

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2023

ZICO HOLDINGS INC. AND ITS SUBSIDIARIES

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

CONTENTS

Interim condensed consolidated statement of comprehensive income	3
Interim condensed balance sheets	5
Interim condensed statements of changes in equity	6
Interim condensed consolidated cash flow statement	10
Notes to the interim condensed financial statements	12
Other information required by Appendix 7C of the Catalist Rules	33

Interim condensed consolidated statement of comprehensive income

For the financial year ended 31 December 2023

	Note	Group			Group		
		Six Months Ended			Full Year Ended		
		31 December 2023	31 December 2022	Change	31 December 2023	31 December 2022	Change
		(Unaudited) RM'000	(Unaudited) RM'000	%	(Unaudited) RM'000	(Audited) RM'000	%
Revenue	4	28,583	35,161	(18.7)	58,612	64,945	(9.8)
Other items of income							
Interest income		1,290	1,480	(12.8)	2,606	2,614	(0.3)
Other income		3,838	3,096	24.0	7,020	6,451	8.8
		33,711	39,737	(15.2)	68,238	74,010	(7.8)
Other gains and (losses)							
Others	5	49	(1,811)	(102.7)	1,695	(461)	(467.7)
Loss allowance on trade and other receivables		(9,371)	(279)	3,258.8	(9,685)	887	(1,191.9)
		24,389	37,647	(35.2)	60,248	74,436	(19.1)
Items of expense							
Amortisation and depreciation expenses	5	(2,567)	(3,511)	(26.9)	(5,271)	(6,468)	(18.5)
Employee benefits expense		(28,105)	(26,078)	7.8	(50,511)	(51,403)	(1.7)
Operating lease expenses	5	(465)	(75)	520.0	(688)	(449)	53.2
Retainer fees and consultancy fees		(6,900)	(2,408)	186.5	(9,692)	(4,898)	97.9
Other expenses		(5,748)	(6,074)	(5.37)	(12,570)	(11,607)	8.3
Finance costs		(1,312)	(1,754)	(25.2)	(2,920)	(2,836)	3.0
		(45,097)	(39,900)	13.0	(81,652)	(77,661)	5.1
		(20,708)	(2,253)	819.1	(21,404)	(3,225)	563.7
Share of results of associates, net of tax		(469)	18	(2,705.6)	287	36	697.2
Share of results of joint venture, net of tax		-	753	(100)	-	2,243	(100)
Loss before income tax		(21,177)	(1,482)	1,328.9	(21,117)	(946)	2,132.2
Income tax (expense) / credit	7	(2,421)	1,901	(227.4)	(3,466)	1,499	(331.2)
(Loss) / profit for the financial period / year		(23,598)	419	(5,732.0)	(24,583)	553	(4,545.4)

	Group			Group		
	Six Months Ended			Full Year Ended		
	31 December 2023	31 December 2022	Change	31 December 2023	31 December 2022	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
	RM'000	RM'000	%	RM'000	RM'000	%
Other comprehensive (loss) / income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences arising on consolidation	2,488	40	6,120.0	2,421	452	435.6
<i>Items that will not be reclassified subsequently to profit or loss :</i>						
Net fair value (losses)/ gain on financial assets, at FVOCI	(141)	483	(129.2)	(484)	(456)	6.1
Foreign currency translation differences arising on consolidation	(93)	124	(175.0)	77	300	(74.3))
Other comprehensive (loss) / income for the financial period/ year, net of tax	2,254	647	248.4	2,014	296	580.4
Total comprehensive (loss) / income for the financial period / year	(21,344)	1,066	(2,102.3)	(22,569)	849	(2,758.3)
(Loss) / profit attributable to:						
Owners of the parent	(22,709)	83	(27,460.2)	(24,939)	(865)	2,783.1
Non-controlling interests	(888)	336	(364.3)	356	1,418	(74.9)
	(23,597)	419	(5,731.7)	(24,583)	553	(4,545.4)
Total comprehensive (loss) / income attributable to:						
Owners of the parent	(20,363)	600	(3,493.8)	(23,002)	(869)	2,547.0
Non-controlling interests	(981)	466	(310.5)	433	1,718	(74.8)
	(21,344)	1,066	(1,902.3)	(22,569)	849	(2,758.3)

**Interim condensed balance sheets
As at 31 December 2023**

	Note	Group		Company	
		31		31	
		December	December	December	December
		2023	2022	2023	2022
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Plant and equipment	11	2,411	2,648	62	66
Right-of-use assets		8,831	9,311	-	-
Intangible assets	12	29,289	29,668	26	163
Subsidiaries		-	-	48,717	43,161
Associates		1,927	805	2	2
Investments		438	886	-	-
Deferred income tax assets		8,857	11,227	-	-
Trade and other receivables		52,030	53,292	70,056	67,856
		103,783	107,837	118,863	111,248
Current assets					
Trade and other receivables		22,879	39,227	38,196	30,903
Contract assets		8,468	7,539	-	-
Prepayments		2,055	2,947	75	68
Current income tax recoverable		278	251	82	15
Cash and cash equivalents		16,459	16,888	2,998	2,211
Other current assets		4,081	19,572	703	15,597
		54,220	86,424	42,054	48,794
Total assets		158,003	194,261	160,917	160,042
EQUITY AND LIABILITIES					
Equity					
Share capital	15	112,282	103,086	112,282	103,086
Retained earnings		(17,364)	7,456	(8,421)	7,821
Share based-reserve	17	2,106	2,106	2,106	2,106
Currency translation reserve		3,855	1,434	25,444	16,301
Capital reserve		(458)	(458)	-	-
Fair value reserve		(2,141)	(1,538)	-	-
Equity attributable to owners of the parent		98,280	112,086	131,411	129,314
Non-controlling interests		(2,676)	1,915	-	-
Total equity		95,604	114,001	131,411	129,314
Non-current liabilities					
Interest-bearing liabilities	14	4,992	6,737	4,920	6,737
Lease liabilities		7,112	8,429	-	-
Provisions		100	353	-	-
Deferred income tax liabilities		731	766	-	-
		12,935	16,285	4,920	6,737
Current liabilities					
Trade and other payables		10,273	21,569	4,216	782
Interest-bearing liabilities	14	29,074	33,733	20,370	23,208
Lease liabilities		2,630	1,455	-	-
Contract liabilities		3,861	3,821	-	-
Provisions		22	21	-	-
Current income tax payable		3,604	3,376	-	1
		49,464	63,975	24,586	23,991
Total liabilities		62,399	80,260	29,506	30,728
Total equity and liabilities		158,003	194,261	160,917	160,042

Interim condensed statements of changes in equity
For the financial year ended 31 December 2023

Group	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
(Unaudited)									
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	103,086	2,106	7,456	1,434	(1,538)	(458)	112,086	1,915	114,001
(Loss)/ profit for the financial year	-	-	(24,939)	-	-	-	(24,939)	356	(24,583)
Other comprehensive loss:									
Fair value loss on financial assets, at FVOCI	-	-	-	-	(484)	-	(484)	-	(484)
Foreign currency translation differences	-	-	-	2,421	-	-	2,421	77	2,498
Total comprehensive (loss)/income for the financial year	-	-	(24,939)	2,421	(484)	-	(23,002)	433	(22,569)
Transfer upon disposal of financial assets, at FVOCI	-	-	119	-	(119)	-	-	-	-
Contributions by and distributions to owners of the parent									
Issuance of shares	9,104	-	-	-	-	-	9,104	-	9,104
Grant of share awards	92	-	-	-	-	-	92	-	92
Total transactions with owners of the parent	9,196	-	-	-	-	-	9,196	-	9,196
<i>Changes in ownership interest in Subsidiaries:</i>									
Changes in ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	(4,232)	(4,232)
Dividends	-	-	-	-	-	-	-	(792)	(792)
Total transactions with non-controlling interests	-	-	-	-	-	-	-	(5,024)	(5,024)
Balance as at 31 December 2023	112,282	2,106	(17,364)	3,855	(2,141)	(458)	98,280	(2,676)	95,604

Interim condensed statements of changes in equity
For the financial year ended 31 December 2022

Group	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
(Audited)									
	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
(Loss) / profit for the financial year	-	-	(865)	-	-	-	(865)	1,418	553
Other comprehensive loss:									
Fair value loss on financial assets, at FVOCI	-	-	-	-	(456)	-	(456)	-	(456)
Foreign currency translation differences	-	-	-	452	-	-	452	300	752
Total comprehensive (loss)/income for the financial year	-	-	(865)	452	(456)	-	(869)	1,718	849
Transfer upon disposal of financial assets, at FVOCI	-	-	(985)	-	985	-	-	-	-
Contributions by and distributions to owners of the parent									
Issuance of shares	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
Transactions with non-controlling interest									
Dividend paid	-	-	-	-	-	-	-	(906)	(906)
Total transactions with non-controlling interests	-	-	-	-	-	-	-	(906)	(906)
Balance as at 31 December 2022	103,086	2,106	7,456	1,434	(1,538)	(458)	112,086	1,915	114,001

Interim condensed statements of changes in equity
For the financial year ended 31 December 2023

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 2023	103,086	2,106	7,821	16,301	129,314
Loss for the financial year	-	-	(12,735)	-	(12,735)
Other comprehensive loss: Foreign currency translation differences	-	-	(3,507)	9,143	5,636
Total comprehensive income for the financial year	-	-	(16,242)	9,143	(7,099)
Fair value reserve	-	-	-	-	-
Contributions by and distributions to owners of the parent					
Issuance of shares	9,104	-	-	-	9,104
Grant of share awards	92	-	-	-	92
Total transactions with owners of the parent	9,196	-	-	-	9,196
Balance as at 31 December 2023	112,282	2,106	(8,421)	25,444	131,411

Interim condensed statements of changes in equity
For the financial year ended 31 December 2022

Company (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 2022	95,314	2,106	9,510	12,297	119,227
Loss for the financial year	-	-	(1,689)	-	(1,689)
Other comprehensive loss: Foreign currency translation differences	-	-	-	4,004	4,004
Total comprehensive (loss) / income for the financial year	-	-	(1,689)	4,004	2,315
Contributions by and distributions to owners of the parent					
Issuance of shares	7,675	-	-	-	7,675
Grant of share awards	97	-	-	-	97
Total transactions with owners of the parent	7,772	-	-	-	7,772
Balance as at 31 December 2022	103,086	2,106	7,821	16,301	129,314

Interim condensed consolidated cash flow statement
For the financial year ended 31 December 2023

	Full Year Ended	
	31 December 2023	31 December 2022
	(Unaudited)	(Audited)
	RM'000	RM'000
Operating activities		
Loss before income tax	(21,117)	(946)
Adjustments for:		
Loss / (Reversal of) allowance on trade and other receivables	9,685	(887)
Amortisation and depreciation expenses	5,271	6,468
Impairment of goodwill	500	-
Interest income	(2,606)	(2,614)
Interest expense	2,920	2,836
Loss on disposal of an investment in joint venture	-	1,560
Loss / (Gain) on disposal of plant and equipment	72	(24)
Plant & equipment written off	-	123
Provisions	(252)	13
Disbursements written off	685	-
Share of results of associates, net of tax	(287)	(36)
Share of results of joint venture, net of tax	-	(2,243)
Unrealised foreign exchange gain, net	(2,360)	(1,537)
Share based payment expenses	92	97
Operating cash flows before working capital changes	(7,397)	2,810
Working capital changes:		
Trade and other receivables	9,339	4,630
Prepayments	892	(1,357)
Trade and other payables	1,600	7,458
Cash generated from operations	4,434	13,541
Income tax paid	(1,047)	(2,299)
Net cash generated from operating activities	3,387	11,242

Interim condensed consolidated cash flow statement
For the financial year ended 31 December 2023

	Full Year Ended	
	31 December 2023	31 December 2022
	(Unaudited)	(Audited)
	RM'000	RM'000
Investing activities		
Advances to associates	(221)	(1,556)
Withdrawal / (Placement) of fixed deposits	3,295	(15,591)
Interest received	2,606	2,614
Dividend received	-	4,064
Proceeds from disposal of an investment in joint venture	-	8,927
Proceeds from disposal of financial asset, FVOCI	899	1,771
Proceeds from disposal of plant and equipment	124	244
Purchase of plant and equipment	(700)	(1,653)
Purchase of additional investment in associate	(800)	-
Purchase of intangible assets	(5)	(61)
Net cash generated from/(used in) investing activities	5,198	(1,241)
Financing activities		
Interest paid	(2,920)	(2,836)
Dividend paid to non-controlling interest	(792)	(906)
Issuance of ordinary share	9,104	7,675
Repayments from revolving credit facilities	(4,526)	(4,266)
Proceeds from revolving credit facilities	1,741	-
Repayments of term loan facilities	(3,923)	(7,920)
Repayment of hire purchase	(40)	-
Proceeds from hire purchase	170	-
Repayments of lease liabilities	(3,747)	(3,680)
Acquisition of non-controlling interests	(2,352)	-
Proceeds from issuance of ordinary shares to non-controlling interests	69	-
Net cash used in financing activities	(7,216)	(11,933)
Net change in cash and cash equivalents	1,369	(1,932)
Cash and cash equivalents at beginning of financial year	8,570	9,871
Effect of exchange rate changes on cash and cash equivalents	167	631
Cash and cash equivalents at end of the financial year	10,106	8,570
Cash and cash equivalents comprise:		
Cash and cash equivalents as shown in the Condensed Balance Sheet	16,459	16,888
Less: Bank overdraft	(6,353)	(8,318)
	10,106	8,570

**Notes to the interim condensed financial statements
For the financial year ended 31 December 2023**

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 activity of the Company is that of an investment holding company.

The principal activity of the Group is an integrated provider of multidisciplinary professional services. The Group is organised into business units based advisory and transactional services.

2. Basis of preparation

The condensed interim financial statements for the financial year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). 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 condensed interim financial statements for the six months ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, 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 that are adopted

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 2023 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 interim 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 financial year ended 31 December 2023.

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 follows:

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 have 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 of 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 projections and estimates are based on the current market conditions and could change significantly as a result of competitor actions.

3. Seasonal operations

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

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 ("ATS"); and
- ii) Management, support services and licensing services ("MSSL").

With effect from December 2022, MSSL segment ceased to generate revenue from third parties. As announced in the Company's unaudited financial statements for FY2022, this was in response to changes in the post-pandemic operating environment and the decision to exit from providing support services to the ZICOLaw network firms.

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 operations 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 financial year ended 31 December 2023 (“**FY2023**”) and 31 December 2022 (“**FY2022**”), respectively:

	FY2023 (RM’000) (Unaudited)	FY2022 (RM’000) (Audited)
Advisory and Transactional Services (“ ATS ”)	58,612	62,718
Management and Support Services Business & Licensing Services (“ MSSL ”)	-	2,227
Total	58,612	64,945

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 31 December 2023 and 31 December 2022 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
2023									
External revenue	41,366	477	1,824	4,849	692	1,639	1,083	6,682	58,612
Non-current assets	31,590	10,919	206	130	-	-	-	51	42,896
2022									
External revenue	34,712	6,947	2,751	6,214	908	2,528	891	9,994	64,945
Non-current assets	33,897	8,202	36	241	-	-	-	56	42,432

Factors leading to any material changes in contributions to turnover and profit by the business or geographical segments:

The decrease in revenue from Malaysia by RM6.4 million is mainly due to the absence of revenue contributions from royalty fees under ZICO Trademark Pte Ltd (“ZTPL”). ZTPL has stopped charging royalty fee to third parties, being the ZICOlaw network firms, with effect from December 2022.

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Elimination RM'000	Total RM'000
FY2023				
Revenue				
External revenue	58,612	-	-	58,612
Inter-segment revenue	4,352	6,031	(10,383)	-
	<u>62,964</u>	<u>6,031</u>	<u>(10,383)</u>	<u>58,612</u>
Results				
Segment profit	539	(7,664)	-	(7,125)
Interest income	405	1,819	-	2,224
Finance costs	(699)	(545)	-	(1,244)
	<u>245</u>	<u>(6,390)</u>	<u>-</u>	<u>(6,145)</u>
Unallocated expenses				(15,259)
Share of results of associates, net of tax				<u>287</u>
Loss before income tax				(21,117)
Income tax expenses				<u>(3,466)</u>
Profit for the financial year				<u>(24,583)</u>

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Total RM'000
Non-cash items			
Reversal of allowance on trade and other receivables	(669)	-	(669)
Bad debts written off	1,181	218	1,399
Amortisation of intangible assets	50	777	827
Depreciation of plant and equipment	440	419	859
Depreciation of right-of-use assets	1,972	1,412	3,384
Disbursement written off	685	-	685
Impairment of goodwill	500	-	500
Share-based payment expenses	-	92	92
Unrealised foreign exchange gain, net	(32)	(1,072)	(1,104)
Unallocated non-cash item			
Amortisation of intangible assets	-	-	193
Depreciation of plant and equipment	-	-	7
Bad debts written off	-	-	7,368
Reversal of allowance on trade and other receivables	-	-	1,587
Unrealised foreign exchange gain, net	-	-	(1,256)
Capital expenditure			
Plant and equipment	128	572	700
Intangible assets	5	-	5
As at 31 December 2023			
Assets and Liabilities			
Segment assets	31,379	71,731	103,110
-Current income tax recoverable	-	278	278
-Deferred tax assets	1,986	6,871	8,857
	33,365	78,880	112,245
Unallocated assets			45,758
			158,003
Segment liabilities	24,105	9,649	33,754
- Current income tax payable	503	3,101	3,604
- Deferred tax liabilities	77	654	731
	24,685	13,404	38,089
Unallocated liabilities			24,310
			62,399

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Elimination RM'000	Total RM'000
FY2022				
Revenue				
External revenue	62,718	2,227	-	64,945
Inter-segment revenue	5,550	4,435	(9,985)	-
	<u>68,268</u>	<u>6,662</u>	<u>(9,985)</u>	<u>64,945</u>
Results				
Segment profit/(loss)	5,769	(3,746)	-	2,023
Interest income	319	1,941	-	2,260
Finance costs	(895)	(545)	-	(1,440)
	<u>5,193</u>	<u>(2,350)</u>	<u>-</u>	<u>2,843</u>
Unallocated expenses				(6,068)
Share of results of associates, net of tax				36
Share of results of joint venture, net of tax				<u>2,243</u>
Profit before income tax				(946)
Income tax credit				<u>1,499</u>
Profit for the financial year				<u>553</u>

Business Segment	Advisory and transactional services RM'000	Management and support services business & licensing services RM'000	Total RM'000
Non-cash items			
Reversal of allowance on trade and other receivables	(746)	(326)	(1,072)
Bad debts written off	186	(1)	185
Amortisation of intangible assets	590	911	1,501
Depreciation of plant and equipment	408	490	898
Depreciation of right-of-use assets	1,844	1,606	3,450
Plant and equipment written off	6	117	123
Share-based payment expenses	-	92	92
Unrealised foreign exchange loss, net	94	815	909
Unallocated non-cash item			
Amortisation of intangible assets	-	-	517
Depreciation of plant and equipment	-	-	6
Depreciation of right-of-use assets	-	-	95
Unrealised foreign exchange loss, net	-	-	(2,445)
Capital expenditure			
Plant and equipment	1,247	229	1,476
Intangible assets	61	-	61
Right-of-use assets	5,370	3,010	8,380
As at 31 December 2022			
Assets and Liabilities			
Segment assets	52,557	89,633	142,190
-Current income tax recoverable	-	251	251
-Deferred tax assets	1,461	9,766	11,227
	54,018	99,650	153,668
Unallocated assets			40,593
			194,261
Segment liabilities	27,510	24,537	52,047
- Current income tax payable	478	2,898	3,376
- Deferred tax liabilities	72	694	766
	28,060	28,129	56,189
Unallocated liabilities			24,071
			80,260

5. Significant items included in profit before taxation

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

	Group	
	Full Year Ended	
	31 December 2023	31 December 2022
	(Unaudited)	(Audited)
	RM'000	RM'000
<i>Other gains and (losses)</i>		
Loss on disposal of investment	-	(1,560)
Unrealised foreign exchange gain, net	2,360	1,537
Impairment on goodwill	(500)	-
Realised foreign exchange loss, net	(93)	(339)
<i>Amortisation and depreciation expenses</i>		
Amortisation of intangible assets	1,020	2,018
Amortisation of right-of-use assets	3,384	3,546
Depreciation of plant and equipment	866	904
<i>Employee benefits expense</i>		
Share based payment expenses	92	97
<i>Operating lease expenses</i>		
Rental of premises	653	449
Rental of accommodation	35	-
<i>Other income / (expenses)</i>		
(Loss)/Gain on disposal of plant and equipment	(72)	24
Disbursement written off	(685)	-
Plant and equipment written off	-	(123)
<i>Income tax expenses /(credit), net</i>		
Under/(Over) provision of income tax expense in respect of prior year	232	(179)

6. Significant related party transactions

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

	<u>Group</u>	
	Full Year ended	
	31 December 2023	31 December 2022
	RM'000	RM'000
	(Unaudited)	(Audited)
<i>Transactions with associated companies</i>		
Corporate guarantee given for banking facilities utilised by an associated company	(690)	(737)
Dividend income	-	75
Interest income	530	790
Advances to an associated company	221	1,556
Loss allowance on non-trade receivables	1,587	653
<i>Transactions with a joint venture company</i>		
Dividend income	-	3,945

7. Income tax expense / (credit)

	Group	
	Full Year ended	
	31 December 2023	31 December 2022
	RM'000	RM'000
	(Unaudited)	(Audited)
Tax expense attributable to profit / (loss) is made up of:		
Current income tax	1,435	226
Deferred income tax	1,951	(2,073)
Withholding tax	80	348
	<u>3,466</u>	<u>(1,499)</u>

8. Dividends

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

9. Earnings / (Loss) per share

	Group	
	Full Year Ended	
Earnings / (Loss) per share ("EPS" and "LPS" respectively)	31 December 2023 (Unaudited)	31 December 2022 (Audited)
Loss attributable to owners of the parent (RM'000)	(24,939)	(865)
Weighted average number of ordinary shares in issue (in thousands)	370,264 ⁽¹⁾	342,759 ⁽²⁾
Basic EPS / (LPS) (RM cents)	(6.74)	(0.25)
Weighted average number of ordinary shares in issue on a fully diluted basis (in thousands)	372,998 ⁽³⁾	345,917 ⁽⁴⁾
Fully diluted EPS / (LPS) (RM cents)	(6.69)	(0.25)

Notes:-

- (1) Adjusted for 423,766 ordinary shares allotted and issued to employees pursuant to the vesting of share awards under the PSP on 17 March 2023 and issuance of 30,000,000 new ordinary shares to Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani on 27 April 2023 pursuant to the placement announced on 14 April 2023 and completed on 26 April 2023.
- (2) 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.
- (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 31 December 2023.
- (4) Adjusted for 3,300,000 ordinary shares which may be allotted and issued to employees upon the exercise of 3.3 million outstanding ESOS as at 31 December 2022.

10. Net assets value

Net asset value ("NAV")	Group		Company	
	31 December 2023 (Unaudited)	31 December 2022 (Audited)	31 December 2023 (Unaudited)	31 December 2022 (Audited)
NAV (RM'000)	95,604	112,086	131,411	129,314
Number of ordinary shares in issue (in thousands)	379,886	349,462	379,886	349,462
NAV per ordinary share (RM cents)	25.17	32.07	34.59	37.00

11. Plant and equipment

During the financial year, the Group acquired assets amounting to RM700,000 (FY2022: RM1,653,000).

	<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					
2023					
Cost					
Beginning of financial year	230	3,864	3,166	4,809	12,069
Additions	221	171	58	250	700
Disposals	(147)	(222)	(179)	(2,442)	(2,990)
Currency translation differences	3	88	80	275	446
End of financial year	307	3,901	3,125	2,892	10,225
Accumulated depreciation					
Beginning of financial year	230	3,623	2,445	3,123	9,421
Depreciation charge	33	224	232	377	866
Disposals	(147)	(220)	(159)	(2,266)	(2,792)
Currency translation differences	3	69	53	194	319
End of financial year	119	3,696	2,571	1,428	7,814
Net book value					
End of financial year	188	205	554	1,464	2,411

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						
2023						
Cost						
Beginning of financial period	13,216	23,905	2,000	4,077	8,475	51,673
Additions	5	–	–	–	–	5
Impairment	–	(500)	–	–	–	(500)
Currency translation differences	61	1,087	–	249	96	1,493
End of financial year	13,282	24,492	2,000	4,326	8,571	52,671
Accumulated amortisation						
Beginning of financial period	12,853	–	680	3,919	4,553	22,005
Amortisation	215	–	50	139	616	1,020
Currency translation differences	62	–	–	243	52	357
End of financial year	13,130	–	730	4,301	5,221	23,382
Net book value						
End of financial year	152	24,492	1,270	25	3,350	29,289

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 2022.

13. Financial assets and financial liabilities

The following table sets out the financial instruments as at 31 December 2023 and 31 December 2022:

Financial Assets and Financial Liabilities

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets, at amortised costs				
- Trade and other receivables	74,909	92,519	108,252	98,759
- Cash and cash equivalents	16,459	16,888	2,998	2,211
- Other current assets	4,081	19,572	703	15,597
- Financial assets, at FVOCI	438	886	-	-
	95,887	129,865	111,953	116,567
Financial liabilities				
Other financial liabilities, at amortised cost				
- Trade and other payables	10,273	21,569	4,216	782
- Interest-bearing liabilities	34,066	40,470	25,290	29,945
- Lease liabilities	9,742	9,884	-	-
	54,081	71,923	29,506	30,727

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 31 December 2023 (Unaudited)		As at 31 December 2022 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
29,018	56	33,733	-

Amount repayable after one year

As at 31 December 2023 (Unaudited)		As at 31 December 2022 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
4,918	74	6,737	-

Details of any collateral

The secured borrowings comprised:

	As at 31 December 2023 (Unaudited) RM'000	As at 31 December 2022 (Audited) RM'000	Secured by
Term loan	7,159	10,232	Corporate guarantee for all moneys owing by certain subsidiaries
Revolving credit	20,424	21,920	Corporate guarantee for all moneys owing by certain subsidiaries
Bank overdraft	6,353	8,318	Corporate guarantee by a subsidiary
	<u>33,936</u>	<u>40,470</u>	

15. Share Capital

Share Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 1 January 2023	349,461,791	103,086,252
Issue of new ordinary shares ⁽¹⁾	30,423,766	9,196,016
Balance as at 31 December 2023	379,885,557	112,282,268

Notes:-

- (1) Adjusted for 423,766 ordinary shares allotted and issued to employees pursuant to the vesting of share awards under the PSP on 17 March 2023 and issuance of 30,000,000 new ordinary shares to Tan Sri Dr. Nik Norzrul Thani bin N. Hassan Thani on 27 April 2023 pursuant to the placement announced on 14 April 2023 and completed on 26 April 2023.

There were 3,300,000 outstanding options (31 December 2022: 3,300,000 options) and all share awards granted have been vested under the PSP as at 31 December 2023 (31 December 2022: 3,300,000). There were no unvested PSP shares that had expired as at 31 December 2023.

Save for the above, the Company did not have any convertibles or treasury shares as at 31 December 2023 and 31 December 2022.

The Company did not have any subsidiary holdings as at 31 December 2023 and 31 December 2022.

16. Treasury shares

	As at 31 December 2023	As at 31 December 2022
Total number of issued shares	379,885,557	349,461,791

The Company did not have any treasury shares as at 31 December 2023 and 31 December 2022.

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

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

17. Share-based reserve

	Group and Company	
	31 December 2023	31 December 2022
	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 year under review, the Company did not issue any options under the employee share option scheme.

As at 31 December 2023, there were 3,300,000 outstanding options under the employee share option scheme (31 December 2022: 3,300,000).

Performance share plan

During the financial year under review, awards for 423,766 ordinary shares were granted pursuant to the ZICO Holdings Performance Share Plan on 17 March 2023.

In the previous financial year under review, awards for 425,314 shares were granted pursuant to the ZICO Holdings Performance Share Plan on 4 March 2022.

18. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

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 31 December 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the full financial year ended 31 December 2023 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 Company's latest audited financial statements for the financial year ended 31 December 2022 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

Condensed Consolidated Statement of Comprehensive Income

Review for the performance of the Group for the 6 months ended 31 December 2023 ("2H2023") as compared to the 6 months ended 31 December 2022 ("2H2022") and the full year ended 31 December 2023 ("FY2023") as compared to the full year ended 31 December 2022 ("FY2022").

Revenue

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

	2H2023 (RM million)	2H2022 (RM million)	% change	FY2023 (RM million)	FY2022 (RM million)	% change
Advisory and Transactional Services ("ATS")	28.6	34.0	(15.9)	58.6	62.7	(6.5)
Management and Support Services Business & Licensing Services ("MSSL")	-	1.2	(100)	-	2.2	(100)
Total	28.6	35.2	(18.8)	58.6	64.9	(9.7)

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

Revenue for FY2023 declined 6.5% to RM58.6 million due to lower contributions from the ATS segment. The segment's consulting division recorded lower turnover amid slower corporate finance and consultancy activities in Singapore and Malaysia, while the legal service division saw lower revenue contribution as ZICOlaw Thailand made the strategic decision to refocus on intellectual property practices from December 2022, rather than across multiple legal practice areas.

The decrease in revenue from MSSL of RM1.2 million was mainly due to the absence of revenue contributions from royalty fees under ZICO Trademark Pte Ltd ("ZTPL"). ZTPL has stopped charging royalty fee to third parties, being the ZICOlaw network firms, with effect from December 2022.

Other items of income

Interest income

Interest income decreased by RM190,000 in 2H2023 and RM8,000 in FY2023 mainly due to a decrease in percentage of interest income derived from amounts owed by ZICOlaw Network firms with outstanding balances of more than one year.

Other income

Other income increased by RM0.7 million in 2H2023 and RM0.6 million in FY2023 mainly due to increase of disbursement recovery from ZICO Asset Management Pte Ltd (“ZAM”).

Other gains and (losses)

Other gains increased by RM1.9 million in 2H2023 and RM2.2 million in FY2023 mainly due to the increase of unrealized foreign exchange gain by RM0.8 million in FY2023. In the previous financial year, other losses were due to a non-cash one-off loss on disposal of an investment in a joint venture, Fragomen ZICO Inc (“Fragomen”) of RM1.6 million in 2H2022 as announced on 19 October 2022, 5 November 2022, 21 November 2022 and 23 November 2022 in relation to the disposal of 50% equity interest in Fragomen ZICO Inc.

Items of expense

Amortisation and depreciation expenses

Amortisation and depreciation expenses decreased by RM0.9 million in 2H2023 and RM1.2 million in FY 2023 mainly due to investment in customer acquisition costs from Stamford Law Corporation being fully amortized and certain computer software of ZICO Knowledge Services Sdn Bhd (“ZKS”) being fully amortised in 1H2023.

Employee benefits expense

Employee benefits expense increased by RM2.0 million in 2H2023 mainly due to variable compensation, i.e. advisors’ commissions and nominal inflationary increase in 2H2023. The employee benefits expense decreased by RM0.9 million in FY2023 mainly due to the absence of bonus provision for certain under-performing subsidiaries.

Operating lease expenses

Operating lease expenses increased by RM0.4 million in 2H2023 and RM0.2 million in FY2023 due to a portion of the lease being taken up as amortization of right-of-use asset.

Retainer fees and consultancy fees

Retainer fees and consultancy fees increased by RM4.5 million in 2H2023 and RM4.8 million in FY2023 mainly due to higher consultancy fees incurred by ZICO Capital Pte Ltd (“ZICAPSG”) and ZICO Consultancy Sdn Bhd (“ZICON”).

Loss allowance on trade and other receivables

Increased in loss allowances on trade and other receivables (ECL) by RM9.1 million in 2H2023 and RM10.6 million in FY2023 is mainly due to provision for loss allowance in relation to the Group's investment in Philippines.

Other expenses

Other expenses decreased by RM0.3 million in 2H2023 mainly due to lower disbursement incurred, insurance and entertainment during 2H2023.

Other expenses increased by RM1.0 million in FY2023 mainly due to amongst others, IT software maintenance, staff welfare, insurance and entertainment.

Finance Costs

Finance costs decreased by RM0.4 million in 2H2023 mainly due to repayment of bank borrowings.

Share of associates results

Share of associate results decreased by RM0.5 million in 2H2023 mainly due to lower profit contribution by ZICO Trust (M) Bhd ("ZTM") in 2H2023. Share of associate results increased by RM 0.3 million, driven by maiden contributions from ZTM, which commenced operations in January 2023.

Share of joint venture results

Share of joint venture results decreased by RM0.8 million in 2H2023 and RM2.2 million in FY2023 mainly due to disposal of a joint venture company, Fragomen in 2H2022.

Loss before income tax

Loss before income tax increased by RM19.7 million in 2H2023 and RM20.2 million in FY2023 mainly due to lower revenue generated by the Group and higher expenses as indicated above.

Income tax expense

Income tax expense increased by RM4.3 million in 2H2023 and RM5.0 million in FY2023 mainly due to lower deferred tax assets recognised for the unutilised tax losses of certain subsidiaries and higher provision of tax expenses for profit-making subsidiaries in 2H2023 and FY2023.

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. Decrease in the fair value losses was mainly due to disposal of available-for-sale investments during the financial year under review.

Foreign currency translation difference

The foreign currency translation difference was mainly due to the fluctuation of Ringgit Malaysia against the United States Dollar and Singapore Dollar.

Loss for the financial year

Loss for the financial year was higher by RM24.0 million in 2H2023 and RM25.1 million in FY2023 mainly due to lower revenue generated and higher tax expenses incurred during FY2023.

Condensed Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the financial statements as at 31 December 2023 and 31 December 2022.

Non-current assets

Plant and equipment decreased by RM0.2 million mainly due to disposal of assets from the Group's Singapore and Thailand offices, such as motor vehicles and office equipment, and depreciation charge during the current financial year.

Right-of-use assets decreased by RM0.5 million mainly due to the amortisation charge for right of use ("ROU") during the current financial year.

Intangible assets decreased by RM0.4 million mainly due to (i) translation of goodwill and identifiable assets arising from the acquisition of B.A.C.S.; (ii) impairment of goodwill for ZICOLaw Myanmar resulting from downsizing of the Group's corporate services in Myanmar due to its political instability¹; and (iii) amortisation of the computer software and identifiable assets for the current financial year.

Investment in associates increased by RM1.1 million mainly due to injected capital of RM0.8 million and share of profit from investment in ZTM.

Investments decreased by RM0.4 million mainly due to disposal of shares as well as the fair value adjustments of shares held by ZICAPSG.

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The total revenue from the Group's operation in Myanmar is below 1% of the Group's revenue. The Group retains the provisions of IP services in Myanmar.

Deferred tax assets decreased by RM2.4 million mainly due to reversal of deferred tax assets for the unutilized tax losses of certain subsidiaries.

Current assets

Current trade and other receivables decreased by RM16.3 million mainly due to the repayment from clients and provision for loss allowance in relation to the Group's investment in the Philippines.

Prepayments decreased by RM0.9 million mainly due to a retainer arrangement.

Current income tax recoverable increased by RM27,000 mainly due to the lower tax expense incurred for its Malaysia subsidiaries as compared to the actual tax installment paid to the Malaysia tax authorities.

Cash and cash equivalents decreased by RM0.4 million mainly due to cash being utilized in operations.

Other current assets (comprising clients' monies held in trust and fixed deposit with maturity of more than 90 days) decreased by RM15.5 million mainly due to the placement of fixed deposits in FY2022.

Non-current liabilities

The decrease in non-current interest-bearing liabilities by RM1.7 million was mainly due to repayment of term loan facilities.

Lease liabilities decreased by RM1.3 million mainly due to the repayment of lease liabilities.

The decrease in provisions by RM0.3 million mainly due to the reversal of provision for retirement benefits due to nil employees at PT ZICO Konsultant ("PT ZICO") as of 31 December 2023.

The increase in deferred tax liabilities ("**DTL**") by RM35,000 was mainly due to fluctuation of exchange rate.

Current liabilities

Trade and other payables decreased by RM11.3 million mainly due to decrease in client money held in trust.

Current interest-bearing liabilities decreased by RM4.7 million mainly due to the repayments for the term loans and revolving credit facilities.

Lease liabilities increased by RM1.2 million mainly due to the renewal of the rental of certain office premises in Malaysia.

Contract liabilities increased by RM40,000 mainly due to increase in billings to the clients under corporate secretarial.

The increase in provisions by RM1,000 was mainly due to the fluctuation of the foreign exchange rate which affected the provision of leave benefits.

The increase in current income tax payable by RM0.2 million was mainly due to higher in provision of tax for profit making subsidiaries.

Condensed Consolidated Statement of Cash Flow

The net cash generated from operating activities of RM3.4 million in FY2023 (FY2022: RM11.2 million) is mainly due to an increase in loss before tax to RM20.2 million resulting in a reduction of operating cash flows before working capital changes to negative RM7.4 million (FY2022: positive RM2.8 million). This is offset by a lower positive working capital generated from trade and other payables of RM1.6 million in FY2023 as compared to RM7.5 million in FY2022 and higher positive working capital generated from trade and other receivables of RM9.3 million in FY2023 as compared to RM4.6 million in FY2022.

Net cash generated from investing activities of RM5.2 million in FY2023 (FY2022: Net cash used in investing activities of RM1.2 million) was mainly due to withdrawal of fixed deposits of RM3.3 million and interest received of RM2.6 million.

Net cash used in financing activities of RM7.2 million in FY2023 (FY2022: RM11.9 million) was mainly due to proceeds from the placement exercise of RM9.1 million , as completed on 27 April 2023, partially offset by repayments of revolving credit facilities, term loan facilities, lease liabilities and acquiring of non-controlling interests.

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.

As announced in the profit warning statement on 16 February 2024, the Company reported a substantial net loss. This is partially due to significant downsizing activities in Myanmar which involve substantial non-cash impairments and write-offs in FY2023. These measures were needed to substantially reduce future losses from these activities as well as redeploying working capital to other business units which will facilitate corporate recovery. The Group's strategy is to expand the asset management business in Singapore, as well as the trust and fiduciary services, capital markets and corporate and investor services.

While the Group experienced slower corporate finance and consultancy activities in Singapore and Malaysia due to softer market conditions amid economic uncertainty and higher interest rates, the Group continues to see exciting growth opportunities, nonetheless. Its corporate and investor services base of customers is expected to grow significantly in FY2024 as a result of recovery in the general market outlook.

Beyond the provisions and write-offs for FY2023, the Group will continue to streamline its operations. The Group is cautiously optimistic of its prospects in FY2024 barring any unforeseen circumstances.

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 FY2023 in view of the current phase of growth and the need to consolidate cash resources for business purposes.

7. 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.

Please refer to Note 4 of the condensed consolidated financial statement.

8. 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 paragraphs 2 and 4 above.

9. A breakdown of sales as follows:

	Group		
	FY2023 (Unaudited) RM'000	FY2022 (Audited) RM'000	Increase / (Decrease) %
(a) Sales reported for first half year	30,029	29,784	(0.8)
(b) Profit / (Loss) after tax before deducting non-controlling interest reported for first half year	(985)	134	(835.1)
(c) Sales reported for second half year	28,583	35,161	(18.7)
(d) Profit / (Loss) after tax before deducting non-controlling interest reported for second half year	(23,598)	419	(5,732.0)

10. 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 FY2023.

In FY2023, interested person transactions each of a value less than S\$100,000 comprised 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.

11. 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.

12. 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).

13. Use of Proceeds

The Company refers to the net proceeds amounting to S\$2.7 million raised from the placement exercise announced on 14 April 2023, 26 April 2023 and completed on 27 April 2023. The Company has subsequently announced a change in the use of proceeds on 30 June 2023.

A change in the use of placement proceeds was announced by the Company on 30 June 2023. 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 30 June 2023. There is no material deviation from the stated use of proceeds.

Use of placement net proceeds

	Amount allocated (S\$)	Amount utilised (S\$)	Balance (S\$)
Working Capital ⁽¹⁾ and General Corporate Purposes	1,890,000 to 2,025,000	2,010,000	-
Opportunistic Acquisition	675,000 to 810,000	690,000 ⁽²⁾	-
Total	2,700,000	2,700,000	-

Note:-

(1) The working capital purposes are mainly the payment of professional fees and other office expenses.

(2) The amount was utilized for the acquisition of 25% interest in shares of ZAM. Please refer to the Company's announcements dated 30 June 2023 and 14 July 2023 for further details.

14. Disclosure pursuant to Rule 706(A) of the Catalyst Rules

Investment of an associate company

On 23 June 2023, ZICO Insource (Thailand) Co., Ltd was incorporated in Thailand to provide insourcing services to its clients. The shareholders were Chan May May 49% (490 shares) and Phattharaphon Yomthaisong 51% (510 shares). On 13 July 2023, Chan May May transferred the 490 shares at par value of 10 Thai Baht per share (which has been satisfied by way of cash consideration) to ZICOInsource Inc., which provides insourcing services in Thailand, and it became an associate company of the group.

The consideration is not at a discount or premium to the shares of ZICO Insource (Thailand) Co., Ltd, as it is a start-up company.

Capitalisation in a subsidiary company

On 30 June 2023, ZICO Capital Pte Ltd ("ZICAP"), a direct subsidiary of the Company has increased its issued and paid up share capital from SGD2,000,000 to SGD2,200,000.

Capitalisation in an associate company

On 11 May 2023 and 12 May 2023, ZICO Trust (M) Berhad, an indirect 40% associate company of the Company increased its issued share capital from RM500,000 consisting of 50,000 ordinary shares to RM2,500,000 consisting of 550,000 shares. Each share was issued at the price of RM10, of which only RM4 was called up, pursuant to the requirements under Section 3 of the Trust Companies Act 1949 of Malaysia.

Acquisition of shares of a subsidiary

On 30 June 2023, the Company announced that it had entered into a share sale and purchase agreement with Mr Lim Khoon Siong for the acquisition of 522,458 ordinary shares representing 25% of the entire issued share capital of ZAM for a cash consideration of SGD690,000. The consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following factors:

- (a) the net asset value of ZAM amounting to SGD1,252,086;
- (b) historical financial position and the size of current asset under management (AUM);
- (c) regulatory licenses held by ZAM to engage in the business of fund management in Singapore;
- (d) ZAM's well-established branding, client base and in-depth knowledge of management team in fund management industry;
- (e) inputted premium for full control over the corporate direction of ZAM; and
- (f) the rationale and benefits (including long-term growth prospects and sustained profitability) as described in the Company's announcement dated 30 June 2023.

The Consideration has been satisfied by cash in two tranches as set out below:

- (a) SGD69,000 on the date of share sale and purchase agreement on 30 June 2023; and
- (b) SGD621,000 on the completion date of 14 July 2023.

Following the completion of acquisition on 14 July 2023, ZAM became a wholly-owned subsidiary of the Company. Please refer to the Company's announcements dated 30 June 2023 and 14 July 2023 for further details.

BY ORDER OF THE BOARD

Datuk Ng Hock Heng
Group Chief Executive Director

29 February 2024

*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 Singapore Exchange Securities Trading Limited (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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