



ZICOM GROUP LIMITED

Appendix 4D

For the half-year ended

31 December 2016

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2016

Name of entity: ZICOM GROUP LIMITED

ABN: 62 009 816 871

Reporting Period: Half-Year Ended 31 December 2016

Previous corresponding period: Half-Year Ended 31 December 2015

Results for announcement to the market

Revenues from ordinary activities	down	29.2% to	S\$47,863,000
Net loss from ordinary activities after tax attributable to members	down	152.7% to	S\$(1,383,000)
Net loss for the period attributable to members	down	152.7% to	S\$(1,383,000)

Dividends

	Amount per security	Unfranked amount per security
Interim dividend	Australian cents 0.15	Australian cents 0.15

Record date for determining entitlements to dividends 17 March 2017

Date the dividend is payable 31 March 2017

Net tangible assets per security

	December 31, 2016	June 30, 2016
Net tangible assets per ordinary share	Singapore cents 32.20	Singapore cents 32.45

This Report is based on accounts to which one of the following applies.

<input type="checkbox"/>	The accounts have been audited	<input checked="" type="checkbox"/>	The accounts have been subject to review
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have not yet been audited or reviewed.

This half yearly report is to be read in conjunction with the half year financial report and the most recent annual financial report.

Signed



GL Sim
Chairman

Date: 27 February 2017



ZICOM GROUP LIMITED

Half-Year Financial Report

For the period ended

31 December 2016

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ZICOM GROUP LIMITED
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Corporate Information

This half-year report covers the consolidated entity comprising Zicom Group Limited and its subsidiaries (the Group). The Group's presentation currency is Singapore Dollars (S\$).

A description of the Group's operations and of its principal activities is included in the review of operations in the Report of the Directors on page 2.

Directors

Giok Lak Sim	(Chairman and Managing Director)
Kok Hwee Sim	(Executive Director)
Kok Yew Sim	(Executive Director)
Frank Leong Yee Yew	(Independent)
Yian Poh Lim	(Independent)
Ian Robert Millard	(Independent)
Shaw Pao Sze	(Independent)

Joint Company Secretaries

Jenny Lim Bee Chun
Surendra Kumar

Registered Office

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Murarrie QLD 4172, Australia
Telephone: +61 7 3908 6088
Facsimile: +61 7 3390 6898
Website: www.zicomgroup.com

Auditors

Ernst & Young
111 Eagle Street
Brisbane, QLD 4000
Australia

Solicitors

Thomson Geer
Level 16, Waterfront Place
1 Eagle Street
Brisbane, QLD 4000
Australia

Share Registry

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane, QLD 4000
Australia
Facsimile: +61 2 9287 0309

Bankers

Australia
Westpac Banking Corporation

Singapore
United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Westpac Banking Corporation
Australia & New Zealand Banking Group Limited
Standard Chartered Bank (Singapore) Limited

Thailand
United Overseas Bank (Thai) Public Company Limited
Siam Commercial Bank

China
Industrial and Commercial Bank of China Limited
China Merchants Bank

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Report of the Directors

Your directors present the consolidated financial report for the half-year ended 31 December 2016.

Directors

The following persons held office as directors of Zicom Group Limited at the date of this report and for the whole of the period since 1 July 2016:

Giok Lak Sim	(Chairman and Managing Director)
Kok Hwee Sim	(Executive Director)
Kok Yew Sim	(Executive Director)
Frank Leong Yee Yew	(Independent)
Yian Poh Lim	(Independent)
Ian Robert Millard	(Independent)
Shaw Pao Sze	(Independent)

Review of Operations

The Group's consolidated revenue for the half year is S\$47.86m as compared with S\$67.59m in the previous year corresponding period, a decrease of 29.19%. The Group's half year net consolidated loss after tax attributable to members to 31 December 2016 is S\$1.38m as compared with a net consolidated profit of S\$2.62m in the previous year corresponding period, a decrease of 152.67%.

The Group's cash and bank balances remain strong at S\$20.19m (30 June 2016: S\$20.56m). The Group's net gearing ratio remains at 0%.

The Group's businesses continued to encounter challenges arising from the on-going global economic slowdown, low prices in the resource sector, in particular oil and mining, and global political uncertainties. Although the Group has been able to maintain its level of revenue, and the established businesses managed to break-even, at reduced margins, the Group suffered a net consolidated loss. The loss is primarily due to, and represents, scaled-up marketing development costs incurred to drive commercialisation of the technology businesses. We are confident of improving revenue generation of our technologies to position the Group to achieve profitability in this cluster in the near future.

The Group's plan to unlock values in these technologies is being implemented. Announcement in the Stock Exchange will be made at appropriate intervals.

A comparison of the current half year results with those of the previous year corresponding period is as follows:-

Key Financials	Change (%)	6 months ended 31 Dec 16 (\$ million)	6 months ended 31 Dec 15 (\$ million)
Revenue	- 29.2	47.86	67.59
Net (loss)/profit after tax	-152.7	(1.38)	2.62

During the half year, the average exchange rate for the A\$ against the S\$ was A\$1.00 to S\$1.0411. As at 31 December 2016, the exchange rate was A\$1.00 to S\$1.0446 (30 June 2016: A\$1 to S\$1.0026).

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Segmental Revenue

The following is an analysis of the segmental revenue:-

Revenue by Business Segments	Change (%)	6 months ended 31 Dec 16 (\$ million)	6 months ended 31 Dec 15 (\$ million)
Offshore Marine, Oil & Gas Machinery	- 65.19	13.07	37.55
Construction Equipment	- 23.07	15.97	20.76
Precision Engineering & Technologies	+ 119.32	17.94	8.18
Industrial & Mobile Hydraulics	- 6.36	1.03	1.10

Offshore Marine, Oil & Gas Machinery

Revenue for offshore marine, oil and gas machinery decreased by 65.19% in the half year as compared with the previous year corresponding period.

During the period under review, oil prices were volatile and stayed low, resulting in many offshore related service companies, including oil rig and supply boat operators, experiencing cash flow problems as oil majors virtually froze all new investments. Global political uncertainties undermined confidence in the recovery of oil prices. Hence, it will take several more months for confidence in oil prices to return before real investments resurge.

Our focus on gas processing plants which are basically land based and less costly to invest and operate is anticipated to compensate for the continuing slack in offshore oil related business. We anticipate prospects for gas processing or gas related projects to remain strong.

Construction Equipment

Revenue from sales and rental of construction equipment decreased by 23.07% in the half year as compared with the previous year corresponding period. We anticipate demand for foundation equipment to continue to be subdued for another 12 months. This is due to the considerable cut back in construction related projects arising out of over-investments in previous years.

Various governments are expected to increase infrastructure spending to inflate their economy. Such measures will support demand for foundation equipment as has been happening in some of our markets. Unless the demand momentum is maintained, sales of foundation equipment is expected to remain flat.

Overall the demand for mixers in Australia, Thailand and China had shown improvement in the half year. We expect that such market improvement will be maintained and strengthened due to inflationary measures being introduced and the need for the industry to replace existing fleet.

Precision Engineering & Technologies

Revenue for precision engineering and technologies increased by 119.32% in the half year as compared with the previous year corresponding period.

Recovery in the global market remains slow but appears to be sustainable. The precision engineering sector shows strong signs to have come out of its trough suffered the last few years.

As commercialisation of our medtech technologies gains traction, precision engineering which supports the manufacturing for the medtech segment is expected to benefit in line with the medtech growth.

Industrial & Mobile Hydraulics

Revenue from this segment generally comprises supply of hydraulic system drives and hydraulic services in support of our general core business activities in hydraulic engineering. We do not anticipate significant variation in this sector.

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Foreign Exchange Exposure

The Group generally prices its sales in foreign currencies on forward rates. During the half year, we hedged the rates to ensure our margins were maintained. The net exchange gain during the current half year is S\$636,000 (31 Dec 2015: S\$29,000).

Financial Position

The group's financial position remains strong:-

Classification	Decrease (-) S\$ million	As at 31 Dec 16 S\$ million	As at 30 Jun 16 S\$ million
Net assets	- 0.66	84.43	85.09
Net working capital	- 2.53	38.81	41.34
Cash in hand and at bank	- 0.37	20.19	20.56

Gearing Ratio

As at 31 December 2016, the Group's gearing ratio is 0% at the same ratio as for the year ended 30 June 2016 as cash and cash equivalents exceeded interest-bearing liabilities. Gearing ratio has been arrived at by dividing our interest-bearing liabilities net of cash and cash equivalents over total capital.

Return Per Share

The Group's earnings and net tangible assets per share are as follows: -

Classification	Decrease (-) Singapore Cents	6 months ended 31 Dec 16 Singapore Cents	6 months ended 31 Dec 15 Singapore Cents
Earnings per share	- 1.85	(0.64)	1.21

The weighted average shares used to compute earnings per share are 217,140,780 for this half year and 215,897,687 shares for the previous year corresponding period.

Classification	Decrease (-) Singapore Cents	As at 31 Dec 16 Singapore Cents	As at 30 Jun 16 Singapore Cents
Net tangible assets per share	- 0.25	32.20	32.45

Confirmed Orders

We have a total of S\$33.7m (31 Dec 2015: S\$51.8m) outstanding confirmed orders in hand as at 31 December 2016. A breakdown of these outstanding orders secured is as follows:-

	S\$ m
Offshore Marine, Oil & Gas Machinery	21.7
Construction Equipment	3.6
Precision Engineering & Technologies	8.2
Industrial & Mobile Hydraulics	0.2
Total	<u>33.7</u>

Of the above, S\$32.3m are scheduled for delivery in the second half of this financial year and S\$1.4m are scheduled to be delivered in the financial year 2018.

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Investments In Technologies

Our investments in technologies have generally achieved the stage of commercialisation. Efforts going forward are focused on market development and scaling up the sales of these technologies so as to generate revenue to achieve profits.

During the year, one of our technology investments, the fine pitch flip chip bonder achieved a revenue of more than S\$10m to deliver a profit contribution to the Group. The initial orders were delivered to the world 3rd largest chip assembly company. We are confident that this technology is well-positioned to scale up.

All the other medical technologies such as our medical robot for prostate biopsy, drug preparation instrumentation technology and liver imaging and analysis technology have gained clinical and industry acceptance globally. These technologies are generating revenue and as their pace of commercialisation gains traction, exponential growth is expected. We expect these technologies to either break-even or generate profits over the next 18-24 months.

With the experiences gained in the incubation of medtech technologies, the Group is now well-positioned to take on new technology spin-offs to expand and grow our medtech cluster. We have recently taken a minority stakes in 2 world leading disruptive technologies, one developed by Endofotonics Pte Ltd, based in Singapore and another by Belkin Laser Ltd based in Israel.

Endofotonics' In-Vivo Molecular Diagnostic system (IMDX) enables spectral information acquired during an endoscopic examination to be matched against a database to enable real-time diagnosis, almost immediately. Belkin Laser's device enables a general ophthalmologist to carry out treatment of glaucoma in one second compared with existing devices that take a longer time and require skilful ophthalmologists specially trained for the procedure. This will help bring down costs and make the technology more accessible to the masses.

The Group is of the view that these technologies are maturing and are ready to unlock values. We have begun our plan to implement the necessary steps to achieve these. We will keep shareholders informed at appropriate intervals.

Prospects

Prospects for the Group will continue to be challenging. Although we remain confident of maintaining the same level of revenue in the coming year, the Group expects volatility and has braced itself for short term disappointment. The Group has always been judicious and prudent in its financial management that ensures that in the face of economic challenges, it remains well-positioned to continue to expand for the long term without the need of external borrowings. While economic challenges are transient, the Group's growth vision and long term objectives are grounded on solid fundamentals and aligned with Industrial Revolution 4.0, the current era of disruptive innovations so as to remain totally relevant for the long term.

Dividends

The Group continues to be confident of its future long term growth prospects. The Group has always exercised considerable prudence in cash management so as to be able to navigate economic turbulence over the years. In view of the continuing uncertainties, the Board decides for this half year to pay an interim dividend of 0.15 Australian cents per share. (2015: 0.25 Australian cents). This interim dividend will be paid out of Conduit Foreign Income under the provision of the Australian Income Tax Act and accordingly, withholding tax will not apply to non-Australian residents.

The Group intends to increase dividends as its profits strengthen and as values are unlocked in its investments.

The record date for the interim dividend will be 17 March 2017 and the payment date is 31 March 2017.

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Auditor Independence

A copy of the auditor's signed independence declaration is attached to this report.

Rounding of Amounts

The Company is an entity to which the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest S\$1,000 unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors.



GL Sim
Chairman

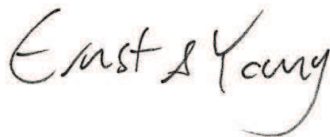
27 February 2017

Auditor's Independence Declaration to the Directors of Zicom Group Limited

As lead auditor for the review of Zicom Group Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Zicom Group Limited and the entities it controlled during the financial period.



Ernst & Young



Tom du Preez
Partner
27 February 2017

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Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2016

	Note	31-Dec-16 S\$'000	31-Dec-15 S\$'000
Revenue	4	47,166	66,819
Other operating income	4	697	767
Total consolidated revenue		47,863	67,586
Cost of materials		(24,356)	(39,746)
Employee, contract labour and related costs		(14,614)	(15,260)
Depreciation and amortisation		(2,640)	(2,917)
Property related expenses		(1,237)	(1,155)
Other operating expenses		(6,167)	(5,206)
Finance costs		(234)	(242)
Share of results of associates		(280)	(84)
(Loss)/profit before taxation		(1,665)	2,976
Tax benefit/(expense)	5	332	(502)
(Loss)/profit after taxation		(1,333)	2,474
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Share of other comprehensive income of associates		(68)	(32)
Foreign currency translation on consolidation		1,156	(108)
Effect of tax on other comprehensive income		–	–
		1,088	(140)
Total comprehensive (loss)/income		(245)	2,334
(Loss)/profit attributable to:			
Equity holders of the Parent		(1,383)	2,616
Non-controlling interests		50	(142)
(Loss)/profit for the period		(1,333)	2,474
Total comprehensive (loss)/income attributable to:			
Equity holders of the Parent		(295)	2,476
Non-controlling interests		50	(142)
Total comprehensive (loss)/income		(245)	2,334
Earnings per share (cents)			
Basic earnings per share	6	(0.64)	1.21
Diluted earnings per share	6	(0.64)	1.21

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Balance Sheet

as at 31 December 2016

	Note	31-Dec-16 S\$'000	30-Jun-16 S\$'000
Non-current assets			
Property, plant and equipment		24,497	24,728
Intangible assets		14,505	14,632
Deferred tax assets		2,359	2,378
Investment in associates	10	7,532	6,886
Others		–	1
		48,893	48,625
Current assets			
Cash and bank balances	7	20,189	20,557
Inventories		23,211	22,427
Trade and other receivables		23,516	15,512
Gross amount due from customers for contract work		4,476	11,735
Prepayments		1,697	786
Tax recoverable		–	17
		73,089	71,034
TOTAL ASSETS		121,982	119,659
Current liabilities			
Trade and other payables		20,749	18,176
Gross amount due to customers for contract work		1,165	2,580
Interest-bearing liabilities	11	10,667	7,352
Provisions		1,301	1,069
Provision for taxation		402	513
		34,284	29,690
NET CURRENT ASSETS		38,805	41,344
Non-current liabilities			
Interest-bearing liabilities	11	1,235	2,584
Deferred tax liabilities		1,625	1,954
Provisions		410	339
		3,270	4,877
TOTAL LIABILITIES		37,554	34,567
NET ASSETS		84,428	85,092
Equity attributable to equity holders of the Parent			
Share capital	12	38,314	38,314
Reserves		(1,309)	(2,437)
Retained earnings		47,304	49,146
		84,309	85,023
Non-controlling interests		119	69
Total EQUITY		84,428	85,092
TOTAL LIABILITIES AND EQUITY		121,982	119,659

The above consolidated balance sheet should be read in conjunction with the accompanying notes

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Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2016

	Note	Attributable to equity holders of the Parent					Non-controlling interests	Total equity	
		Share capital	Share capital – exercise of share options	Foreign currency translation reserve	Share-based payments reserve	Retained earnings			Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			S\$'000
Balance at 1.7.2016		37,842	472	(2,597)	160	49,146	85,023	69	85,092
Loss for the period		–	–	–	–	(1,383)	(1,383)	50	(1,333)
Other comprehensive income		–	–	1,088	–	–	1,088	–	1,088
Total comprehensive loss for the period		–	–	1,088	–	(1,383)	(295)	50	(245)
Dividend paid on ordinary shares	8	–	–	–	–	(459)	(459)	–	(459)
Share-based payments		–	–	–	40	–	40	–	40
Balance at 31.12.2016		37,842	472	(1,509)	200	47,304	84,309	119	84,428
Balance at 1.7.2015		37,555	307	(1,752)	616	52,211	88,937	498	89,435
Profit for the period		–	–	–	–	2,616	2,616	(142)	2,474
Other comprehensive loss		–	–	(140)	–	–	(140)	–	(140)
Total comprehensive income for the period		–	–	(140)	–	2,616	2,476	(142)	2,334
Exercise of employee share options	12	287	165	–	(165)	–	287	–	287
Dividend paid on ordinary shares	8	–	–	–	–	(774)	(774)	–	(774)
Expiry of employee share options		–	–	–	(374)	374	–	–	–
Share-based payments		–	–	–	36	–	36	–	36
Balance at 31.12.2015		37,842	472	(1,892)	113	54,427	90,962	356	91,318

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Consolidated Statement of Cash Flows

for the half-year ended 31 December 2016

	Note	31 Dec 2016 S\$'000	31 Dec 2015 S\$'000
Cash flows from operating activities :			
Operating (loss)/profit before taxation		(1,665)	2,976
Adjustments for :			
Depreciation of property, plant and equipment		2,110	2,354
Amortisation of intangible assets		530	563
Property, plant and equipment written off	4	4	32
Allowance for doubtful debts written back, net	4	(58)	–
Provision for inventory obsolescence	4	165	2
Inventories written off	4	16	–
Finance costs		234	242
Interest income	4	(22)	(63)
Gain on disposal of property, plant and equipment, net	4	(29)	(49)
Intangible assets written off	4	–	19
Trade and other payables written back		(37)	(6)
Share-based payments		40	36
Provisions made, net		345	162
Share of results of associates		280	84
Unrealised foreign exchange differences		771	(158)
Operating profit before reinvestment in working capital		2,684	6,194
(Increase)/decrease in stocks and work-in-progress		(1,130)	3,596
Decrease/(increase) in projects-in-progress		5,844	(16,263)
Increase in debtors		(8,864)	(1,832)
Increase in creditors		5,083	11,845
Cash generated from operations		3,617	3,540
Interest received		22	63
Interest paid		(207)	(218)
Income taxes paid		(51)	(114)
Net cash provided by operating activities		3,381	3,271
Cash flows from investing activities :			
Purchase of property, plant and equipment		(1,330)	(667)
Proceeds from disposal of property, plant and equipment		39	71
Proceeds from disposal of available-for-sale asset		1	–
Increase in computer software		(29)	(3)
Increase in patented technology		(40)	(21)
Increase in development expenditure		(340)	(160)
Investment in associates		(1,000)	(1,126)
Net cash used in investing activities		(2,699)	(1,906)

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Consolidated Statement of Cash Flows (Cont'd)
for the half-year ended 31 December 2016

	Note	31 Dec 2016 S\$'000	31 Dec 2015 S\$'000
Cash flows from financing activities :			
Repayments of bank borrowings		(209)	(1,796)
Dividends paid on ordinary shares	8	(459)	(774)
Proceeds from exercise of employee share options		–	287
Repayment of hire purchase creditors		(418)	(1,209)
Net cash used in financing activities		(1,086)	(3,492)
Net decrease in cash and cash equivalents		(404)	(2,127)
Effect of exchange rate changes on cash and cash equivalents		69	164
Cash and cash equivalents at beginning of period		19,981	23,870
Cash and cash equivalents at end of period	7	19,646	21,907

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

Note 1 Corporate Information

The financial report of Zicom Group Limited (the “Company” or “Parent Entity”) and its subsidiaries (collectively, the “Group” or “consolidated entity”) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 24 February 2017. Zicom Group Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

Note 2 Summary of significant accounting policies

This general purpose interim financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by Zicom Group Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies applied by the consolidated entity in this interim financial report are consistent with those applied by the consolidated entity in the annual financial report for the year ended 30 June 2016, except for the adoption of new and revised standards effective for annual financial period beginning on or after 1 July 2016. The adoption of these standards or amendments had no material impact on the financial position or performance of the Group.

The Group has not early adopted any other Standard, Interpretation or amendments that has been issued but is not yet effective.

Note 3 Segment information

Identification of reportable segments

The group has identified its operating segments based on internal reports that are reviewed and used by the chief operating decision maker and the executive management team in assessing performance and in determining the allocation of resources. The operating segments are identified based on products and services as follows:

- Offshore Marine, Oil & Gas Machinery – manufacture and supply of deck machinery, gas metering stations, gas processing plants, offshore structures for underwater robots and related equipment, parts and services.
- Construction Equipment – manufacture and supply of concrete mixers and foundation equipment, including equipment rental, parts and related services.
- Precision Engineering & Technologies – manufacture of precision and automation equipment, medtech equipment and products, medtech translation and engineering services.
- Industrial & Mobile Hydraulics – supply of hydraulic drive systems, parts and services.

Inter-segment sales

Inter-segment sales are recognised based on internally set transfer price at arm's length basis.

Unallocated revenue and expenses

Unallocated revenue comprise mainly non-segmental revenue. Unallocated expenses comprise mainly non-segmental expenses such as head office expenses.

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Note 3 Segment information (cont'd)

Segment results

	Offshore marine, oil & gas machinery S\$'000	Construction equipment S\$'000	Precision engineering & technologies S\$'000	Industrial & mobile hydraulics S\$'000	Consolidated S\$'000
Half-year ended 31 Dec 2016					
Revenue					
Sales to external customers	13,029	15,923	17,405	809	47,166
Other revenue	38	48	530	–	616
Intersegment sales	–	1	–	225	226
Total segment revenue	13,067	15,972	17,935	1,034	48,008
Intersegment elimination					(226)
Unallocated revenue					59
Interest Income					22
Total consolidated revenue					47,863
Results					
Segment profit/(loss)	608	(656)	(511)	229	(330)
Unallocated revenue					59
Unallocated expenses					(902)
Share of results of associates					(280)
Loss before tax and finance costs					(1,453)
Finance costs					(234)
Interest income					22
Loss before taxation					(1,665)
Income tax benefit					332
Loss after taxation					(1,333)

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Note 3 Segment information (cont'd)

Segment results

	Offshore marine, oil & gas machinery S\$'000	Construction equipment S\$'000	Precision engineering & technologies S\$'000	Industrial & mobile hydraulics S\$'000	Consolidated S\$'000
Half-year ended 31 Dec 2015					
Revenue					
Sales to external customers	37,550	20,733	7,563	973	66,819
Other revenue	1	28	613	–	642
Intersegment sales	–	3	–	124	127
Total segment revenue	37,551	20,764	8,176	1,097	67,588
Intersegment elimination					(127)
Unallocated revenue					62
Interest Income					63
Total consolidated revenue					67,586
Results					
Segment profit/(loss)	7,444	(111)	(3,224)	246	4,355
Unallocated revenue					62
Unallocated expenses					(1,178)
Share of results of associates					(84)
Profit before tax and finance costs					3,155
Finance costs					(242)
Interest income					63
Profit before taxation					2,976
Income tax expense					(502)
Profit after taxation					2,474

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Note 4 Revenue, income and expenses

	Consolidated	
	31-Dec-16	31-Dec-15
	S\$'000	S\$'000
<i>(i) Revenue</i>		
Sale of goods	30,553	28,184
Rendering of services	2,131	2,471
Rental income	1,711	1,232
Revenue recognised on projects	12,771	34,932
	47,166	66,819
<i>(ii) Other operating income</i>		
Interest income	22	63
Gain on disposal of property, plant and equipment	29	53
Sales of scrap	5	5
Services rendered	157	45
Government grants	444	583
Other revenue	40	18
	697	767
<i>(iii) Other expenses included the following</i>		
Provision/(write back of provision) for product warranties, net	294	(43)
Foreign exchange gain, net	(636)	(29)
Allowance for doubtful debts written back, net	(58)	–
Provision for inventory obsolescence	165	2
Loss on disposal of property, plant and equipment	–	4
Property, plant and equipment written off	4	32
Intangible assets written off	–	19
Inventories written off	16	–

Note 5 Income tax

The major components of income tax (benefit)/expense for the half-year ended 31 December 2016 and 31 December 2015 are:

	Consolidated	
	31-Dec-16	31-Dec-15
	S\$'000	S\$'000
<i>Current income tax</i>		
Current income tax charge	92	699
Loss transferred under Group Relief Scheme	–	(697)
Adjustments in respect of previous years	(135)	304
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(365)	220
Adjustments in respect of previous years	76	(24)
Tax (benefit)/expense	(332)	502

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Note 6 Earnings per share

Earnings per share is calculated by dividing the Group's net profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the period.

- (a) Earnings used in calculating basic and diluted earnings per share

	31-Dec-16	31-Dec-15
	S\$'000	S\$'000
Net (loss)/profit attributable to equity holders of the Parent	(1,383)	2,616

	No. of ordinary shares (Thousands)	
(b) Weighted average number of ordinary shares for basic earnings per share	217,141	215,898
Effect of dilution:		
Share options	–	5
Adjusted weighted average number of ordinary shares	217,141	215,903

	Singapore cents	
(c) Earnings per share		
Basic	(0.64)	1.21
Diluted	(0.64)	1.21

There were 2,750,000 (2015: 2,750,000) share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

Note 7 Cash and cash equivalents

	Consolidated	
	31-Dec-16	30-Jun-16
	S\$'000	S\$'000
Cash at bank and in hand	20,189	20,438
Short-term deposits	–	119
Cash and bank balances	20,189	20,557

For the purpose of cash flow statements, cash and cash equivalents comprise the following:

Cash and short-term deposits	20,189	20,557
Bank overdrafts	(543)	(576)
	19,646	19,981

Note 8 Dividends paid and proposed

	Consolidated	
	31-Dec-16	31-Dec-15
	S\$'000	S\$'000
(a) Dividends paid or provided for		
Final unfranked dividend for 2016: 0.20 Australian cents	459	–
Final unfranked dividend for 2015: 0.35 Australian cents	–	774
(b) Dividend declared		
Interim unfranked dividend for the half-year ended 31 December 2016:		
0.15 Australian cents (2015: 0.25 Australian cents)	351	543

The interim dividend was approved by the Board of Directors on 24 February 2017. This has not been recognised as a liability in the financial statements for the half-year ended 31 December 2016. It will be accounted for in the second half of the financial year.

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Note 9 Investment in subsidiaries

On 21 September 2016, FAEQUIP Corporation was incorporated in the Philippines by Foundation Associates Engineering Private Limited, a wholly-owned subsidiary of the Company held through Zicom Holdings Private Limited (“ZHPL”), with a paid up capital of PHP9,500,000 (S\$278,000). FAEQUIP Corporation, a wholly-owned subsidiary, is principally engaged in trading and rental of foundation equipment and the provision of construction services.

Note 10 Investment in associates

(a) Investment details

	31-Dec-16 S\$'000	30-Jun-16 S\$'000
Held through subsidiaries		
Curiox Biosystems Pte Ltd	5,144	5,295
HistoIndex Pte Ltd	1,402	1,591
Endofotonics Pte Ltd	986	–
	<u>7,532</u>	<u>6,886</u>

The principal place of business for these associates is in Singapore.

(b) Movements in the carrying amount of the Group’s investment in associates

Curiox Biosystems Pte Ltd (“Curiox”)	31-Dec-16	30-Jun-16
Shareholdings held: 72.62% (30 Jun 16: 72.62%)	S\$'000	S\$'000
At beginning of period	5,295	4,515
Additional investment during the period	–	1,108
Share of loss after income tax	(79)	(339)
Share of other comprehensive income	(68)	8
Unrealised profits	(4)	3
At end of period	<u>5,144</u>	<u>5,295</u>

Although the Group holds the majority of voting rights in Curiox, it does not have the power and practical ability to direct the relevant activities of Curiox unilaterally and hence, Curiox remains an associate of the Group as at 31 December 2016.

HistoIndex Pte Ltd (“HistoIndex”)	31-Dec-16	30-Jun-16
Shareholdings held: 10.88% (30 Jun 16: 10.88%)	S\$'000	S\$'000
At beginning of period	1,591	500
Additional investment during the period	–	1,139
Share of loss after income tax	(187)	(43)
Share of other comprehensive income	–	2
Unrealised profits	(2)	(7)
At end of period	<u>1,402</u>	<u>1,591</u>

Although the Group holds less than 20% of equity interest in HistoIndex, the Group has the ability to exercise significant influence through both its shareholdings and the Chairman’s active participation on HistoIndex Board of Directors.

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Note 10 Investment in associates (cont'd)

(b) Movements in the carrying amount of the Group's investment in associates (cont'd)

Endofotonics Pte Ltd ("Endofotonics")	31-Dec-16	30-Jun-16
Shareholdings held: 21.89% (30 Jun 16: Nil%)	S\$'000	S\$'000
At beginning of period	–	–
Investment during the period	1,000	–
Share of loss after income tax	(14)	–
At end of period	<u>986</u>	<u>–</u>

On 25 November 2016, Zicom MedTacc Private Limited ("MedTacc"), a wholly-owned subsidiary of ZHPL acquired 21.89% equity interest in Endofotonics Pte Ltd for a cash consideration of S\$1,000,000. Under the terms of the investment, MedTacc can acquire additional shares through options and achieving certain milestones. The changes in fair value of the options was assessed as being not significant as at 31 December 2016.

Note 11 Interest-bearing liabilities

	Consolidated	
	31-Dec-16	30-Jun-16
	S\$'000	S\$'000
<i>Current</i>		
Bank overdrafts (Note 7)	543	576
Bills payable	4,514	1,930
Factory loans	170	255
Term loans	4,960	3,830
Lease liabilities	480	761
	<u>10,667</u>	<u>7,352</u>
<i>Non-Current</i>		
Factory loans	–	42
Term loans	938	2,108
Lease liabilities	297	434
	<u>1,235</u>	<u>2,584</u>

Note 12 Share capital

(a) Share capital	31-Dec-16	30-Jun-16	31-Dec-16	30-Jun-16
	Shares	Shares		
	(Thousands)	(Thousands)	S\$'000	S\$'000
Ordinary fully paid shares	217,141	217,141	38,314	38,314

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

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Note 12 Share capital (cont'd)

(b) Movements in ordinary share capital

	Company Number of ordinary shares (Thousands)	Group S\$'000
At 1 July 2015	215,522	37,862
Issue of shares under Zicom Employee Share and Option Plan ("ZESOP")	1,619	452
At 30 June 2016 and 31 December 2016	217,141	38,314

On 26 August 2015, 30 September 2015 and 9 November 2015, the Company issued and allotted a total of 1,190,000 and 429,000 ordinary shares fully paid at A\$0.18 and A\$0.17 per share respectively, under the ZESOP. Such shares ranked *pari passu* with the existing ordinary shares of the Company.

There were no movements during the current financial period.

Note 13 Fair value measurements of financial instruments

(a) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There were no transfers between Levels during the reporting period.

(b) Fair value of financial instruments that are carried at fair value

As at 31 December 2016, the Group had no financial instruments measured at fair value.

As at 30 June 2016, the Group held the following financial assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000
Financial assets measured at fair value			
Quoted equity instrument – available-for-sale	1	–	–

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, current trade and other payables, current interest-bearing liabilities reasonably approximate their fair values because they are mostly short-term in nature and repriced frequently.

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Note 13 Fair value measurements of financial instruments (cont'd)

- (d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of non-current finance lease liabilities and bank loans bearing interest at fixed rates, which are not carried at fair value on the balance sheet, are presented in the following table. The fair value is estimated using discounted cash flow analysis using discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The Group's own non-performance risk as at 31 December 2016 was assessed to be insignificant.

	31-Dec-16		30-Jun-16	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
Financial liabilities:				
Obligations under finance leases	297	287	434	419
Interest-bearing liabilities	<u>80</u>	<u>72</u>	<u>61</u>	<u>54</u>

Note 14 Related party transactions

- a) Sales and purchases of goods and services

The following table provides the total amount of transactions which have been entered into with related parties during the half-year ended 31 December 2016 and 2015.

	31-Dec-16 S\$'000	31-Dec-15 S\$'000
Minority shareholder of a subsidiary company		
- Sales	10	132
- Purchases	<u>29</u>	<u>19</u>
Associates		
- Sales	375	187
- Interest income	3	31
- Services rendered	<u>148</u>	<u>45</u>
Other related parties		
- Purchases	41	–
- Interest income	–	1
- Services rendered	<u>8</u>	<u>–</u>

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Note 14 Related party transactions (cont'd)

b) Amounts due from/(to) related parties

The following table provides the balances with related parties as at 31 December 2016 and 30 June 2016.

	31-Dec-16 S\$'000	30-Jun-16 S\$'000
Related party receivables		
- Associates		
- trade	200	74
- non-trade	88	32
	<u> </u>	<u> </u>
- Other related parties		
- trade	8	4
- non-trade	14	–
- loan	200	–
	<u> </u>	<u> </u>
Related party payables		
- Associates		
- trade	(1)	–
	<u> </u>	<u> </u>
- Other related parties		
- trade	(409)	(1)
- non-trade	(60)	(52)
	<u> </u>	<u> </u>

Note 15 Subsequent events

(a) Investment in Belkin Laser Ltd

On 2 February 2017, Zicom MedTacc Private Limited (“MedTacc”) acquired 11.04% equity interest in Belkin Laser Ltd, a medical device company based in Israel, for a cash consideration of US\$471,000. MedTacc is committed to inject an additional US\$539,000 by 15 June 2017.

(b) Declaration of interim dividend

On 24 February 2017, the directors declared an interim unfranked dividend of 0.15 Australian cents per share for the half-year ended 31 December 2016. This amount has not been recognised as a liability as at 31 December 2016 but will be accounted for in the second half of the financial year.

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Directors' Declaration

In accordance with a resolution of the directors of Zicom Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G L Sim
Chairman

Brisbane
Date: 27 February 2017

To the members of Zicom Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Zicom Group Limited which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of consolidated entity comprising the company and the entities it controlled at the half-year end from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Zicom Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

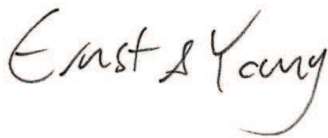
Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zicom Group Limited is not in accordance with the Corporations Act 2001, including:

- i giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



Ernst & Young



Tom du Preez
Partner
Brisbane
27 February 2017