



ZICOM GROUP LIMITED

Appendix 4D

For the half-year ended

31 December 2017

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2017

Name of entity: ZICOM GROUP LIMITED

ABN: 62 009 816 871

Reporting Period: Half-Year Ended 31 December 2017

Previous corresponding period: Half-Year Ended 31 December 2016

Results for announcement to the market

Revenues from ordinary activities	down	15% to	S\$40,704,000
Net loss from ordinary activities after tax attributable to members	up	162% to	S\$(3,620,000)
Net loss for the period attributable to members	up	162% to	S\$(3,620,000)

Dividends

	Amount per security	Unfranked amount per security
Interim dividend	–	–

Net tangible assets per security

	December 31, 2017	June 30, 2017
Net tangible assets per ordinary share	Singapore cents 28.67	Singapore cents 30.28

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.

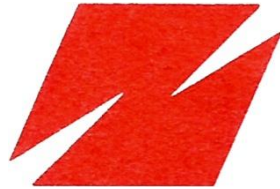
This half yearly report is to be read in conjunction with the half year financial report and the most recent annual financial report.

Signed



GL Sim
Chairman

Date: 27 February 2018



ZICOM GROUP LIMITED

Half-Year Financial Report

For the period ended

31 December 2017

ZICOM GROUP LIMITED
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HALF-YEAR REPORT – 31 DECEMBER 2017

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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
Igor Sushko

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 21, 10 Eagle 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

Thailand

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

China

Industrial and Commercial Bank of China Limited
China Construction Bank Corporation

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Report of the Directors

Your directors present the consolidated financial report for the half-year ended 31 December 2017.

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 2017:

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\$40.70m as compared with S\$47.86m in the previous year corresponding period, a decrease of 14.96%. The Group's half year net consolidated loss after tax attributable to members to 31 December 2017 is S\$3.62m as compared with a net consolidated loss of S\$1.38m in the previous year corresponding period, an increase in loss of 162.32%.

The Group's cash and bank balances are at S\$12.60m (30 June 2017: S\$18.59m). The Group's net gearing is at 0.54% (30 June 2017: 0%).

The economic environment surrounding the Group's businesses remains challenging. The offshore marine sector, in particular, has been more adversely impacted. The sharp slump in oil prices from a high of above US\$100 per barrel from 2011-2014 to a low of US\$27 per barrel in early 2016 forced all oil majors to curtail new investments. The situation was caused by a combination of over-supply, geo-political factors and the USA's role reversal from a net oil importer to a net exporter country. USA's shale oil has become more competitive and increasingly more abundant. Offshore service providers fell under serious liquidity crunch and several have to seek financial restructuring and downsizing. Hopefully with oil prices stabilising at above US\$50 a barrel, in the last 12 months, recovery is sustainable with general global economic growth. At this price level, investment by oil majors is feasible. However, existing surplus capacity may delay demand for our products by a further 2 years.

The Group has focused on developing land-based gas processing engineering projects augmented by recent acquisitions in automation and dual energy technology. These fall under the green energy sector which is mandated by international and national policies apart from economic considerations. The Group is achieving progress in these areas, with revenue being generated. The new direction complements its existing business but more importantly reflects the Group's transformation to achieve long term sustainable growth in line with global needs and changes.

The Group first embarked on investments in technologies, in particular disruptive medical technologies, in 2010. This decision was to align the Group with an emerging situation in the global environment where disruptive innovations rapidly pervade the global economy. The Group has only employed its internal resources without external borrowings to invest, so as not to impact against its other existing businesses. Such technologies generally take 6-8 years gestation to commercialisation.

The Group is pleased that these technologies have achieved a stage where we can commence to unlock values through a proposed Initial Public Offer (IPO). The Group plans to cluster its precision engineering services and these technology portfolio companies together into a complete integrated business from funding, engineering and manufacturing to commercialisation. The Group's 100% owned subsidiary Zicom Innovations Group Pte Ltd (ZIG) will hold all the Group's investments in this cluster. ZIG is targeted to be listed in the IPO. While the process has commenced, no definitive development outcome has been finalised to date. The Board will decide on the best mode to enhance value for shareholders. Announcements to ASX will be made at the appropriate intervals.

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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 17 (\$ million)	6 months ended 31 Dec 16 (\$ million)
Revenue	- 15.0	40.70	47.86
Net loss after tax attributable to equity holders of the Parent	+162.3	(3.62)	(1.38)

During the half year, the average exchange rate for the A\$ against the S\$ was A\$1.00 to S\$1.0549. As at 31 December 2017, the exchange rate was A\$1.00 to S\$1.0420 (30 June 2017: A\$1 to S\$1.0570).

Segmental Revenue

The following is an analysis of the segmental revenue:-

Segmental Revenue	Change (%)	6 months ended 31 Dec 17 (\$ million)	6 months ended 31 Dec 16 (\$ million)
Offshore Marine, Oil & Gas Machinery	- 80.11	2.60	13.07
Construction Equipment	+ 39.20	22.23	15.97
Precision Engineering & Technologies	- 17.06	14.88	17.94
Industrial & Mobile Hydraulics	- 0.97	1.02	1.03

Offshore Marine, Oil & Gas Machinery

Revenue for offshore marine, oil and gas machinery decreased by 80.11% in the half year as compared with the previous year corresponding period.

During the year the offshore marine sector had been impacted adversely. We anticipate the situation is not expected to improve for another 2 years. While land-based gas processing engineering projects continue to be promising, award of new orders had been affected by timing during the period under review. The situation, however, has appeared to have turned. Over the last 4 weeks, after the half year ended, we secured S\$15m of projects. Several projects are in the pipeline. Prospects for dual fuel energy and oil and gas automation projects are strong. Factors continuing to impact the offshore marine sector do not appear to have direct impact on them.

Construction Equipment

Revenue from sales and rental of construction equipment increased by 39.20% in the half year as compared with the previous year corresponding period.

As the Singapore market experienced overcapacity for foundation equipment, we regionalised our marketing outreach in the last 18 months to neighbouring ASEAN countries. This effort has paid off and the sector achieved profitability while the industry, in general, suffered losses. Demand for our concrete mixers in Australia and Thailand strengthened strongly during the period contributing to a profitable segment for our construction equipment as a whole. We are confident that prospects in this sector will remain strong.

Precision Engineering & Technologies

Revenue for precision engineering and technologies decreased by 17.06% in the half year as compared with the previous year corresponding period. Orders primarily suffered due to timing problem. We anticipate a recovery in the second half of the financial year.

Most of the technology portfolio companies have entered into a commercial phase gearing to scale up. Hence, it has necessitated the Group investing significantly to build up marketing development and revenue generation capability. The cost of these precedes market penetration and scaled-up revenue generation. The capability being built up will form a platform for our entire medical technology businesses to scale up globally in a holistic approach to growing the entire integrated medtech cluster. The Group anticipates profitability in the short to medium term. As the sector growth gains traction, exponential growth is expected to unleash. These will potentially create significant valuations for the cluster and portfolio companies.

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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.

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 loss during the current half year is S\$226,000 (31 Dec 2016: net exchange gain of S\$636,000).

Financial Position

The Group's financial position remains strong:-

Classification	Decrease S\$ million	As at 31 Dec 17 S\$ million	As at 30 Jun 17 S\$ million
Net assets	3.34	77.13	80.47
Net working capital	2.37	29.86	32.23
Cash in hand and at bank	5.99	12.60	18.59

Cash Policy & Gearing Ratio

As at 31 December 2017, the Group's gearing ratio is 0.54% (30 June 2017: 0%).

A major part of the Group's revenue is project based. The Group has been adopting a net cash, zero-gearing position as a policy to enable it to commence on projects immediately while bank project financing is being sought for each project. It generally takes 4-6 weeks for such financing to be approved. The policy also positions the Group to capitalise on opportunities as they arise.

The Group is at an inflection point to break into the next stage of sustainable growth in line with new and restructured directions. Increased resources may be required. If circumstances necessitate it, the Board may consider to raise fund to maintain and sustain the momentum of such efforts.

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 17 Singapore Cents	6 months ended 31 Dec 16 Singapore Cents
Earnings per share	1.03	(1.67)	(0.64)

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

Classification	Decrease Singapore Cents	As at 31 Dec 17 Singapore Cents	As at 30 Jun 17 Singapore Cents
Net tangible assets per share	1.61	28.67	30.28

Confirmed Orders

We have a total of S\$17.3m (31 Dec 2016: S\$33.7m) outstanding confirmed orders in hand as at 31 December 2017. A breakdown of these outstanding orders secured is as follows:-

	S\$ m
Offshore Marine, Oil & Gas Machinery	2.2
Construction Equipment	4.6
Precision Engineering & Technologies	10.2
Industrial & Mobile Hydraulics	0.3
Total	<u>17.3</u>

Of the above, S\$13.3m are scheduled for delivery in the second half of this financial year and S\$4.0m are scheduled to be delivered in the financial year 2019.

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Prospects

Prospects for the Group will remain challenging. However, the Board is confident that its restructuring efforts will enable business directions to be more narrowly focused. The global economy is showing signs of a general broad-based recovery across sectors. However, the offshore marine sector is expected to remain laggards in the next 2 years due to surplus capacity. The Group is confident of overcoming the prevailing challenges to ride with the global economic growth.

The Group's prudent financial management policy has placed it in good stead in managing challenges. It will continue this policy to ensure that it can overcome prevailing challenges so as to achieve its long term objective of sustainable growth.

Dividends

The Board has decided that the Group shall not pay a dividend this half year.

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 contained 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

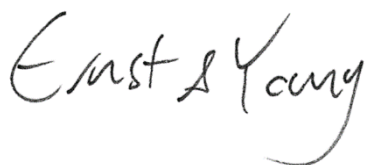
27 February 2018

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 2017, 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 2018

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Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2017

	Note	31-Dec-17 S\$'000	31-Dec-16 S\$'000
Revenue	4	39,754	47,166
Other operating income	4	950	697
Total consolidated revenue		40,704	47,863
Cost of materials		(20,661)	(24,356)
Employee, contract labour and related costs		(15,074)	(14,614)
Depreciation and amortisation		(2,562)	(2,640)
Property related expenses		(1,298)	(1,237)
Other operating expenses		(4,176)	(6,167)
Finance costs		(180)	(234)
Share of results of associates		(494)	(280)
Loss before taxation		(3,741)	(1,665)
Tax benefit	5	51	332
Loss after taxation		(3,690)	(1,333)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Share of other comprehensive income of associates		32	(68)
Foreign currency translation on consolidation		(72)	1,156
Effect of tax on other comprehensive income		–	–
		(40)	1,088
Total comprehensive loss		(3,730)	(245)
(Loss)/profit attributable to:			
Equity holders of the Parent		(3,620)	(1,383)
Non-controlling interests		(70)	50
Loss for the period		(3,690)	(1,333)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Parent		(3,660)	(295)
Non-controlling interests		(70)	50
Total comprehensive loss		(3,730)	(245)
Earnings per share (cents)			
Basic loss per share	6	(1.67)	(0.64)
Diluted loss per share	6	(1.67)	(0.64)

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 2017

	Note	31-Dec-17 S\$'000	30-Jun-17 S\$'000
Non-current assets			
Property, plant and equipment		21,213	22,969
Intangible assets		14,881	14,725
Deferred tax assets		2,714	2,767
Convertible loan to an associate		618	602
Investments in associates	10	9,660	9,448
		49,086	50,511
Current assets			
Cash and bank balances	7	12,595	18,591
Inventories		28,067	23,145
Trade and other receivables		22,326	19,195
Gross amount due from customers for contract work		1,108	3,305
Prepayments		540	409
Tax recoverable		–	32
		64,636	64,677
TOTAL ASSETS		113,722	115,188
Current liabilities			
Trade and other payables		19,716	19,991
Gross amount due to customers for contract work		75	19
Interest-bearing liabilities	11	12,483	9,935
Provisions		2,195	2,281
Provision for taxation		308	219
		34,777	32,445
NET CURRENT ASSETS		29,859	32,232
Non-current liabilities			
Interest-bearing liabilities	11	526	652
Deferred tax liabilities		831	1,224
Provisions		454	398
		1,811	2,274
TOTAL LIABILITIES		36,588	34,719
NET ASSETS		77,134	80,469
Equity attributable to equity holders of the Parent			
Share capital	12	38,314	38,314
Reserves		(1,422)	(1,501)
Retained earnings		39,825	43,444
		76,717	80,257
Non-controlling interests		417	212
Total EQUITY		77,134	80,469
TOTAL LIABILITIES AND EQUITY		113,722	115,188

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 2017

	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		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.7.2017		37,842	472	(1,701)	200	43,444	212	80,469
Loss for the period		–	–	–	–	(3,620)	(70)	(3,690)
Other comprehensive loss		–	–	(40)	–	–	–	(40)
Total comprehensive loss for the period		–	–	(40)	–	(3,620)	(70)	(3,730)
Share-based payments		–	–	–	120	–	–	120
Forfeiture of employee share options		–	–	–	(1)	1	–	–
Acquisition of subsidiary companies		–	–	–	–	–	275	275
Balance at 31.12.2017		37,842	472	(1,741)	319	39,825	417	77,134
Balance at 1.7.2016		37,842	472	(2,597)	160	49,146	69	85,092
Loss for the period		–	–	–	–	(1,383)	50	(1,333)
Other comprehensive income		–	–	1,088	–	–	–	1,088
Total comprehensive loss for the period		–	–	1,088	–	(1,383)	50	(245)
Dividend paid on ordinary shares	8	–	–	–	–	(459)	–	(459)
Share-based payments		–	–	–	40	–	–	40
Balance at 31.12.2016		37,842	472	(1,509)	200	47,304	119	84,428

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Consolidated Statement of Cash Flows

for the half-year ended 31 December 2017

	Note	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000
Cash flows from operating activities :			
Operating loss before taxation		(3,741)	(1,665)
Adjustments for :			
Depreciation of property, plant and equipment		1,992	2,110
Amortisation of intangible assets		570	530
Property, plant and equipment written off	4	46	4
Allowance for/(reversal of allowance for) doubtful debts, net	4	194	(58)
Provision for inventory obsolescence	4	34	165
Inventories written off	4	71	16
Finance costs		180	234
Interest income	4	(49)	(22)
Gain on disposal of property, plant and equipment, net	4	(53)	(29)
Intangible assets written off	4	45	–
Trade and other payables written back	4	(8)	(37)
Share-based payments		120	40
Provisions made, net		96	345
Share of results of associates		494	280
Unrealised foreign exchange differences		(48)	771
Operating (loss)/profit before reinvestment in working capital		(57)	2,684
Increase in stocks and work-in-progress		(3,151)	(1,130)
Decrease in projects-in-progress		2,253	5,844
Increase in debtors		(3,321)	(8,864)
(Decrease)/increase in creditors		(1,300)	5,083
Cash (used in)/generated from operations		(5,576)	3,617
Interest received		34	22
Interest paid		(193)	(207)
Income taxes paid		(183)	(51)
Net cash (used in)/provided by operating activities		(5,918)	3,381
Cash flows from investing activities :			
Purchase of property, plant and equipment		(1,906)	(1,330)
Proceeds from disposal of property, plant and equipment		57	39
Proceeds from disposal of available-for-sale asset		–	1
Increase in computer software		(11)	(29)
Increase in patented technology		(27)	(40)
Increase in development expenditure		(433)	(340)
Investments in associates	10	(676)	(1,000)
Acquisition of subsidiaries		(145)	–
Net cash used in investing activities		(3,141)	(2,699)

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Consolidated Statement of Cash Flows (Cont'd)
for the half-year ended 31 December 2017

	Note	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000
Cash flows from financing activities :			
Proceeds from/(repayments of) bank borrowings		3,200	(209)
Dividends paid on ordinary shares	8	–	(459)
Repayment of hire purchase creditors		(237)	(418)
Net cash generated from/(used in) financing activities		2,963	(1,086)
Net decrease in cash and cash equivalents		(6,096)	(404)
Effect of exchange rate changes on cash and cash equivalents		(39)	69
Cash and cash equivalents at beginning of period		18,239	19,981
Cash and cash equivalents at end of period	7	12,104	19,646

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 2017 was authorised for issue in accordance with a resolution of the directors on 27 February 2018. 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 2017 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 2017 and considered together with any public announcements made by Zicom Group Limited during the half-year ended 31 December 2017 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 2017, except for the adoption of new and revised standards effective for annual financial period beginning on or after 1 July 2017. 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 and supply 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.

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.

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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 2017					
Revenue					
Sales to external customers	2,601	22,183	14,063	907	39,754
Other revenue	1	44	821	–	866
Intersegment sales	–	2	–	111	113
Total segment revenue	2,602	22,229	14,884	1,018	40,733
Intersegment elimination					(113)
Unallocated revenue					35
Interest Income					49
Total consolidated revenue					40,704
Results					
Segment results	(2,128)	1,742	(2,310)	210	(2,486)
Unallocated revenue					35
Unallocated expenses					(665)
Share of results of associates					(494)
Loss before tax and finance costs					(3,610)
Finance costs					(180)
Interest income					49
Loss before taxation					(3,741)
Tax benefit					51
Loss after taxation					(3,690)

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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 results	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)
Tax benefit					332
Loss after taxation					(1,333)

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Note 4 Revenue, income and expenses

	Consolidated	
	31-Dec-17	31-Dec-16
	S\$'000	S\$'000
<i>(i) Revenue</i>		
Sale of goods	33,995	30,553
Rendering of services	2,398	2,131
Rental income	1,350	1,711
Revenue recognised on projects	2,011	12,771
	<u>39,754</u>	<u>47,166</u>
<i>(ii) Other operating income</i>		
Interest income	49	22
Gain on disposal of property, plant and equipment	53	29
Trade and other payables written back	8	37
Sale of machinery previously written off	24	–
Services rendered	376	157
Government grants	433	444
Other revenue	7	8
	<u>950</u>	<u>697</u>
<i>(iii) Other expenses included the following</i>		
Provision for product warranties, net	20	294
Foreign exchange loss/(gain), net	226	(636)
Allowance for/(reversal of allowance for) doubtful debts, net	194	(58)
Provision for inventory obsolescence	34	165
Property, plant and equipment written off	46	4
Intangible assets written off	45	–
Inventories written off	71	16

Note 5 Income tax

The major components of income tax benefit for the half-year ended 31 December 2017 and 31 December 2016 are:

	Consolidated	
	31-Dec-17	31-Dec-16
	S\$'000	S\$'000
<i>Current income tax</i>		
Current income tax charge	382	92
Adjustments in respect of previous years	(78)	(135)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(133)	(365)
Adjustments in respect of previous years	(222)	76
Tax benefit	<u>(51)</u>	<u>(332)</u>

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Note 6 Earnings per share

Basic 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 outstanding during the period.

Diluted earnings per share is calculated by dividing the Group's net profit or loss attributable to equity holders of the Parent by the adjusted weighted average number of ordinary shares which takes into account the effects of all dilutive potential ordinary shares comprising share options granted to employees.

	31-Dec-17	31-Dec-16
	S\$'000	S\$'000
(a) Earnings used in calculating basic and diluted earnings per share		
Net loss attributable to equity holders of the Parent	(3,620)	(1,383)
	<u> </u>	<u> </u>
	No. of ordinary shares (Thousands)	
(b) Weighted average number of ordinary shares for basic and diluted earnings per share	217,141	217,141
	<u> </u>	<u> </u>
	Singapore cents	
(c) Earnings per share		
Basic	(1.67)	(0.64)
Diluted	(1.67)	(0.64)

There were 2,665,000 (2016: 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-17	30-Jun-17
	S\$'000	S\$'000
Cash at bank and in hand	12,220	18,591
Short-term deposits	375	–
Cash and bank balances	<u>12,595</u>	<u>18,591</u>
For the purpose of cash flow statements, cash and cash equivalents comprise the following:		
Cash and short-term deposits	12,595	18,591
Bank overdrafts	(491)	(352)
	<u>12,104</u>	<u>18,239</u>

Note 8 Dividends paid and proposed

	Consolidated	
	31-Dec-17	31-Dec-16
	S\$'000	S\$'000
(a) Dividends paid or provided for		
Final unfranked dividend for 2017: nil (2016: 0.20 Australian cents)	–	459
(b) Dividend declared		
Interim unfranked dividend for the half-year ended 31 December 2017: nil (2016: 0.15 Australian cents)	–	351

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Note 9 Investments in subsidiaries

- (a) Investment in Link Vue Systems Pte Ltd
On 26 September 2017, Zicom Equipment Private Limited, a wholly-owned subsidiary, acquired 71.87% equity interest in Link Vue Systems Pte Ltd, an automation company specialised in industrial controls and system engineering, for a cash consideration of S\$189,000.
- (b) Investment in Zicom Energy Solutions Private Limited
Zicom Private Limited, a wholly-owned subsidiary, acquired 51% equity interest in Zicom Energy Solutions Private Limited, a dual fuel technology company, for a cash consideration of S\$510,000, payable in 2 equal tranches. The first tranche was completed on 27 October 2017 with the remaining tranche completed subsequent to period end.
- (c) Incorporation of FAE Thai Co. Ltd (“FAE Thai”)
On 11 October 2017, FAE Thai Co. Ltd was incorporated in Thailand by Foundation Associates Engineering Private Limited, both wholly-owned subsidiaries, with a paid-up capital of THB2,500,000 (S\$104,000). FAE Thai is principally engaged in trading and rental of foundation equipment and the provision of construction services.
- (d) Incorporation of Zicom Innovations Group Private Limited
On 27 October 2017, Zicom Innovations Group Private Limited was incorporated by Zicom Holdings Private Limited (“ZHPL”), both wholly-owned subsidiaries, with a paid-up capital of S\$1.

Note 10 Investments in associates

(a) Investment details		31-Dec-17	30-Jun-17
		S\$'000	S\$'000
Held through subsidiaries	Principal place of business		
Curiox Biosystems Pte Ltd	Singapore	5,437	5,266
HistoIndex Pte Ltd	Singapore	1,115	1,301
Endofotonics Pte Ltd	Singapore	793	907
BELKIN Laser Ltd	Israel	1,345	1,374
Pellucid Networks Pte Ltd	Singapore	970	600
		<u>9,660</u>	<u>9,448</u>
(b) Movements in the carrying amount of the Group’s investments in associates			
Curiox Biosystems Pte Ltd (“Curiox”)		31-Dec-17	30-Jun-17
Shareholdings held: 72.75% (30 Jun 17: 73.02%)		S\$'000	S\$'000
At beginning of period		5,266	5,295
Additional investment		276	323
Share of loss after income tax		(147)	(301)
Share of other comprehensive income		32	(19)
Unrealised profits		10	(32)
At end of period		<u>5,437</u>	<u>5,266</u>

On 8 September 2017, 138,000 preference shares were allotted to ZHPL for a cash consideration of S\$276,000 pursuant to the remaining tranche of the non-renounceable rights issue. As a result of this allotment, the Group’s interest in Curiox decreased to 72.75%.

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 2017.

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Note 10 Investments in associates (cont'd)

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

HistoIndex Pte Ltd ("HistoIndex")	31-Dec-17	30-Jun-17
Shareholdings held: 10.88% (30 Jun 17: 10.88%)	S\$'000	S\$'000
At beginning of period	1,301	1,591
Share of loss after income tax	(174)	(288)
Unrealised profits	(12)	(2)
At end of period	<u>1,115</u>	<u>1,301</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.

Endofotonics Pte Ltd ("Endofotonics")	31-Dec-17	30-Jun-17
Shareholdings held: 21.89% (30 Jun 17: 21.89%)	S\$'000	S\$'000
At beginning of period	907	–
Investment during the period	–	1,000
Share of loss after income tax	(114)	(93)
At end of period	<u>793</u>	<u>907</u>

Under the terms of the investment, Zicom MedTacc Private Limited 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 2017.

BELKIN Laser Ltd ("BELKIN")	31-Dec-17	30-Jun-17
Shareholdings held: 16.66% (30 Jun 17: 16.66%)	S\$'000	S\$'000
At beginning of period	1,374	–
Investment during the period	–	1,416
Share of loss after income tax	(29)	(42)
At end of period	<u>1,345</u>	<u>1,374</u>

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

Pellucid Networks Pte Ltd ("Pellucid")	31-Dec-17	30-Jun-17
Shareholdings held: 11.51% (30 Jun 17: 8.23%)	S\$'000	S\$'000
At beginning of period	600	–
Investment during the period	400	600
Share of loss after income tax	(30)	–
At end of period	<u>970</u>	<u>600</u>

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

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Note 11 Interest-bearing liabilities

	Consolidated	
	31-Dec-17	30-Jun-17
	S\$'000	S\$'000
<i>Current</i>		
Bank overdrafts (Note 7)	491	352
Bills payable	3,385	4,164
Factory loans	–	42
Term loans	8,221	4,941
Lease liabilities	386	436
	<u>12,483</u>	<u>9,935</u>
<i>Non-Current</i>		
Term loans	122	61
Lease liabilities	404	591
	<u>526</u>	<u>652</u>

Note 12 Share capital

	Parent Entity		Consolidated	
	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
	No. of shares (Thousands)		S\$'000	S\$'000
Ordinary fully paid shares	<u>217,141</u>	<u>217,141</u>	<u>38,314</u>	<u>38,314</u>

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.

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.

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

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

As at 31 December 2017, the Group had no financial instruments measured at fair value.

As at 30 June 2017, the Group held the following financial liabilities measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000
Financial liabilities measured at fair value			
Derivatives – foreign currency forward contracts	–	64	–

- (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.

- (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 2017 was assessed to be insignificant.

	31-Dec-17		30-Jun-17	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
Financial assets:				
Convertible loan to an associate	618	660	602	657
Financial liabilities:				
Obligations under finance leases	404	387	591	567
Interest-bearing liabilities	122	104	61	56

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Note 14 Related party disclosures

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 2017 and 2016.

	31-Dec-17 S\$'000	31-Dec-16 S\$'000
Minority shareholder of a subsidiary company		
- Sales	286	10
- Purchases	<u>8</u>	<u>29</u>
Associates		
- Sales	163	375
- Interest income	17	3
- Services rendered	<u>376</u>	<u>148</u>
Other related parties		
- Purchases	–	41
- Services rendered	<u>–</u>	<u>8</u>

b) Amounts due from/(to) related parties

The following table provides the balances with related parties as at 31 December 2017 and 30 June 2017.

	31-Dec-17 S\$'000	30-Jun-17 S\$'000
Related party receivables		
- Associates		
- trade	138	278
- non-trade	<u>80</u>	<u>233</u>
- Other related parties		
- trade	16	61
- non-trade	<u>2</u>	<u>3</u>
Related party payables		
- Associates		
- trade	<u>(21)</u>	<u>(21)</u>
- Other related parties		
- trade	(1,593)	(9)
- non-trade	<u>(3)</u>	<u>(9)</u>

Note 15 Subsequent events

(a) Investment in Zicom Energy Solutions Private Limited

On 9 February 2018, Zicom Private Limited completed its second tranche of investment of S\$255,000 in Zicom Energy Solutions Private Limited.

(b) Incorporation of ZIG MedTech Asia Pte Ltd

On 22 February 2018, Zicom Innovations Group Private Limited incorporated ZIG MedTech Asia Pte Ltd, a wholly-owned subsidiary, with a paid-up capital of S\$2.

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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 2017 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 2018

Independent Auditor's Review Report to the Members of Zicom Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Zicom Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

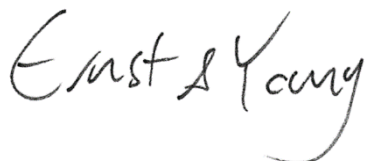
Auditor's Responsibility

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Zicom Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Ernst & Young



Tom du Preez
Partner
Brisbane
27 February 2018