,123	(6.8)	45,851	45,937	(0.2)
Items of expense						
Amortisation and depreciation expenses	(1,318)	(1,185)	11.2	(2,626)	(2,364)	11.1
Employee benefits expense	(13,592)	(13,580)	0.1	(27,514)	(25,254)	8.9
Operating lease expenses	(1,663)	(1,303)	27.6	(3,357)	(2,608)	28.7
Retainer fees and consultancy fees	(1,731)	(1,515)	14.3	(3,335)	(2,996)	11.3
Other expenses	(4,326)	(3,722)	16.2	(7,124)	(6,891)	3.38
Finance costs	(903)	(436)	107.1	(1,868)	(788)	137.1
	(23,533)	(21,741)	8.2	(45,824)	(40,901)	12.0
	(119)	3,382	(103.5)	27	5,036	(99.5)
Share of results of associates, net of tax	5	8	(37.5)	5	16	(68.8)
Share of results of joint venture, net of tax	578	-	n.m	1,418	-	n.m
Profit before income tax	464	3,390	(86.3)	1,450	5,052	(71.3)
Income tax credit / (expense)	391	(462)	(184.6)	553	(503)	(209.9)
Profit for the financial period	855	2,928	(70.8)	2,003	4,549	(56.0)

	Group			Group		
	Three Months Ended			Six Months Ended		
	30 June 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	Change %	30 June 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Fair value loss on financial assets, available-for-sale	-	(10)	(100.0)	-	(62)	(100.0)
Foreign currency translation differences	113	1,466	(92.3)	55	(1,966)	(102.8)
	113	1,456	(92.2)	55	(2,028)	(102.7)
Items that will not be reclassified subsequently to profit or loss						
Fair value losses on financial assets, at FVOCI	(285)	-	n.m	(355)	-	n.m
Foreign currency translation differences	(237)	-	n.m	(274)	-	n.m
Other comprehensive loss for the financial year, net of tax	(409)	1,456	(128.1)	(574)	(2,028)	(71.7)
Total comprehensive income for the financial year	446	4,384	(89.8)	1,429	2,521	(43.3)
Profit attributable to:						
Owners of the parent	558	1,765	(68.4)	1,534	2,837	(45.9)
Non-controlling interests	297	1,163	(74.5)	469	1,712	(72.6)
	855	2,928	(70.8)	2,003	4,549	(56.0)
Total comprehensive income attributable to:						
Owners of the parent	242	3,208	(92.5)	1,269	882	43.9
Non-controlling interests	204	1,176	(82.7)	160	1,639	(90.2)
	446	4,384	(89.8)	1,429	2,521	(43.3)

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		Six Months Ended	
	30 June 2019 (Unaudited) RM´000	30 June 2018 (Unaudited) RM´000	30 June 2019 (Unaudited) RM´000	30 June 2018 (Unaudited) RM´000
Other gains and losses				
Trade and other receivables written off	(88)	(80)	(101)	(94)
Loss on disposal of plant and equipment	-	(9)	-	(9)
Unrealised foreign exchange gain/(loss), net	197	108	(178)	29
Realised foreign exchange loss, net	(21)	(27)	(71)	(121)
Amortisation and depreciation expenses				
Amortisation of intangible assets	935	843	1,870	1,683
Depreciation of plant and equipment	383	342	756	681
Employee benefits expense				
Share based payment expenses	298	676	596	961
Operating lease expenses				
Amortisation of right-of-use assets	1,447	-	2,899	-
Rental of premises	198	1,297	422	2,602
Rental of accommodation	18	6	36	6

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

	Group		Company	
	30 June 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	30 June 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	5,996	6,571	77	84
Right-of-use assets	16,754	-	1,227	-
Intangible assets	61,005	62,847	2,016	2,264
Subsidiaries	-	-	66,253	64,581
Associates	8	28	2	2
Joint venture	12,274	10,856	9,411	9,356
Investments	2,680	2,410	-	-
Deferred income tax assets	6,189	4,645	-	-
Trade and other receivables	4,611	4,611	36,235	36,235
	109,517	91,968	115,221	112,522
Current assets				
Trade and other receivables	110,409	96,518	46,366	43,539
Prepayments	660	1,154	142	401
Current income tax recoverable	559	831	17	1
Cash and cash equivalents	14,628	15,956	430	841
Other current assets	2,711	6,759	5	5
	128,967	121,218	46,960	44,787
Total assets	238,484	213,186	162,181	157,309
EQUITY AND LIABILITIES				
Equity				
Share capital	94,328	84,132	94,328	84,132
Share based-reserve	2,710	3,294	2,710	3,294
Currency translation reserve	3,692	3,637	10,677	9,908
Fair value reserve	(1,616)	(1,295)	-	-
Retained earnings	25,999	25,705	3,477	3,491
Equity attributable to owners of the parent	125,113	115,473	111,192	100,825
Non-controlling interests	(1,057)	552	-	-
Total equity	124,056	116,025	111,192	100,825
Non-current liabilities				
Interest-bearing liabilities	5,713	3,584	5,714	3,582
Lease liabilities	13,153	-	849	-
Provisions	131	129	-	-
Deferred income tax liabilities	1,767	1,830	-	-
	20,764	5,543	6,563	3,582
Current liabilities				
Trade and other payables	23,577	25,447	3,762	10,759
Interest-bearing liabilities	51,747	56,124	40,270	42,143
Lease liabilities	4,940	-	394	-
Contracted liabilities	8,733	6,917	-	-
Provisions	20	20	-	-
Current income tax payable	4,647	3,110	-	-
	93,664	91,618	44,426	52,902
Total liabilities	114,428	97,161	50,989	56,484
Total equity and liabilities	238,484	213,186	162,181	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 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
51,747	-	56,124	-

Amount repayable after one year

As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
5,713	-	3,584	-

Details of any collateral

The secured borrowings comprised:

	As at 30 June 2019 (Unaudited) RM'000	As at 31 December 2018 (Audited) RM'000	Secured by
Finance lease facilities	19	48	RM19,000 mortgage over the leased motor vehicles.
Term loan	6,106	3,643	1) Letter of undertaking by a director; and 2) Assignment of dividends due to the Company by a subsidiary
Revolving credit	42,886	47,517	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	8,449	8,500	Corporate guarantee by a subsidiary
	57,460	59,708	

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

Consolidated Statement of Cash Flows

	Three Months Ended		Six Months Ended	
	30 June 2019 (Unaudited) RM´000	30 June 2018 (Unaudited) RM´000	30 June 2019 (Unaudited) RM´000	30 June 2018 (Unaudited) RM´000
Operating activities				
Profit before income tax	464	3,390	1,450	5,052
Adjustments for:				
Amortisation of intangible assets	935	843	1,870	1,683
Amortisation of right-of-use assets	1,447	-	2,899	-
Depreciation of plant and equipment	383	342	756	681
Gain allowance on trade and other receivables	(244)	(106)	(159)	(131)
Interest income	(109)	(89)	(635)	(107)
Interest expense	629	436	1,305	788
Loss on disposal of plant and equipment	-	9	-	9
Share of results of associates, net of tax	(5)	(8)	(5)	(16)
Share of results of joint venture, net of tax	(578)	-	(1,418)	-
Trade and other receivables written off	88	80	101	94
Unrealised foreign exchange (gain)/loss, net	(197)	(108)	178	(29)
Share based payment expenses	298	676	596	961
Operating cash flows before working capital changes	**3,111**	**5,465**	**6,938**	**8,985**
Working capital changes:				
Trade and other receivables	(1,241)	3,615	(13,253)	(6,378)
Prepayments	490	145	290	527
Trade and other payables	(3,930)	(3,529)	1,196	216
Cash (used in)/generated from operations	(1,570)	5,696	(4,829)	3,350
Income tax paid	822	(546)	409	(1,190)
Net cash (used in)/generated from operating activities	**(748)**	**5,150**	**(4,420)**	**2,160**

	Three Months Ended		Six Months Ended	
	30 June 2019 (Unaudited) RM´000	30 June 2018 (Unaudited) RM´000	30 June 2019 (Unaudited) RM´000	30 June 2018 (Unaudited) RM´000
Investing activities				
Acquisition of subsidiary, net of cash acquired	-	627	-	627
Advances to associate	(518)	(1,371)	(1,845)	(3,222)
(Advances to) /Repayment from third parties	(200)	(275)	44	297
Dividend received	-	30	-	30
Interest received	109	88	635	106
Proceeds from disposal of plant and equipment	-	1	-	1
Purchase of plant and equipment	(33)	(95)	(70)	(255)
Purchase of intangible assets	(51)	(130)	(51)	(140)
Purchase of financial asset, available-for-sale	(5)	-	(330)	-
Net cash used in investing activities	**(698)**	**(1,125)**	**(1,617)**	**(2,556)**
Financing activities				
Interest paid	(629)	(436)	(1,305)	(788)
Issuance of ordinary shares	742	-	10,196	-
Dividends paid to non-controlling interests	-	(1,744)	(1,770)	(1,744)
Proceeds from term loan facility	50	(6,607)	3,060	(5,681)
Repayment of revolving credit facility	(2,015)	2,215	(5,337)	1,871
Repayments of finance lease payables	(39)	(13)	(53)	(28)
Net cash (used in)/ generated from financing activities	**(1,891)**	**(6,685)**	**4,791**	**(6,370)**
Net change in cash and cash equivalents	(3,337)	(2,660)	(1,246)	(6,766)
Cash and cash equivalents at beginning of financial year	9,798	14,903	7,456	18,340
Effect of exchange rate changes on cash and cash equivalents	(282)	(271)	(31)	398
Cash and cash equivalents at end of the financial period	**6,179**	**11,972**	**6,179**	**11,972**

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	-	-	(1,240)	-	-	(1,240)	-	(1,240)
	84,132	3,294	24,465	3,637	(1,295)	114,233	552	114,785
Profit for the financial period	-	-	1,534	-	-	1,534	469	2,003
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(321)	(321)	(34)	(355)
Foreign currency translation differences	-	-	-	55	-	55	(274)	(219)
Total comprehensive income/(loss) for the financial period	-	-	1,534	55	(321)	1,268	161	1,429
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	-	582	-	-	-	582	-	582
Total transactions with owners of the parent	10,196	(584)	-	-	-	9,612	-	9,612
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 30 June 2019	94,328	2,710	25,999	3,692	(1,616)	125,113	(1,057)	124,056

(Unaudited)	Share capital	Share-based reserve	Retained earnings	Currency translation reserve	Fair value reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	82,592	2,643	23,236	2,855	(32)	111,294	2,269	113,563
Profit for the financial period	-	-	2,837	-	-	2,837	1,712	4,549
Other comprehensive loss:								
Fair value loss on financial assets	-	-	-	-	(56)	(56)	(6)	(62)
Foreign currency translation differences	-	-	-	(1,899)	-	(1,899)	(67)	(1,966)
Total comprehensive income/(loss) for the financial period	-	-	2,837	(1,899)	(56)	882	1,639	2,521
Contributions by and distributions to owners of the parent								
Exercise of share awards	1,540	(1,540)	-	-		-	-	-
Grant of share awards	-	961	-	-		961	-	961
Total transactions with owners of the parent	1,540	(579)	-	-		961	-	961
Transactions with non-controlling interests								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,744)	(1,744)
Subscription of shares of a subsidiary	-	-	-	-	-	-	(2,077)	(2,077)
Total transactions with non-controlling interests	-	-	-	-	-	-	(3,821)	(3,821)
Balance as at 30 June 2018	84,132	2,064	26,073	956	(88)	113,137	87	113,224

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	-	-	(26)	-	(26)
	84,132	3,294	3,465	9,908	100,799
Profit for the financial period	-	-	12	-	12
Other comprehensive loss:					
Foreign currency translation differences	-	-	-	769	769
Total comprehensive income / (loss) for the financial period	-	-	12	769	781
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	-	582	-	-	582
Total transactions with owners of the parent	10,196	(584)	-	-	9,612
Balance as at 30 June 2019	94,328	2,710	3,477	10,677	111,192

(Unaudited)	Share capital	Share-based reserve	Retained earnings	Currency translation reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	82,592	2,643	1,374	9,778	96,387
Profit for the financial period	-	-	412	-	412
Other comprehensive loss:					
Foreign currency translation differences	-	-	-	(2,565)	(2,565)
Total comprehensive income/(loss) for the financial period	-	-	412	(2,565)	(2,565)
Contributions by and distributions to owners of the parent					
Exercise of share awards	1,540	(1,220)	-	-	320
Grant of share awards	-	641	-	-	641
Total transactions with owners of the parent	1,540	(579)	-	-	961
Balance as at 30 June 2018	84,132	2,064	1,786	7,213	95,195

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 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 30 June 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 (30 June 2018: 3,500,000 options) and 2,785,045 share awards granted but unvested under the PSP as at 30 June 2019 (30 June 2018: 5,391,703).

Save for the above, the Company did not have any convertibles or treasury shares as at 30 June 2019 and 30 June 2018.

The Company did not have any subsidiary holdings as at 30 June 2019 and 30 June 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 30 June 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 30 June 2019 and 31 December 2018.

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

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

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

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

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

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

The Group's financial statements for the financial period ended 30 June 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			
	Three Months Ended		Six Months Ended	
Earnings per share ("EPS")	**30 June 2019 (Unaudited)**	**30 June 2018 (Unaudited)**	**30 June 2019 (Unaudited)**	**30 June 2018 (Unaudited)**
Profit attributable to owners of the parent (RM'000)	558	1,765	1,534	2,837
Weighted average number of ordinary shares in issue (in thousands)	313,468[(1)]	300,302[(3)]	313,468[(1)]	300,302[(3)]
Basic EPS (RM cents)	0.18	0.59	0.49	0.94
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	318,223[(2)]	303,302[(4)]	318,223[(2)]	303,302[(4)]
Fully diluted EPS (RM cents)	0.18	0.58	0.48	0.94

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 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 30 June 2019.

(3) 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

(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 as at 30 June 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	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
NAV (RM'000)	125,113	115,473	111,192	100,825
Number of ordinary shares in issue (in thousands)	324,251	301,569	324,251	301,569
NAV per ordinary share (RM cents)	38.59	38.29	34.29	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 three months ended 30 June 2019 ("2Q2019") as compared to the three months ended 30 June 2018 ("2Q2018").

Revenue

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

	2Q2019 (RM million)	**2Q2018 (RM million)**	**% change**
Advisory and Transactional Services ("**ATS**")	17.0	19.7	(13.7)
Management and Support Services Business & Licensing Services (("**MSSL**")	4.9	4.9	-
Total	**21.9**	**24.6**	**(11.0)**

The decrease in the Group's revenue was due to the lower revenue from ATS segments.

The revenue from MSSL RM5.6mil is consistent with 2Q 2018.

Other items of income

Interest income

The interest income increased by RM20k due to interest income on bank balances in 2Q2019.

Other income

Other income increased by RM0.8 million mainly due to higher reimbursement income from client and acquisition of new business, ZTL in 3Q2018.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM0.1 million mainly due to higher amortisation charge on the installation of additional computer software.

Employee benefits expense

Employee benefits expense increased by RM11,000 mainly due to the increase in headcount in ATS which was mainly attributable to (i) acquisition of new business, ZTL in 3Q2018; (ii) additional headcount by ZICO Trust (S) Ltd ("ZAT") in 3Q2018 due to expansion of business and offset by the lower bonus of ZICO Capital Pte Ltd ("ZICAPSG").

Operating lease expenses

Operating lease expenses increased by RM0.4 million mainly due to acquisition of new business, ZTL in 3Q2018 and the impact on adoption of IFRS16 Leases.

Retainer fees and consultancy fees

Retainer fees and consultancy fees had increased by RM0.2 million mainly due to referral fees incurred by ZICO Asset Management Pte. Ltd. ("ZAM") & ZICAPSG.

Other expenses

Other expenses increased by RM0.6 million mainly due to higher IT software maintenance expenses incurred by MSSL and higher reimbursable expenses incurred by B.A.C.S. Pte. Ltd. ("B.A.C.S.").

Finance Costs

Finance costs increased by RM0.5 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 RM0.5 million, RM0.3 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 RM3,000 mainly due to lower income generated by the associate.

Share of joint venture results

Share of joint venture results is higher by RM0.6 million due to an investment in a joint venture in 3Q2018.

Profit before income tax

Profit before income tax was lower by RM2.9 million mainly due to lower revenue generated by the Group and coupled with higher expenses as indicated above.

Income tax credit / (expense)

Income tax credit increased by RM0.9 million in 2Q2019 mainly due to higher deferred tax assets recognized for the unutilised tax losses of the subsidiaries.

Fair value losses on financial assets / Fair value loss on financial assets, available-for-sale

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 period

Profit for the financial period was lower by RM2.1 million mainly due higher income tax credit as indicated above and set-off with the higher expenses incurred by the Group.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 30 June 2019 and 31 December 2018.

Non-current assets

Plant and equipment decreased by RM0.6 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 2018, partially offset by (iii) plant and equipment arising from the acquisition of ZTL.

Right-of-use assets increased by RM16.8 million (100%) mainly due to the Company adopting IFRS16 using the modified retrospective method with no restatement of comparative information.

Intangible assets decreased by RM1.8 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 a different closing rate as compared to 31 December 2018 and (ii) amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates decreased by RM20k mainly due to the shares of associate's profit and offset against dividend paid in 2Q2019 by an associate.

Investment in a joint venture increased by RM1.4 million mainly due to the share of joint venture's profit in 2Q2019.

Investments increased by RM0.3 million mainly due to the new investment in shares and fair value adjustments of shares held by ZICAPSG.

Deferred tax assets increased by RM1.5 million mainly due to recognition of deferred tax assets for the unutilised tax losses of certain subsidiaries.

There is no movement on the non-current trade and other receivables.

Current assets

Current trade and other receivables increased by RM13.9 million mainly due to the additional billings recognized at the end of June 2019 by ATS.

Prepayments decreased by RM0.5 million mainly due to amortisation of consultancy fee incurred and insurance.

Current income tax recoverable decreased by RM0.3 million mainly due to there was tax refund received from Malaysia tax authorities.

Cash and cash equivalents decreased by RM1.3 million mainly due to cash being utilised for operations which is partially offset by the placement proceeds.

Other current assets (comprising clients' monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM4.0 million mainly due to the disbursement of monies held in trust for clients during financial period ended 30 June 2019.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM2.1 million was mainly due to the additional drawdown of term loan facilities.

Lease liabilities increased by RM13.2 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 due to fluctuation of the foreign exchange rate as compared to 31 December 2018.

The decrease in deferred tax liabilities ("DTL") by RM63,000 was mainly due to the fluctuation of foreign currency from US Dollars and Singapore Dollars to Ringgit Malaysia on the DTL recognize by certain subsidiaries.

Current liabilities

Trade and other payables decreased by RM1.9 million mainly due to the repayment of other payables in relation to the payroll related costs and reduction in clients' monies held in trust during financial period ended 30 June 2019.

Current interest-bearing liabilities decreased by RM4.4 million mainly due to the repayment for the term loan facilities and the finance lease payables.

Lease liabilities increased by RM4.9 million (100%) mainly due to the Company adopting IFRS16 using the modified retrospective method with no restatement of comparative information.

Contracted liabilities increased by RM1.8 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 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 increase in current income tax payable by RM1.5 million was mainly due to the provision of tax on profits generated being higher as compared to tax installment payments.

Consolidated Statement of Cash Flow

The net cash used in operating activities of RM0.7 million in 2Q2019 was mainly due to the profit before income tax of RM0.5 million partially offset by (i) increase in trade and other receivables as a result of billings to debtors and (ii) decrease in trade and other payables towards end of June 2019.

Net cash used in investing activities of RM0.7 million in 2Q2019 was mainly due to net cash utilised for advances to associates, purchase of plant and equipment, and intangible assets.

Net cash used in financing activities of RM1.9 million in 2Q2019 was mainly due to issuance of shares in 2Q2019, and partially offset by 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.

The Group's Advisory and Transactional Services (ATS) segment, which is the main revenue driver of the group has been affected by a combination of U.S.–China trade tensions, slower economic growth prospects and overall weaker sentiment in Asia. The Group will continue to adhere to its strategy to expand the reach and scope of its multi-disciplinary professional services across the ASEAN region. It remains on the lookout for strategic partnerships which can deepen its capabilities.

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 2Q2019 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 2Q2019.

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 utilization 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. 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 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

13 August 2019

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*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 the 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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