

ZICO HOLDINGS INC.
AND ITS SUBSIDIARIES
(Co. Reg. No. LL07968)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS FINANCIAL PERIOD ENDED
30 JUNE 2022

ZICO HOLDINGS INC. AND ITS SUBSIDIARIES

UNAUDITED INTERIM FINANCIAL STATEMENTS

For six months financial period ended 30 June 2022

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Consolidated statement of comprehensive income
For six months financial period ended 30 June 2022

	Group		
	Six Months Ended		
	30 June 2022 (Unaudited) RM'000	30 June 2021 (Unaudited) RM'000	Change %
Revenue	29,784	37,171	(19.9)
Other items of income			
Interest income	1,134	161	604.3
Other income	3,355	2,906	15.4
	34,273	40,238	(14.8)
Other gains and losses			
Others	1,350	(1,005)	234.3
Loss allowance on trade and other receivables	1,166	(1,394)	183.6
	36,789	37,839	(2.8)
Items of expense			
Amortisation and depreciation expenses	(2,957)	(2,024)	46.1
Employee benefits expense	(25,325)	(26,312)	(3.8)
Operating lease expenses	(374)	(1,752)	(78.7)
Retainer fees and consultancy fees	(2,490)	(2,027)	22.8
Other expenses	(5,533)	(4,417)	25.3
Finance costs	(1,082)	(439)	146.5
	(37,761)	(36,971)	2.1
	(972)	868	(212.0)
Share of results of associates, net of tax	18	17	5.9
Share of results of joint venture, net of tax	1,490	1,378	8.1
Profit before income tax	536	2,263	(76.3)
Income tax expenses	(402)	(1,640)	(75.5)
Profit for the financial period	134	623	(78.5)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	412	1,626	(74.7)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value losses on financial assets, at FVOCI	(939)	(170)	452.4
Foreign currency translation differences	176	241	(27.0)
Other comprehensive (loss)/income for the financial year, net of tax	(351)	1,697	(120.7)
Total comprehensive (loss)/income for the financial year	(217)	2,320	(109.4)
Profit attributable to:			
Owners of the parent	(948)	128	(840.6)
Non-controlling interests	1,082	495	118.6
	134	623	(78.5)
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(1,469)	1,565	(193.9)
Non-controlling interests	1,252	755	65.8
	(217)	2,320	(109.4)

**Statement of financial position
As at 30 June 2022**

	Group		Company	
	30 June 2022 (Unaudited) RM'000	31 December 2021 (Audited) RM'000	30 June 2022 (Unaudited) RM'000	31 December 2021 (Audited) RM'000
ASSETS				
Non-current assets				
Plant and equipment	2,882	2,012	71	52
Right-of-use assets	2,263	1,957	-	132
Intangible assets	29,792	30,315	364	606
Subsidiaries	-	-	41,632	40,356
Associates	14	46	2	2
Joint venture	12,607	12,309	9,735	9,501
Investments	2,052	3,981	-	-
Deferred income tax assets	8,923	8,548	-	-
Prepayments	-	958	-	-
Trade and other receivables	51,686	51,686	69,230	70,841
	110,219	111,812	121,034	121,670
Current assets				
Trade and other receivables	36,414	37,176	38,657	34,977
Contract Assets	8,906	5,799	-	-
Prepayments	1,329	631	53	59
Current income tax recoverable	225	221	-	-
Cash and cash equivalents	17,351	18,169	471	990
Other current assets	3,042	3,068	6	6
	67,267	65,064	39,187	36,032
Total assets	177,486	178,876	160,221	157,702
EQUITY AND LIABILITIES				
Equity				
Share capital	103,086	95,314	103,086	95,314
Retained earnings	8,358	9,306	8,527	9,510
Share based-reserve	2,106	2,106	2,106	2,106
Currency translation reserve	1,394	982	12,960	12,297
Capital reserve	(458)	(458)	-	-
Fair value reserve	(3,006)	(2,067)	-	-
Equity attributable to owners of the parent	111,480	105,183	126,679	119,227
Non-controlling interests	2,361	1,103	-	-
Total equity	113,841	106,286	126,679	119,227
Non-current liabilities				
Interest-bearing liabilities	10,062	9,819	10,062	9,819
Lease liabilities	1,897	246	-	-
Provisions	436	341	-	-
Deferred income tax liabilities	786	709	-	-
	13,181	11,115	10,062	9,819
Current liabilities				
Trade and other payables	7,711	14,708	904	2,786
Interest-bearing liabilities	32,940	36,026	22,534	25,640
Lease liabilities	417	1,837	-	145
Contract liabilities	4,745	2,377	-	-
Provisions	20	20	-	-
Current income tax payable	4,631	4,507	42	85
	50,464	59,647	23,480	28,656
Total liabilities	63,645	70,590	33,542	38,475
Total equity and liabilities	177,486	176,876	160,221	157,702

Interim condensed statements of changes in equity
For 6 months financial period ended 30 June 2022

Group (Unaudited)	Share capital	Share- based reserve	Retained earnings	Currency translation reserve	Fair value reserve	Capital 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	RM'000
Balance as at 1 January 2022	95,314	2,106	9,306	982	(2,067)	(458)	105,183	1,103	106,286
Profit for the financial period	-	-	(948)	-	-	-	(948)	1,082	134
Other comprehensive loss:									
Fair value loss on financial assets, at FVOCI	-	-	-	-	(939)	-	(939)	-	(939)
Foreign currency translation differences	-	-	-	412	-	-	412	176	588
Total comprehensive (loss)/income for the financial period	-	-	(948)	412	(939)	-	(1,475)	1,258	(217)
Contributions by and distributions to owners of the parent									
Issuance of new share	7,675	-	-	-	-	-	7,675	-	7,675
Grant of share awards	97	-	-	-	-	-	97	-	97
Total transactions with owners of the parent	7,772	-	-	-	-	-	7,772	-	7,772
Balance as at 30 June 2022	103,086	2,106	8,358	1,394	(3,006)	(458)	111,480	2,361	113,841

Interim condensed statements of changes in equity

For 6 months financial period ended 30 June 2022

Group

(Unaudited)	Share capital	Share-based reserve	Retained earnings	Currency translation reserve	Fair value reserve	Capital 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	RM'000
Balance as at 1 January 2021	95,014	2,350	9,297	443	(2,019)	(432)	104,653	584	105,237
Profit for the financial period	-	-	128	-	-	-	128	495	623
Other comprehensive (loss)/income:									
Fair value loss on financial assets, at FVOCI	-	-	-	-	(170)	-	(170)	19	(151)
Foreign currency translation differences	-	-	-	1,661	-	-	1,661	241	1,902
Total comprehensive (loss)/income for the financial year	-	-	128	1,661	(170)	(432)	1,619	755	2,374
Contributions by and distributions to owners of the parent									
Exercise of share awards	300	(300)	-	-	-	-	-	-	-
Forfeiture of share awards	-	(72)	-	-	-	-	(72)	-	(72)
Grant of share awards	-	92	-	-	-	-	92	-	92
Total transactions with owners of the parent	300	(280)	-	-	-	-	20	-	20
Balance as at 30 June 2021	95,314	2,070	9,425	2,104	(2,189)	(432)	106,292	1,339	107,631

Interim condensed statements of changes in equity

For six months financial period ended 30 June 2022

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 2022	95,314	2,106	9,510	12,297	119,227
Loss for the financial period	-	-	(983)	-	(983)
Other comprehensive loss: Foreign currency translation differences	-	-	-	663	663
Total comprehensive (loss)/ income for the financial period	-	-	(983)	663	(320)
Contributions by and distributions to owners of the parent					
Issuance of ordinary shares	7,675	-	-	-	7,675
Grant of shares award	97	-	-	-	97
Total transactions with owners of the parent	7,772	-	-	-	7,772
Balance as at 30 June 2022	103,086	2,106	8,527	12,960	126,679

**Interim condensed statements of changes in equity
For six months financial period ended 30 June 2022**

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 2021	95,014	2,350	10,084	10,130	117,578
Profit for the financial period	-	-	(1,175)	-	(1,175)
Other comprehensive loss: Foreign currency translation differences	-	-	-	2,193	2,193
Total comprehensive (loss) / income for the financial period	-	-	(1,175)	2,193	1,018
Contributions by and distributions to owners of the parent					
Issuance of ordinary shares	-	-	-	-	-
Exercise of share awards	300	(300)	-	-	-
Forfeited share awards	-	(72)	-	-	(72)
Grant of share awards	-	92	-	-	92
Total transactions with owners of the parent	300	(280)	-	-	20
Balance as at 30 June 2021	95,314	2,070	8,909	12,323	118,616

Interim condensed consolidated statement of cash flow
For six months financial period ended 30 June 2022

	Six Months Ended	
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Operating activities		
Profit before income tax	536	2,263
Adjustments for:		
(Reversal) / Loss allowance on trade and other receivables	(1,257)	1,394
Amortisation of intangible assets	1,066	1,398
Bad debts written off	91	55
Depreciation of plant and equipment	478	583
Depreciation of right-of-use	1,413	43
Interest income	(1,133)	(161)
Interest expense	1,082	439
Loss on disposal of asset for sales	-	683
Loss on disposal of plant and equipment	-	10
Plant and equipment written off	89	-
Provisions	95	-
Share of results of associates, net of tax	(18)	(17)
Share of results of joint venture, net of tax	(1,490)	(1,378)
Unrealised foreign exchange gain, net	(1,538)	262
Share based payment expenses	97	23
Operating cash flows before working capital changes	(489)	5,597
Working capital changes:		
Trade and other receivables	3,113	2,224
Prepayments	261	(6)
Trade and other payables	(4,537)	(2,431)
Cash generated (used in) / from operations	(1,652)	5,384
Income tax paid	(916)	(461)
Net cash generated (used in) / from operating activities	(2,568)	4,923

**Interim condensed consolidated statement of cash flow
For six months financial period ended 30 June 2022**

	Six Months Ended	
	30 June 2022 (Unaudited) RM'000	30 June 2021 (Unaudited) RM'000
Investing activities		
Advances to associate	(608)	(505)
Interest received	1,133	161
Dividend received	1,241	1,553
Proceeds from disposal of financial asset, FVOCI	622	583
Proceeds from disposal of plant and equipment	61	-
Purchase of plant and equipment	(1,568)	(83)
Purchase of intangible assets	(48)	(38)
Net cash generated from investing activities	833	1,671
Financing activities		
Interest paid	(1,082)	(439)
Issuance of ordinary shares	7,675	-
Proceeds from term loan facility	-	6,180
Repayments from revolving credit facilities	(2,058)	(3,646)
Repayments of term loan facilities	(1,510)	(1,443)
Repayments of lease liabilities	(1,693)	(1,348)
Net cash generated from / (used in) financing activities	1,332	(696)
Net change in cash and cash equivalents	(403)	5,898
Cash and cash equivalents at beginning of financial period	9,871	4,644
Effect of exchange rate changes on cash and cash equivalents	(320)	(202)
Cash and cash equivalents at end of the financial period	9,148	10,340
Cash and cash equivalents comprise:		
Cash and cash equivalents as shown in the Consolidated Statement of Financial Position	17,351	18,630
Less: Bank overdraft	(8,203)	(8,290)
	9,148	10,340

**Notes to the interim condensed financial statements
For six months financial period ended 30 June 2022**

1. Corporate Information

ZICO Holdings Inc. (the “Company”) is domiciled in the Federal Territory of Labuan, Malaysia and was incorporated on 9 December 2010 under the Labuan Companies Act 1990 as a Labuan company. The Company’s registration number is LL07968.

The Company was listed on the Catalist

board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 11 November 2014.

The address of the Company’s registered office is Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia. The principal place of business is 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

The principal activities of the Group is an integrated provider of multidisciplinary professional services. The Group is organised into business units based on its services, and has two reportable operating segments being (i) Advisory and transactional services; and (ii) Management, support services and licensing services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Ringgit Malaysia (RM) which is the Company’s functional currency, and all values are rounded to the nearest thousand (RM’000), unless otherwise indicated.

2.1 New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised IFRS and Interpretations of IFRS (“IFRIC”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The Group did not have to make retrospective adjustments as a result of adopting those standards.

The adoption of these new/revised IFRS and IFRIC did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.2. Use of judgements and estimates

In preparing the condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are as follow:

Estimated impairment of goodwill

Management performs an annual impairment assessment of goodwill. Valuation model based on discounted cash flow analysis of the cash-generating unit ("CGU") is used by management to determine the value in use ("VIU") for the purposes of the impairment assessment.

Significant judgements are used to estimate the revenue growth rates, pre-tax weighted average cost of capital and terminal growth rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance and its expectations of the future business developments in Singapore, Malaysia, Thailand, Laos PDR and Myanmar.

Impairment on trade and other receivables

When measuring expected credit loss (“ECL”), the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of post COVID-19 global economic recovery and how these conditions will affect the Group’s ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables.

For trade receivables and contract assets, the Group applied the simplified approach and determined the lifetime ECL. The Group determined the ECL of trade receivables by segregating trade receivables from ZICOlaw network firms which has engaged in a repayment plan with the Group and using a provision matrix for the remaining trade receivables. The Group categorises these trade receivables based on shared credit risk characteristics and days past due. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect forward-looking information where relevant which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group’s ECL assessment.

For trade receivables from ZICOlaw network firms, the Group determined the lifetime ECL, taking into consideration their recent business developments, the historical payment trend, the agreed repayment plan, the creditworthiness of ZICOlaw network firms and their ability to repay and forecasts of future economic conditions. Contract assets relate to unbilled work in progress for longer term advisory and transactional projects which have substantially different risk characteristics as the trade receivables. The Group determined the loss given default and probability of default of contract assets, taking into consideration the historical payment trend and whether a credit impairment event has occurred.

The Group applied the general 3-step approach in the determination of ECL for non-trade amounts due from ZICOlaw network firms and associated companies and other receivables. For the non-trade amounts due from associated companies, the Group determined the loss given default and probability of default, taking into consideration the future cashflows and business plans of the associated companies.

Impairment of investments in subsidiaries

The Company assesses at each balance sheet date whether there are any indicators of impairment for investments in subsidiaries. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For lease of office space, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease;
- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test. Significant judgement is required in determining the projected revenue and the estimated costs necessary to generate the revenue. These projection and estimates are based on the current market condition and could change significantly as a result of competitor actions.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Executive Committee ("Exco") is the Group's chief operating decision maker. The Exco comprises the 2 executive directors and the Chief Financial Officer.

Management has determined the operating segments based on the reports reviewed by the Exco. For management purposes, the Group is organised into business units based on its services, and has two reportable operating segments as follows:

- i) Advisory and transactional services; and
- ii) Management, support services and licensing services.

Expenses relating to the investment holding entities are not allocated to segments as this type of activity is not used by management to evaluate segment performance.

Management monitors the operating results of the segment separately for the purposes of making strategic decisions, allocation of resources and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior years in the measurement methods used to determine reported segment profit or loss.

Sales between segments are carried out at market terms. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of comprehensive income.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The following table presents revenue by segment for the six months period ended 30 June 2022 ("1H2022") and 30 June 2021 ("1H2021"), respectively:

	1H2022 (RM'000)	1H2021 (RM'000)
Advisory and Transactional Services (" ATS ")	28,728	32,188
Management and Support Services Business & Licensing Services ((" MSSL ")	1,056	4,983
Total	29,784	37,171

Geographical information

Revenue is based on the country in which the customer is located. Non-current assets comprise primarily plant and equipment, right-of-use assets, intangible assets, Joint Venture Company and associated companies. Non-current assets are shown by the geographical area in which the assets are located.

The following table presents revenue and non-current assets information based on the geographical location of customers and assets as at 30 June 2022 and 30 June 2021 respectively.

Geographical information

	Singapore	Malaysia	Thailand	Indonesia	China	Hong Kong	United States of America	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1H2022									
External revenue	14,575	4,060	1,462	3,810	448	1,249	369	3,811	29,784
Non-current assets	34,819	12,298	31	383	–	–	–	27	47,558
1H2021									
External revenue	22,002	5,375	2,080	2,811	314	668	436	3,845	37,171
Non-current assets	40,102	10,550	197	593	–	–	–	95	51,834

5. Significant items included in profit before taxation

Profit for the financial period is stated after charging/(crediting) the following:

	Group	
	Six Months Ended	30 June 2021
	30 June 2022	(Unaudited)
	(Unaudited)	(Unaudited)
	RM'000	RM'000
	<hr/>	
<i>Other gains and (losses)</i>		
Reversal/ (Loss) allowance on trade and other receivables	1,257	(1,394)
Bad debts written off	(91)	(55)
Loss on disposal of Available for sale investments	-	683
Unrealised foreign exchange (loss)/ gain, net	1,538	262
Realised foreign exchange loss, net	(246)	5
	<hr/>	
<i>Amortisation and depreciation expenses</i>		
Amortisation of intangible assets	1,066	1,398
Amortisation of right-of-use assets	1,413	43
Depreciation of plant and equipment	478	583
	<hr/>	
<i>Employee benefits expense</i>		
Share based payment expenses	97	23
	<hr/>	
<i>Operating lease expenses</i>		
Rental of premises	374	598
Rental of accommodation	-	12
	<hr/>	
<i>Other expenses</i>		
Loss on disposal of plant and equipment	61	10
Property, plant and equipment written off	89	-
	<hr/>	
<i>Income tax credit, net</i>		
Under provision of income tax expense in respect of prior year	169	-
	<hr/>	

6. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	Six Months ended	
	30 June 2022	30 June 2021
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<i>Transactions with associated companies</i>		
Corporate guarantee given for banking facilities utilised by an associated company	(743)	(776)
Dividend income	50	40
Advances to an associated company	608	505
<i>Transactions with joint venture</i>		
Dividend income	1,191	1,513

7. Income tax expense

	Group	
	Six Months Ended	
	30 June 2022	30 June 2021
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Tax expense attributable to profit is made up of:		
Current income tax	(248)	(1,118)
Deferred income tax	24	(148)
Withholding tax	(178)	(374)
	(402)	(1,640)

8. Dividends

No dividends have been declared or recommended for the current reporting period.

9. Earnings / (Loss) per share

Earnings per share ("EPS")	Group	
	Six Months Ended	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Profit / (Loss) attributable to owners of the parent (RM'000)	(948)	128
Weighted average number of ordinary shares in issue (in thousands)	342,759 ⁽¹⁾	326,193 ⁽²⁾
Basic EPS (RM cents)	(0.27)	0.04
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	345,917 ⁽³⁾	329,274 ⁽⁴⁾
Fully diluted EPS (RM cents)	(0.27)	0.04

Note:-

- (1) Issuance of new 425,314 ordinary shares to employees pursuant to the new award under the ZICO Holdings Performance Shares Plan ("PSP") on 4 March 2022, and subscription of 22,000,000 placement shares by Dynac Sdn Bhd on 21 April 2022.
- (2) Adjusted for 753,360 ordinary shares allotted and issued to employees pursuant to the vesting of share awards under the PSP on 21 May 2021 and issuance of new 337,055 ordinary shares pursuant to the New Award (new performance shares granted to employees) under the PSP on 21 May 2021.
- (3) Adjusted for 3,300,000 ordinary shares which may be allotted and issued to employees upon the exercise of 3.3 million outstanding Employees Shares Options ["ESOS"] as at 30 June 2022.
- (4) Adjusted for 3,500,000 ordinary shares which may be allotted and issued to employees upon the exercise of 3.5 million outstanding ESOS as at 30 June 2021.

10. Net assets value

Net asset value ("NAV")	Group		Company	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
NAV (RM'000)	111,480	105,183	126,679	119,227
Number of ordinary shares in issue (in thousands)	349,462	327,036	349,462	327,036
NAV per ordinary share (RM cents)	31.90	32.16	36.25	36.46

11. Plant and equipment

During the financial period, the Group acquired assets amounting to RM1,568,000 (30.06.2021: RM83,000).

	<u>Motor vehicles</u>	<u>Computer hardware</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2022					
Cost					
Beginning of financial period	510	3,707	3,876	5,384	13,477
Additions	–	39	60	1,469	1,568
Disposals	(284)	–	(9)	–	(293)
Write off	–	(5)	(833)	(135)	(973)
Currency translation differences	3	20	26	(150)	(101)
End of financial period	229	3,761	3,120	6,568	13,678
Accumulated depreciation					
Beginning of financial period	510	3,531	3,060	4,344	11,445
Depreciation charge	–	85	146	247	478
Disposals	(284)	–	(9)	–	(293)
Write off	–	(5)	(744)	(135)	(884)
Currency translation differences	3	15	16	46	50
End of financial period	229	3,596	2,469	4,502	10,796
Net book value					
End of financial period	–	165	651	2,066	2,882

12. Intangible assets

	<u>Computer software</u>	<u>Goodwill</u>	<u>Trademark</u>	<u>Customer acquisition costs</u>	<u>Customer relationships</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2022						
Cost						
Beginning of financial period	13,093	22,858	2,000	3,838	7,978	49,767
Additions	48	–	–	–	–	48
Currency translation differences	21	415	–	95	197	728
End of financial period	13,162	23,273	2,000	3,934	8,175	50,544
Accumulated amortisation						
Beginning of financial period	11,808	–	630	3,240	3,774	19,452
Amortisation	502	–	25	256	283	1,066
Currency translation differences	57	–	–	80	97	234
End of financial period	12,366	–	655	3,577	4,154	20,752
Net book value						
End of financial period	796	23,273	1,345	357	4,021	29,792

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the financial year ended 31 December 2021.

13. Financial assets and financial liabilities

The following table sets out the financial instruments as at 30 June 2022 and 31 December 2021:

Financial Assets and Financial Liabilities

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
- Trade and other receivables	88,100	88,862	107,887	105,818
- Cash and cash equivalents	17,351	18,169	471	990
- Other current assets	3,042	3,068	6	6
- Financial assets, at FVOCI	2,052	3,950	-	-
	<u>111,763</u>	<u>114,049</u>	<u>108,364</u>	<u>106,814</u>
Financial liabilities				
Other financial liabilities, at amortised cost				
- Trade and other payables	7,711	14,708	904	2,786
- Interest-bearing liabilities	43,002	45,845	32,596	35,459
- Lease liabilities	2,314	2,083	-	145
	<u>53,026</u>	<u>62,636</u>	<u>33,500</u>	<u>38,390</u>

14. Interest bearing liabilities

Aggregate amount of group's borrowings and debt securities are as follows-

Amount repayable in one year or less, or on demand

As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
33,356	-	37,305	-

Amount repayable after one year

As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
11,959	-	10,623	-

Details of any collateral

The secured borrowings comprised:

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000	Secured by
Term loan	11,523	12,887	1) Letter of undertaking by a director; and 2) Assignment of dividends due to the Company by a subsidiary 3) Corporate guarantee by certain subsidiaries
Revolving credit	23,275	24,660	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	8,203	8,290	Corporate guarantee by a subsidiary
Lease liabilities	2,314	2,083	Secured over the rights and benefits to lease the office units
	<u>45,315</u>	<u>47,920</u>	

15. Share Capital

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 1 January 2022	327,036,477	95,314,466
Issue of new ordinary shares ⁽¹⁾	22,425,314	7,617,000
Balance as at 30 June 2022	349,461,791	102,931,466

Notes:-

- (1) Issuance of new 425,314 ordinary shares to employees pursuant to the new award under the PSP on 4 March 2022 and subscription of 22,000,000 placement shares by Dynac Sdn Bhd on 21 April 2022.

There were 3,300,000 outstanding options (30 June 2021: 3,500,000 options) and all share awards granted are vested under the PSP as at 30 June 2022 (30 June 2021: 3,500,000). There were no unvested PSP shares that had expired as at 30 June 2022.

Save for the above, the Company did not have any convertibles or treasury shares as at 30 June 2022 and 30 June 2021.

The Company did not have any subsidiary holdings as at 30 June 2022 and 30 June 2021.

16. Treasury shares

	As at 30 June 2022	As at 31 December 2021
Total number of issued shares	349,461,791	327,036,477

The Company did not have any treasury shares as at 30 June 2022, 30 June 2021 and 31 December 2021.

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

There were no subsidiary holdings during and as at the end of the current financial period reported on.

17. Share-based reserve

	Group and Company	
	30 June 2022	31 December 2021
	RM'000	RM'000
Share options reserve	556	556
Share awards reserve	1,550	1,550
	2,106	2,106

Share options – employee share option scheme

During the financial period under review, the Company did not issue any shares under the employee share option scheme.

As at 30 June 2022, there were 3,300,000 outstanding options under the employee share option scheme (30 June 2021: 3,500,000).

Performance share plan

During the financial period under review, awards for 425,314 ordinary shares were granted pursuant to the PSP on 4 March 2022.

In the previous financial period under review (1H2021), awards for 337,055 ordinary shares were granted pursuant to the ZICO Holdings Performance Share Plan on 21 May 2021.

18. Subsequent events

ZICO Malaysia Sdn Bhd entered into a conditional sale and purchase agreement on 17 December 2021 to dispose 49% of our shares in ZICO Trust Limited to Riau Capital Pte Ltd for a consideration of RM9.6 million. The rights and obligation of Riau Capital Pte Ltd under the share purchase agreement were novated to Riau Capital Investments Pte Ltd with effect from 1 June 2022. The parties have agreed in writing on 11 August 2022 to defer the completion date from 11 August 2022 to 19 August 2022.

ZICO Holdings subsidiary entities, ZICO Consultancy Limited (“ZCL”) and ZICO International Corporation (“ZIC”) entered into a share sale and purchase agreement with Akash Neil Nandy and Shawta Nandy on 27 July 2022 for the acquisition of 20,000 ordinary shares representing 40% of the entire issued share capital of Platinum Trustee Berhad.

Other Information Required by Appendix 7C of the Catalist Rules

Other Information

1. Review

The interim condensed consolidated balance sheet of ZICO Holdings Inc and its subsidiaries as at 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

1A. 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. The latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. 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 year 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 year reported on

Interim Condensed Consolidated Statement of Comprehensive Income

Review for the performance of the Group for the period ended 30 June 2022 ("1H2022") as compared to the period ended 30 June 2021 ("1H2021").

Revenue

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

	1H2022 (RM million)	1H2021 (RM million)	% change
Advisory and Transactional Services ("ATS")	28.7	32.2	(10.8)
Management and Support Services Business & Licensing Services ("MSSL")	1.0	5.0	(80.0)
Total	29.8	37.2	(19.8)

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

The decrease in revenue from MSSL of RM4.0 million was mainly due to lower revenue contributions from support services under ZICO Knowledge Services Sdn Bhd ("ZIKS") and royalty fees under ZICO IP Inc ("ZICOIP"). ZIKS has stopped providing certain support services to the ZICOLaw network firms and there was a downward revision in royalty rates charged to the ZICOLaw network firms with effect from 1 August 2021.

The decrease in revenue from ATS segment of RM3.5 million was due to lower revenue contributions from corporate finance under ZICO Capital Pte Ltd ("ZICAPSG") mainly due to timing differences on billing of corporate finance transactions.

Other items of income

Interest income

Increase in interest income by RM1.0 million was mainly due to interest income derived from amount owing by ZICOLaw Network firms with outstanding balances more than 1 year.

Other income

Other income increased by RM450k mainly to higher disbursement recovery from ZICOLaw Thailand Limited ("Thailand") and ZICO Asset Management Pte Ltd ("ZAM").

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses increased by RM900k mainly due to increase in depreciation on renovation for entities located in Singapore as a result of these entities moving to new office premise in end February 2022.

Employee benefits expense

Employee benefits expense decreased by RM1.0 million mainly due to reduction of salaries resulting from the reduction of headcount from ZIKS. There was reorganization of manpower resources to ZICOLaw network firms concurrently with the disposal of ZICOLaw business in August 2021

Operating lease expenses

Operating lease expenses reduced by RM1.3 million as a portion has been taken up as amortization of right of use asset.

Retainer fees and consultancy fees

Retainer fees and consultancy fees increased by RM463k mainly due to higher consultancy fees incurred by ZICOInsource Sdn Bhd in line with its higher revenue stream.

Other expenses

Other expenses increased by RM1.1 million mainly due amongst others, expenses from office renovations, IT software and equipment maintenance.

Loss allowance on trade and other receivables

The loss on allowance on trade and other receivables is lower by RM2.6 million due to the reversal of allowance for doubtful debts provided as a result of a better collection trend due to recovery of the economies in countries that the Group operates in.

Finance Costs

Finance costs increased by RM643k mainly due to higher overdraft interest in 1H2022 as there was moratorium of finance costs granted by the bankers in lieu of the COVID-19 pandemic in 1H2021.

Share of associates results

Share of associate results increased by RM1k mainly due to higher income generated by the associate.

Share of joint venture results

Share of joint venture results is higher by RM112k due to higher income generated by a joint venture company.

Profit before income tax

Profit before income tax was lower by RM1.7 million mainly due to lower revenue generated by the Group and higher expenses, the reasons for which are indicated above.

Income tax expense

Income tax expense decreased by RM1.2 million in 1H2022 mainly due lower provision of tax expenses to lower taxable profit during the financial period under review.

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 period

Profit for the financial period was lower by RM489k mainly due lower revenue generated and higher expenses incurred for 1H2022, the reasons for which are indicated above.

Interim Condensed Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 30 June 2022 and 31 December 2021.

Non-current assets

Plant and equipment increased by RM0.8 million mainly due to addition of assets arising from renovation works undertaken to facilitate a shift of our Singapore office to its new premises.

Right-of-use assets increased by RM0.3 million mainly due to the recognition of lease under ZICO Trust Limited (“ZTL”) and ZICO Trust (S) Pte Ltd (“ZTS”) and normal amortisation charge for right of use (“ROU”) during the current financial period.

Intangible assets decreased by RM0.5 million mainly due to (i) 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 30 June 2022, (ii) amortisation of the computer software and identifiable assets for the current financial period.

Investment in associates decreased by RM32k mainly due to the share of associated entity’s profit offset by the dividend income received during the financial period.

Investment in a joint venture increase by RM298k mainly due to the share of joint venture’s profit recognised during the current financial period of RM1.4 million offset by dividend income received of RM1.1 million in 1H2022.

Investments decreased by RM1.9 million mainly due to disposal of shares as well as the fair value adjustments of shares held by ZICAPSG.

Deferred tax assets increased by RM375k mainly due to fluctuation of foreign exchange rate.

Current assets

Current trade and other receivables reduced by RM0.8 million mainly due to better collection trend due to recovery of the economies in countries that the Group operates in.

Contract assets increased by RM3.1 million mainly due to services that had been provided by ZICO Corporate Services Sdn Bhd (“ZICORPKL”), ZTS and ZICAPSG ahead of the agreed billing milestones.

Current income tax recoverable has a negligible increase of RM4k.

Cash and cash equivalents decreased by RM0.8 million mainly due to cash being utilised in operations.

Other current assets (comprising clients’ monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM26k mainly due to the disbursement of monies held in trust for clients during the current financial period.

Non-current liabilities

The increase in non-current interest-bearing liabilities by RM242k was mainly due to fluctuation of foreign exchange.

Lease liabilities increased by RM1.6 million mainly due to the recognition of lease liabilities under ZTL and ZTS.

The increase in provisions by RM95k mainly due to the provision in reinstatement cost made by ZTS.

The increase in deferred tax liabilities (“DTL”) by RM77k was mainly due to fluctuation of exchange rate.

Current liabilities

Trade and other payables decreased by RM7 million mainly due to reduction in client monies held in trust, settlement of renovation costs incurred, decrease of accruals in respect of employment expenses, and settlement of rental owing by PT ZICO Konsultan Indonesia (“PT ZICO”).

Current interest-bearing liabilities decreased by RM3 million mainly due to the repayment for the term loans and revolving credit facilities.

Lease liabilities decreased by RM1.4 million mainly due to the rental of certain office premises in Malaysia and Thailand are reaching the end of its leasing period.

Contracted liabilities increased by RM2.3 million mainly due to increase in billings to the clients under the corporate finance, corporate secretarial and trust business.

Interim Condensed Consolidated Statement of Cash Flow

The net cash used in operating activities of RM2.6 million in 1H2022 (31 December 2021: Net cash provided by operating activities of RM7.2 million) was mainly due to the profit before income tax of RM 0.5 million after adding back non-cash adjustments items, decrease in trade and other receivables towards the end of June 2022 and set off by decrease in trade and other payables towards the end of June 2022.

Net cash generated from investing activities of RM0.8 million in 1H2022 (31 December 2021: RM11.5 million) was mainly due to dividend received from investment in joint venture of RM1.2 million, proceeds from disposal of financial asset offset with the purchase of plant and equipment of RM1.5 million.

Net cash generated from financing activities of RM1.3 million in 1H2022 (31 December 2021: Net cash used in financing activities of RM13.4 million) was mainly due to proceeds from issuance of ordinary shares offset with repayment of revolving credit facilities and term loan facilities.

3. 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.

4. 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 recovery from Covid-19 at the end of 2021 has met with strong headwinds since early 2022. This is driven by global conflicts such as the Russia-Ukraine war and rising geopolitical tensions particularly between the US and China, both of which have ripple effects throughout the global economy and for businesses in the region. Immediate challenges faced by businesses include continuing disruption of supply chains, higher inflation and commodity prices. These developments have created weaker market conditions which have severely impacted the transactional and advisory services of the group. The softer market environment has also resulted in a more cautious approach by potential clients in our corporate, wealth management and trust services. Whilst we are prudently optimistic of an improved performance in second half of 2022, we will be careful in managing the continuing challenges in the business environment.

5. 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 year 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 year.

- (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.

6. 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 1H2022 in view of the current phase of growth and the need to consolidate cash resources for business purposes.

7. **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 1H2022.

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

- 1) Interest charged on 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.

8. **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.

9. **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 six months ended 30 June 2022 to be false or misleading in any material aspect.

10. Use of Proceeds

The Company refers to the net proceeds amounting to S\$2.4 million raised from the placement exercise announced on 3 March 2022, 14 March 2022, 21 March 2022, 25 March 2022 and 21 April 2022 and completed on 25 April 2022.

The use of the net proceeds from the placement is in accordance with the intended use of proceeds stated in the Company’s announcement dated 14 March 2019 is as follows:

<u>Use of Placement net proceeds</u>	<u>Amount allocated</u> <u>(S\$’000)</u>	<u>Amount utilised</u> <u>(S\$’000)</u>	<u>Balance</u> <u>(S\$’000)</u>
Working capital and general corporate purposes	2,400	2,400 ⁽¹⁾	-
Total	2,400	2,400	-

Note:-

- (1) The amount of working capital was utilized for operational expenses.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

12 August 2022

*"This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the SGX-ST and the SGX-ST assumes 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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