ZICOM GROUP LIMITED

Appendix 4E

ASX Preliminary Final Report

30 June 2017

Name of entity:	**ZICOM GROUP LIMITED**
ABN:	62 009 816 871
Reporting Period:	**Year Ended 30 June 2017**
Previous corresponding period:	Year Ended 30 June 2016

Results for announcement to the market

				2017 S$'000	**2016** S$'000
Revenues from ordinary activities	Down	19%	To	92,628	113,897
Net loss from ordinary activities after tax attributable to members	Up	121%	To	(4,620)	(2,086)
Net loss for the period attributable to members	Up	121%	To	(4,620)	(2,086)

	Amount per security
Interim dividend (unfranked)	A$0.0015
Final dividend (unfranked)	–

Review of Operations

Results
The Group's consolidated revenue for the full year is S$94.52m as compared with S$115.66m in the previous year, a decrease of 18.3%. The Group's full year net consolidated loss after tax attributable to members to 30 June 2017 is S$4.62m as compared with S$2.09m in the previous year, an increase of 121.1%.

Losses per share for the year is Singapore 2.13 cents compared to Singapore 0.96 cents in the previous year, an increase of Singapore 1.17 cents.

Net tangible assets per share decreased from Singapore 32.45 cents to 30.28 cents per share.

Return on equity, based on average of the opening and closing equity, for the year was -5.6% as compared to -2.4% in 2016.

The average rates for currency translation for transactions and cash flows are A$1 to S$1.0498 (2016: S$1.0106) for the year ended 30 June 2017 and balances A$1 to S$1.0570 (2016: S$1.0026) as at 30 June 2017, reflecting a strengthened A$.

The world's economic landscape is undergoing a significant change. Rapid digital disruptions are being compounded by new geo-political developments, in transforming economic and business environment in an unprecedented way. The results for the full year have not escaped the impact of these changes as well as the consolidating effect of over-supply. As a result, price pressures across board had impacted on profit margins during the year, notwithstanding general overheads had been reduced.

The main segments that were severely affected were the offshore marine, oil and gas sector, the construction sector as well as the precision engineering sector, our existing core businesses. Gestation costs of our technology investments incurred on product development have greatly scaled down. The current costs are mainly incurred for global market development to accelerate commercialisation. However such costs have also impacted the results.

The offshore marine sector is expected to continue to be in a slump. During the year we focused to successfully complete 3 turnkey projects and at the same strengthened our capabilities for increased gas projects in the pipeline. We expect these projects to be awarded in this coming financial year. As a result we expect to improve on this sector's consolidated results. The construction sector had been subdued but signs of improvements have emerged. The precision engineering sector suffered from an overhang of prior years' slack in demand. The situation has been improving and demand for its services now resurged. A few of our technology investments have begun to generate revenue and are expected to break-even within the coming financial year, defining their growth phase.

The Group has entered into an inflection point of its restructuring phase. Several years ago, in recognition of the rapid digital and technological disruption to the world's economy it embarked on an industry transformation of its businesses. The Group aims on industries for the future.

The Group's first diversification was technologies on semi-conductor and medical equipment. It has also begun to look into clean energy and waste control technologies. These are focused on high end niche areas and in industries for the future. At the same time, established core businesses will be strengthened with innovations to stay relevant.

We have begun to restructure and re-align our business units so as to enable management to re-focus. As a first step, the precision engineering and technology cluster will be grouped for a spin-off in an Initial Public Offer. Work on this has commenced and announcements will be made at appropriate intervals to keep shareholders informed.

A comparison of the results of the current year with the previous year is as follows:-

Key Financials	Change (%)	12 months ended 30 Jun 17 (S$ million)	12 months ended 30 Jun 16 (S$ million)
Total revenue	-18.3	94.52	115.66
Net loss after tax attributable to equity holders of the Parent	+121.1	(4.62)	(2.09)

The Group's cash balances remain healthy. As at 30 June 2017, the Group's total cash and bank balances were S$18.59m as compared with S$20.56m as at 30 June 2016.

Segmental Revenue
The following is an analysis of the segmental revenue:-

Revenue by Business Segments	Change (%)	12 months ended 30 Jun 17 (S$ million)	12 months ended 30 Jun 16 (S$ million)
Offshore Marine, Oil & Gas Machinery	- 46.8	31.54	59.26
Construction Equipment	- 24.8	31.05	41.27
Precision Engineering & Technologies	+ 132.1	30.19	13.01
Industrial & Mobile Hydraulics	- 12.9	2.02	2.32

Offshore Marine, Oil & Gas Machinery
Demand for offshore marine, oil and gas machinery decreased by 46.8% in the full year as compared with the previous year. The geo-political factors affecting the offshore oil market have become increasingly more uncertain and volatile. There is a surplus fleet of vessels of all denominations world-wide. Production capacity is in excess. As a result global capital expenditure has been severely curtailed. The situation is expected to last at least 2-3 years longer, before it can hit bottom.

We are hopeful that demand for land based gas processing activities remains strong particularly in the market in which we operate. The demand is generated by the country's infrastructural needs. We are hopeful that projects will be materialised in the coming year.

Barring no unforeseen factors, this sector is expected to perform better in the coming year.

Construction Equipment
The construction sector in Singapore, the main market for our foundation equipment had been weak due to surplus equipment from completion of several infrastructure projects and scaled down housing construction. Revenue from sales and rental of construction equipment decreased by 24.8% in the full year as compared with the previous year.

Demand for sales and rental of foundation equipment from regional markets in Malaysia, Thailand, Indonesia and the Philippines has however increased. More marketing focus is now being placed on these countries.

Demand for construction equipment including concrete mixers in Australia and Thailand were stronger but margins were impacted by competition and currency fluctuations. We expect with increase in infrastructure developments, demand will remain strong.

Precision Engineering & Technologies

<u>Precision Engineering</u>
Demand for the precision engineering sector increased by 132.1% in the full year as compared with the previous year. The semi-conductor market has been recovering but the industrial automation market was somewhat affected by the global uncertainty, thus depressing the overall margin. We are hopeful that demand for industrial automation projects which has, in recent months resurged, will maintain their momentum over the next 2 years. Coupled with newly created demand in semi-conductor equipment and sales of our medical technology equipment, the results for this sector are expected to strengthen in the coming year.

Semiconductor Technology
Our technology has been fully validated by a world's leading semi-conductor chip assembly factory. Following the break-through, we have been engaged by several customers to evaluate our machine with a view of adoption. At this stage we are hopeful that more orders would materialise during the coming year and our market base will broaden and strengthen. Our product has been well proven to meet the current industry's demand for compact high power computing chips that require very stringent accuracy and miniaturisation. We have proven to stay ahead of the curve over other more established competitors.

Medtech Technology
Our Group's medtech investments on surgical robots, liver fibrosis imaging machines, drug development instrumentation and ophthalmology have begun to generate revenue. We are hopeful that these investments can break-even in the next 12 months and embark on their exponential growth. These technologies together with our precision engineering sector are being grouped for a potential spin-off, the process of which has commenced.

Announcements on their progress will be made at the appropriate time.

Industrial & Mobile Hydraulics
This sector is made up of supply of hydraulic system drives and hydraulic services in support of our general core business activities in hydraulic engineering. There has not been any significant variation in this segment.

Financial Position
The Group's financial position remains strong:-

Classification	Decrease S$ million	As at 30 Jun 17 S$ million	As at 30 Jun 16 S$ million
Net Assets	4.62	80.47	85.09
Net Working Capital	9.11	32.23	41.34
Cash in Hand and at Bank	1.97	18.59	20.56

Gearing Ratio
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 less 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	2017 Singapore Cents	2016 Singapore Cents
Earnings per share	1.17	(2.13)	(0.96)

The weighted average shares used to compute basic earnings per share are 217,140,780 for this year and 216,702,764 for the previous year.

Classification	Decrease Singapore Cents	As at 30 Jun 17 Singapore Cents	As at 30 Jun 16 Singapore Cents
NTA per share	2.17	30.28	32.45

NTA per share has decreased due to the Group's operational loss for the year offset by the translation gain arising from the appreciation of functional currencies of certain foreign operations.

Capital Expenditure
For the year ending 30 June 2018, the Group does not plan to invest in any capital equipment.

Confirmed Orders

We have a total of S$21.3m (30 June 2016: S$48.4m) outstanding confirmed orders in hand as at 30 June 2017. A breakdown of these outstanding confirmed orders is as follows:-

	S$ m
Offshore Marine, Oil & Gas Machinery	3.2
Construction Equipment	6.9
Precision Engineering & Technologies	11.0
Industrial & Mobile Hydraulics	0.2
Total	21.3

These outstanding orders are scheduled for delivery in the financial year 2018. Prospects for ongoing orders are strengthening.

Prospects

The global economic environment continues to be challenging and has become increasingly uncertain, being compounded by unprecedented geo-political factors. Notwithstanding that, global recovery is somewhat evident although it is segmental and not across board. It is the Group's policy to take a long term view of the global economic directions, and pursue its directions regardless of transient economic or political factors. It has, and will continue to focus on technology and products for the future industry. After several years of transformation the Group is confident that it is travelling in the right direction.

The Group's financial position remains strong with virtually no gearing. We are confident to maintain this position such that we can continue to take advantage of opportunities to complete our industrial transformation road map to be sustainable.

Dividends

In view of the Group's performance, it has decided not to pay any final dividend this year. In prior year, a final dividend of 0.20 Australian cents per share was paid. The Group has decided to conserve cash this year to accelerate its current industrial transformation. We are hopeful to be able to resume our dividend payment in the next financial year.

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

GL Sim
Chairman

Preliminary Consolidated Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 S$'000	2016 S$'000
Revenue from continuing operations	3	92,628	113,897
Other operating income	4	1,892	1,761
Total revenue		94,520	115,658
Cost of materials		(45,571)	(67,941)
Employee, contract labour and related costs		(28,601)	(28,564)
Depreciation and amortisation		(5,356)	(5,604)
Property related expenses		(2,484)	(2,398)
Other operating expenses		(17,119)	(11,999)
Finance costs		(421)	(467)
Share of results of associates		(724)	(382)
Loss before taxation		(5,756)	(1,697)
Tax benefit/(expense)	5	1,003	(878)
Loss for the year from continuing operations after taxation		(4,753)	(2,575)
Other comprehensive income:			
- **Items that may be subsequently reclassified to profit and loss**			
Share of other comprehensive income of associates		(19)	10
Foreign currency translation on consolidation		915	(855)
Effect of tax on other comprehensive income		–	–
Other comprehensive income/(loss) for the period, net of tax		896	(845)
Total comprehensive loss		(3,857)	(3,420)
Loss attributable to:			
Equity holders of the Parent		(4,620)	(2,086)
Non-controlling interests		(133)	(489)
Loss for the year		(4,753)	(2,575)
Total comprehensive loss attributable to:			
Equity holders of the Parent		(3,724)	(2,931)
Non-controlling interests		(133)	(489)
Total comprehensive loss		(3,857)	(3,420)
Earnings per share (cents)			
Basic earnings per share	6	(2.13)	(0.96)
Diluted earnings per share	6	(2.13)	(0.96)

Preliminary Consolidated Balance Sheet

as at 30 June 2017

	Note	2017 S$'000	2016 S$'000
Non-current assets			
Property, plant and equipment		22,969	24,728
Intangible assets		14,725	14,632
Deferred tax assets		2,767	2,378
Convertible loan in an associate		602	–
Investment in associates	10	9,448	6,886
Others		–	1
		50,511	48,625
Current assets			
Cash and bank balances	9	18,591	20,557
Inventories		23,145	22,427
Trade and other receivables		19,195	15,512
Gross amount due from customers for contract work		3,305	11,735
Prepayments		409	786
Tax recoverable		32	17
		64,677	71,034
Current liabilities			
Trade and other payables		19,991	18,176
Gross amount due to customers for contract work		19	2,580
Interest-bearing liabilities		9,935	7,352
Provisions		2,281	1,069
Provision for taxation		219	513
		32,445	29,690
Net current assets		32,232	41,344
Non-current liabilities			
Interest-bearing liabilities		652	2,584
Deferred tax liabilities		1,224	1,954
Provisions		398	339
		2,274	4,877
Net assets		80,469	85,092
Equity attributable to equity holders of the Parent			
Share capital	11	38,314	38,314
Reserves		(1,501)	(2,437)
Retained earnings		43,444	49,146
		80,257	85,023
Non-controlling interests		212	69
Total equity		80,469	85,092

Preliminary Consolidated Statement of Changes in Equity

for the year end 30 June 2017

	Note	Share capital	Share capital – exercise of share options	Foreign currency translation reserve	Share-based payments reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Parent							
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1.7.2015		37,555	307	(1,752)	616	52,211	88,937	498	89,435
Loss for the year		–	–	–	–	(2,086)	(2,086)	(489)	(2,575)
Other comprehensive loss		–	–	(845)	–	–	(845)	–	(845)
Total comprehensive loss for the year		–	–	(845)	–	(2,086)	(2,931)	(489)	(3,420)
Exercise of employee share options	11	287	165	–	(165)	–	287	–	287
Share-based payments		–	–	–	83	–	83	–	83
Expiry of employee share options		–	–	–	(374)	374	–	–	–
Acquisition of non-controlling interest		–	–	–	–	(6)	(6)	6	–
Change of interest in subsidiary company		–	–	–	–	(11)	(11)	54	43
Dividends paid on ordinary shares	7	–	–	–	–	(1,336)	(1,336)	–	(1,336)
Balance at 30.6.2016		37,842	472	(2,597)	160	49,146	85,023	69	85,092
Loss for the year		–	–	–	–	(4,620)	(4,620)	(133)	(4,753)
Other comprehensive gain		–	–	896	–	–	896	–	896
Total comprehensive loss for the year		–	–	896	–	(4,620)	(3,724)	(133)	(3,857)
Share-based payments		–	–	–	43	–	43	–	43
Forfeiture of employee share options		–	–	–	(3)	3	–	–	–
Acquisition of non-controlling interest		–	–	–	–	(276)	(276)	276	–
Dividends paid on ordinary shares	7	–	–	–	–	(809)	(809)	–	(809)
Balance at 30.6.2017		37,842	472	(1,701)	200	43,444	80,257	212	80,469

Preliminary Consolidated Statement of Cash Flows

for the year ended 30 June 2017

(In Singapore dollars)

	Note	2017 S$'000	2016 S$'000
Operating loss before taxation		(5,756)	(1,697)
Adjustments for :			
Depreciation of property, plant and equipment		4,300	4,536
Amortisation of intangible assets		1,056	1,068
Bad debts written off		5	130
Allowance for doubtful debts, net		412	160
Allowance for inventory obsolescence, net		307	224
Inventories written off		62	7
Finance costs		421	467
Interest income	4	(62)	(81)
Property, plant and equipment written off		7	36
Intangible assets written off		–	22
Gain on disposal of property, plant and equipment, net		(71)	(46)
Forfeiture of customer deposit	4	(95)	(45)
Trade and other payables written back		(37)	(6)
Provisions made/(written back), net		1,423	(177)
Share-based payments		43	83
Share of results of associates		724	382
Unrealised exchange difference		573	(422)
Operating profit before reinvestment in working capital		3,312	4,641
(Increase)/decrease in stocks and work-in-progress		(835)	4,397
Decrease/(increase) in projects-in-progress		5,869	(9,216)
(Increase)/decrease in debtors		(3,712)	9,468
Increase/(decrease) in creditors		3,969	(3,360)
Cash generated from operations		8,603	5,930
Interest received		45	81
Interest paid		(402)	(480)
Income taxes paid		(407)	(102)
Net cash generated from operating activities		7,839	5,429

Preliminary Consolidated Statement of Cash Flows (Cont'd)

	Note	2017	2016
		S$'000	S$'000
Cash flows from investing activities :			
Purchase of property, plant and equipment		(1,777)	(794)
Proceeds from disposal of property, plant and equipment		94	115
Proceeds from disposal of available-for-sale asset		1	–
Increase in computer software		(68)	(39)
Increase in development expenditure		(974)	(506)
Increase in patented technology		(56)	(41)
Investment in associates	10	(3,339)	(1,765)
Subscription of convertible loans in associate		(600)	–
Net cash used in investing activities		(6,719)	(3,030)
Cash flows from financing activities :			
Repayment of bank borrowings		(1,233)	(3,434)
Dividends paid on ordinary shares	7	(809)	(1,336)
Proceeds from issue of shares by subsidiary company to non-controlling interests		–	43
Proceeds from exercise of employee share options		–	287
Repayment of hire purchase creditors		(819)	(1,693)
Net cash used in from financing activities		(2,861)	(6,133)
Net decrease in cash and cash equivalents		(1,741)	(3,734)
Net foreign exchange differences		(1)	(155)
Cash and cash equivalents at beginning of year		19,981	23,870
Cash and cash equivalents at end of year	9	18,239	19,981

Note 1 Summary of significant accounting policies

This preliminary final report has been prepared in order to comply with ASX *listing rules*.

This 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 this report be read in conjunction with the annual report for the year ended 30 June 2016, the interim financial report for the half-year ended 31 December 2016 and considered together with any public announcements made by Zicom Group Limited during the year ended 30 June 2017 in accordance with the continuous disclosure obligations of the ASX *listing rules*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Note 2 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, sale of medtech equipment and products, medtech translation and engineering services.
- Industrial & Mobile Hydraulics – supply of hydraulic drive systems, parts and services.

Intersegment sales
Intersegment 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.

	Offshore Marine, Oil & Gas Machinery S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Industrial & Mobile Hydraulics** S$'000	**Consolidated** S$'000
For year ended 30 June 2017					
Revenue					
Sales to external customers	31,362	30,965	28,717	1,584	92,628
Other revenue	173	82	1,468	-	1,723
Intersegment sales	–	1	4	436	441
Total segment revenue	31,535	31,048	30,189	2,020	94,792
Intersegment elimination					(441)
Unallocated revenue					107
Interest income					62
Total consolidated revenue					94,520
Results					
Segment profit/(loss)	492	(1,154)	(3,011)	347	(3,326)
Unallocated revenue					107
Unallocated expenses					(1,454)
Share of results of associates					(724)
Loss before tax and finance costs					(5,397)
Finance costs					(421)
Interest income					62
Loss before taxation					(5,756)
Income tax benefit					1,003
Loss after taxation					(4,753)

	Offshore Marine, Oil & Gas Machinery S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Industrial & Mobile Hydraulics** S$'000	**Consolidated** S$'000
For year ended 30 June 2016					
Revenue					
Sales to external customers	59,210	41,202	11,623	1,862	113,897
Other revenue	48	66	1,387	1	1,502
Intersegment sales	–	3	–	452	455
Total segment revenue	59,258	41,271	13,010	2,315	115,854
Intersegment elimination					(455)
Unallocated revenue					178
Interest income					81
Total consolidated revenue					115,658
Results					
Segment results	7,450	494	(7,723)	420	641
Unallocated revenue					178
Unallocated expenses					(1,748)
Share of results of associates					(382)
Loss before tax and finance costs					(1,311)
Finance costs					(467)
Interest income					81
Loss before taxation					(1,697)
Income tax expense					(878)
Loss after taxation					(2,575)

Note 3 Revenue

	2017	2016
	S$'000	S$'000
Sale of goods	53,926	50,200
Rendering of services	4,491	4,275
Rental income	2,794	2,921
Revenue recognised on projects	31,417	56,501
	92,628	113,897

Note 4 Other operating income

	2017	2016
	S$'000	S$'000
Interest income	62	81
Forfeiture of customer deposit	95	45
Gain on disposal of property, plant and equipment	71	56
Services rendered	487	118
Government grants	1,122	1,433
Other revenue	55	28
	1,892	1,761

Note 5 Taxation

The major components of income tax (benefit)/expense for the years ended 30 June are:

	2017	2016
	S$'000	S$'000
Current income tax		
Current income tax charge	508	268
Loss transferred under Group Relief Scheme	(396)	(207)
Adjustments in respect of previous years	(14)	371
Deferred income tax		
Relating to the origination and reversal of temporary differences	(917)	475
Adjustments in respect of previous years	(184)	(29)
Income tax (benefit)/expense	(1,003)	878

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 year.

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

	2017	**2016**
	S$'000	S$'000
Net loss attributable to equity holders of the Parent	(4,620)	(2,086)

	No. of shares (Thousands)	
(b) Weighted average number of ordinary shares for basic and diluted earnings per share	217,141	216,703

The weighted average number of ordinary shares used in calculating basic and diluted earnings per share were the same as the outstanding share options as at 30 June 2017 were considered anti-dilutive.

	Singapore cents	
(c) Earnings per share		
Basic	(2.13)	(0.96)
Diluted	(2.13)	(0.96)

Note 7 Dividends paid and proposed

	2017	**2016**
	S$'000	S$'000
(a) Dividends per share paid or provided for		
Final unfranked dividend for 2016 : 0.20 Australian cents	459	–
Interim unfranked dividend for 2017 : 0.15 Australian cents	350	–
Final unfranked dividend for 2015 : 0.35 Australian cents	–	774
Interim unfranked dividend for 2016 : 0.25 Australian cents	–	562
	809	1,336
(b) Dividend declared per share		
Final unfranked dividend for 2017: nil (2016: 0.20 Australian cents)	–	442

Note 8 Net tangible assets per security

	2017	**2016**
Net tangible asset backing per ordinary share (Singapore cents)	30.28	32.45

Note 9 Cash and cash equivalents

	2017 S$'000	**2016** S$'000
Cash at bank and in hand	18,591	20,438
Short-term fixed deposits	–	119
	18,591	20,557

For the purpose of the cash flow statement, cash and cash equivalents comprised the following:

Cash and short-term deposits	18,591	20,557
Bank overdrafts	(352)	(576)
Cash and cash equivalents	18,239	19,981

Note 10 Investment in associates

(a) Investment details

	2017 S$'000	**2016** S$'000
Held through subsidiaries		
Curiox Biosystems Pte Ltd	5,266	5,295
HistoIndex Pte Ltd	1,301	1,591
Endofotonics Pte Ltd	907	–
BELKIN Laser Ltd	1,374	–
Pellucid Networks Pte Ltd	600	–
	9,448	6,886

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

Curiox Biosystems Pte Ltd ("Curiox")	**2017**	**2016**
Shareholdings held: 73.02% (2016: 72.62%)	S$'000	S$'000
At beginning of year	5,295	4,515
Additional investment	323	1,108
Share of loss after income tax	(301)	(339)
Share of other comprehensive income	(19)	8
Unrealised profits	(32)	3
At end of year	5,266	5,295

Note 10 Investment in associates (cont'd)

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

Zicom Holdings Private Limited ("ZHPL") has subscribed for 299,000 rights shares in Curiox pursuant to a non-renounceable rights issue payable in two tranches. On 16 June 2017, 161,000 preference shares were allotted to ZHPL for a cash consideration of S$323,000, thereby increasing the Group's interest in Curiox to 73.02%. Payment for the remaining tranche amounting to S$276,000 will be due on 1 September 2017.

Although ZHPL 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 30 June 2017.

HistoIndex Pte Ltd ("HistoIndex")	**2017**	**2016**
Shareholdings held: 10.88% (2016: 10.88%)	S$'000	S$'000
At beginning of year	1,591	500
Additional investment	–	1,139
Share of loss after income tax	(288)	(43)
Share of other comprehensive income	–	2
Unrealised profits	(2)	(7)
At end of year	1,301	1,591

HistoIndex entered into a convertible loan agreement dated 1 June 2017 with Zicom MedTacc Private Limited ("ZMT") and various investors, collectively the "Lenders", to which the Lenders have granted convertible loans aggregating S$1,800,000 to HistoIndex. The convertible loans earns interest at 5% per annum and may be converted into ordinary shares at a discounted price upon the occurrence of pre-defined events or repaid upon maturity on 31 May 2020.

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

Endofotonics Pte Ltd ("Endofotonics")	**2017**	**2016**
Shareholdings held: 21.89% (2016: Nil%)	S$'000	S$'000
At beginning of year	–	–
Initial investment	1,000	–
Share of loss after income tax	(93)	–
At end of year	907	–

On 25 November 2016, ZMT acquired 21.89% equity interest in Endofotonics Pte Ltd for a cash consideration of S$1,000,000. Under the terms of the investment, ZMT 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 30 June 2017.

Note 10 Investment in associates (cont'd)

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

BELKIN Laser Ltd ("BELKIN") Shareholdings held: 16.66% (2016: Nil%)	**2017** S$'000	**2016** S$'000
At beginning of year	–	–
Initial investment	1,416	–
Share of loss after income tax	(42)	–
At end of year	1,374	–

On 2 February 2017, ZMT acquired 11.04% equity interest in BELKIN Laser Ltd, a medical device company based in Israel, for a cash consideration of US$471,000. On 27 June 2017, ZMT injected an additional US$539,000, increasing the Group's interest in BELKIN to 16.66%.

Although the Group holds less than 20% of equity interest, the Group has the ability to exercise significant influence through its shareholdings and participation on BELKIN Board of Directors.

Pellucid Networks Pte Ltd ("Pellucid")
As part of the Accelerator Funding Scheme, Spring Singapore ("SPRING") co-invested with ZMT in Pellucid Networks Pte Ltd on 1:1 basis and grant call options to ZMT to acquire their investments at nominal annual compounding interest. As at 30 June 2017, ZMT has invested S$600,000 cash for an equity interest of 8.23% with the remaining S$400,000 injected subsequent to year end. Upon completion, both SPRING and ZMT will each hold 11.51% equity interest in Pellucid.

Although the Group holds less than 20% of equity interest, the Group has the ability to exercise significant influence through its shareholdings and participation on Pellucid Board of Directors.

Note 11 Share capital

(a) Share capital

	2017 No. of shares (Thousands)	**2016** No. of shares (Thousands)	**2017** S$'000	**2016** S$'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.

(b) Movements in ordinary share capital

	Company **Number of 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 30 June 2017	217,141	38,314

Note 11 Share capital (cont'd)

(b) Movements in ordinary share capital (cont'd)

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 year.

Note 12 Subsequent events

On 7 August 2017, Zicom Equipment Private Limited, a wholly-owned subsidiary, entered into an investment agreement with Link Vue Systems Pte Ltd ("Link Vue"), a specialist in automation and controls, to acquire up to 77.5% equity interest in Link Vue. The investment will be phased and is not expected to exceed S$1 million.

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

☐	The accounts have been audited	☐	The accounts have been subject to review
✔	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed**.**

Signed …………………………………… **Date:** 31 August 2017
(Director/ Company Secretary)