

ZICOM GROUP LIMITED

Appendix 4D

For the Half Year ended

31 December 2020

Name of entity: ZICOM GROUP LIMITED

ABN: 62 009 816 871

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. Financial reporting period

The reporting period is the half year ended 31 December 2020.

The previous corresponding period is the half year ended 31 December 2019.

2. Results for announcement to the market

Six months ended

	31 Dec 2020	31 Dec 2019	% Change
	\$'000	\$'000	
Revenues from ordinary activities	58,294	31,511	85.0%
Net profit/(loss) from ordinary activities after tax attributable to members	2,733	(4,256)	164.1%
Net profit/(loss) for the period attributable to members	2,733	(4,256)	164.1%

3. Dividends

	31 Dec 2020	31 Dec 2019	% Change
Interim dividend per security	–	–	–

4. Net tangible assets per security

	31 Dec 2020	30 Jun 2020	% Change
Net tangible assets per security (Singapore cents)	24.22	23.11	4.8%

The calculation of net tangible assets per security includes contract assets and lease liabilities but excludes right-of-use intangible assets.

5. Entities over which control has been gained/lost

There were no changes to controlled entities during the half year ended 31 December 2020.

6. Dividend reinvestment plan

Not applicable.

7. Details of associates or joint ventures

Please refer to Note 9.

8. Audit Review

The financial statements have been subject to review by the auditors and the auditor's report is attached as part of the half-year report.

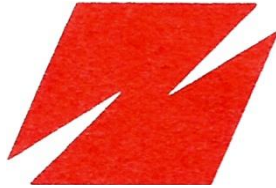
Signed



GL Sim

Chairman

Date: 26 February 2021



ZICOM GROUP LIMITED

Half-Year Financial Report

For the period ended

31 December 2020

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Contents

Corporate Information	1
Report of the Directors	2
Auditor’s Independence Declaration	6
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	12
Directors’ Declaration	20
Independent Review Report	21

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

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	(Executive Chairman)
Kok Yew Sim	(Executive Director, Group CEO)
Jenny Lim Bee Chun	(Executive Director)
Yian Poh Lim	(Non-Executive and Independent Director)
Stewart James Douglas	(Non-Executive and Independent Director)
Renny Yeo Ah Kiang	(Non-Executive and Independent Director)
Dean Tai Chi-Shang	(Non-Executive and Non-Independent Director, Appointed 30 November 2020)
Kok Hwee Sim	(Non-Executive and Non-Independent Director, Retired on 30 November 2020, Appointed as Alternate Director to Mr Giok Lak Sim on 30 November 2020)
Shaw Pao Sze	(Non-Executive and Independent Director, Retired on 30 November 2020)
Ian Robert Millard	(Alternate Director to Mr Giok Lak Sim, Retired on 30 November 2020)

Joint Company Secretaries

Jenny Lim Bee Chun
Igor Sushko

Registered Office

38 Goodman Place
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 28, 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 0303

Bankers

Australia
Westpac Banking Corporation

Singapore
United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Westpac Banking Corporation

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

Bangladesh
Dhaka Bank Limited

Philippines
BDO Unibank, Inc.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Report of the Directors

Your directors present the consolidated financial report for the half year ended 31 December 2020.

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 2020 unless otherwise stated:

Giok Lak Sim	(Executive Chairman)
Kok Yew Sim	(Executive Director, Group CEO)
Jenny Lim Bee Chun	(Executive Director)
Yian Poh Lim	(Non-Executive and Independent Director)
Stewart James Douglas	(Non-Executive and Independent Director)
Renny Yeo Ah Kiang	(Non-Executive and Independent Director)
Dean Tai Chi-Shang	(Non-Executive and Non-Independent Director, Appointed 30 November 2020)
Kok Hwee Sim	(Non-Executive and Non-Independent Director, Retired on 30 November 2020, Appointed as Alternate Director to Mr Giok Lak Sim on 30 November 2020)
Shaw Pao Sze	(Non-Executive and Independent Director, Retired on 30 November 2020)
Ian Robert Millard	(Alternate Director to Mr Giok Lak Sim, Retired on 30 November 2020)

Review of Operations

The Group's consolidated revenue for the half year ended 31 December 2020 is S\$58.29m as compared with S\$31.51m in the previous year corresponding period, an increase of 84.99%. The Group's half year consolidated profit after tax attributable to members is S\$2.73m as compared with a net consolidated loss of S\$4.26m in the previous year corresponding period, an increase of 164.08%. The half year's results included government job support subsidies for the pandemic lockdowns. Disregarding these subsidies, the Group's consolidated operations remained positive. These subsidies are being stepped down and gradually withdrawn in the next half year.

The Group's cash and bank balances are at S\$19.15m (30 June 2020: S\$11.51m). The Group's gearing ratio which has been arrived at by dividing interest-bearing liabilities less cash and cash equivalents over capital has strengthened at 18.41% (30 June 2020: 49.10%) after including lease liabilities as interest-bearing liabilities in line with AASB 16 *Leases*.

During the period under review, global uncertainties continued in the USA election year and the worsening Covid-19 pandemic. After this half year closing, the pandemic appears to be peaking with the availability of vaccines. However, people movements and pandemic control measures will take at least another 12 months to improve. Although global recovery is not immediately imminent, green shoot growth opportunities are emerging and gathering momentum.

The offshore marine sector is not expected to see any near-term recovery for our deck machinery business. It is likely to experience a longer lag behind real economic recovery in the fossil oil sector. This is in part due to the huge overhang in idle equipment as well as increasing focus by oil majors to invest on renewable energy. The impetus is driven by the new US President's decision to rejoin the Paris Agreement on climate change. In anticipation of this evolving situation, we had begun to transform our marine sector to embrace green energy more than 3 years ago. We have successfully developed LNG propulsion systems and the demand is gaining momentum. We have recently secured significant orders of S\$60m for oil product tankers, for delivery in 2022/2023. This technology covers a wider footprint in the industry than deck machinery which focuses on oil exploration and production. This direction assures a more sustainable growth path.

Our turnkey projects in gas processing activities, in particular, the compressor station projects have so far progressed according to timelines, notwithstanding the tough challenges under the pandemic. We expect to commission these projects before the financial year ending 30 June 2021. Prospects are strong for further orders in the pipeline.

The successful transformation of our offshore marine sector combined with stronger engineering and project management capability in gas processing plants that we have been developing has come with increased recognition by the industry of our total capability and capacity, hence strengthening our position in the industry.

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

The precision engineering & technologies sector has continued to be impacted by the pandemic. Towards the last quarter of 2020, demand enquiries have increased. These include contract manufacturing as well as automation services. The continuing trade war between the USA and China which has adversely impacted on the chip supply, hence affecting demand for our fine pitch flip chip packaging machines, is still on-going. We are hopeful that the US and China will soon achieve rapprochement so as to enable trade flows and global supply chains to normalise.

The construction equipment market was greatly dampened by the pandemic in particular lockdowns imposed by the governments in Asia and Australia. Success in control measures imposed has enabled governments to relax the environment for the construction industry to revive, albeit, at a measured pace. Since the last quarter of 2020, we are experiencing improvements in demand in the industry. We are hopeful that this will gain traction and momentum as the pandemic peaks and vaccination coverage expands.

The global environment while remaining challenging has certainly shown better promises than the previous 6 months. The advent of the vaccines appears to be slowing down infection rates in the pandemic and it is hopeful, as more people get vaccinated, return to normalcy could be achieved in the near future. This, coupled with a new US President, may help to bring about increased global cooperation to facilitate growth in global trade that is helpful for our businesses.

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 20 (S\$ million)	6 months ended 31 Dec 19 (S\$ million)
Revenue	84.99	58.29	31.51
Net profit/(loss) after tax attributable to equity holders of the Parent	164.08	2.73	(4.26)

During the half year, the average exchange rate for the A\$ against the S\$ was A\$1.00 to S\$0.9873 (2019: 0.9369). As at 31 December 2020, the exchange rate was A\$1.00 to S\$1.0186 (30 June 2020: A\$1 to S\$0.9576).

Segmental Revenue

The following is an analysis of the segmental revenue:-

Segmental Revenue	Change (%)	6 months ended 31 Dec 20 (S\$ million)	6 months ended 31 Dec 19 (S\$ million)
Offshore Marine, Oil & Gas Machinery	+ 651.04	32.37	4.31
Construction Equipment	+ 2.01	14.73	14.44
Precision Engineering & Technologies	- 2.31	11.82	12.10
Industrial & Mobile Hydraulics	+ 4.08	1.02	0.98

Offshore Marine, Oil & Gas Machinery

Revenue for offshore marine, oil and gas machinery increased significantly by 651.04% in the current half year as compared with the previous year corresponding period.

Revenue has accounted for progressive completion of the gas processing projects in line with accounting standards. Barring unforeseen circumstances, we are confident of being able to complete the projects in hand within timelines notwithstanding the challenging conditions under which these projects have been executed. Recognition by the industry of our performance will generate more order opportunities in the near future. The demand for deck machinery continues to slack and is not expected to improve in the near future. Going forward, we are hopeful that our transformation of the offshore marine sector with LNG propulsion systems enables us to expand over a wider footprint in the industry for a more sustainable growth path.

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Construction Equipment

The construction sector was adversely impacted by pandemic control measures and lockdowns during the half year under review. We expect that the success of these control measures coupled with acceleration in vaccination rollouts, governments would be more encouraged to relax operating environment enabling the construction industry to return to normalcy. As resumption of construction activities gains momentum so would demand for our construction equipment. As the situation stands, we are experiencing increased enquiries and demand compared with the previous 12 months. We are hopeful of improving prospects.

Precision Engineering & Technologies

Demand for contract manufacturing and automation during the period under review was similarly adversely impacted by the pandemic due to control measures imposed. However, signs of resurgence are appearing. We are confident that this will improve over the next 6 months and accelerate as the global situation returns to normalcy. Demand for our flip chip machines will greatly depend on the normalisation of US and China trade relations and the restoration of the supply chain on high-end chips that has been seriously disrupted.

The surgical masks manufactured by us are CE Mark approved and we have also obtained regulatory approvals from TGA (Australia), Europe (EU) and HSA (Singapore). As most governments have, so far, refrained from setting any minimum standards or compulsory regulatory compliance for the mask market, the market has been deluged with more face masks than surgical masks and these are marketed at reduced prices. We therefore focus our marketing effort at quality conscious market segments with a slower rate in pick up. We continue to progress with FDA approval which is still pending.

Industrial & Mobile Hydraulics

Although this segment was equally impacted by the pandemic, as revenue is mainly made up of replacement parts and services in support of our general core business activities in hydraulic engineering and maintenance of customers' machines, demand has continued. In view of the nature of this revenue, we do not anticipate significant variation in this segment.

Financial Position

The Group's financial position remains strong: -

Classification	Increase S\$ million	As at 31 Dec 20 S\$ million	As at 30 Jun 20 S\$ million
Net assets	2.53	67.81	65.28
Net working capital	4.66	26.83	22.17
Cash in hand and at bank	7.64	19.15	11.51

Cash Policy & Gearing Ratio

The Group's gearing ratio has improved from 49.10% as at 30 June 2020 to 18.41% as at 31 December 2020. Gearing ratio has been arrived at by dividing our interest-bearing liabilities less cash and cash equivalents over capital. Interest-bearing liabilities have included lease liabilities in line with AASB 16 *Leases*.

Return Per Share

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

Classification	Increase Singapore Cents	6 months ended 31 Dec 20 Singapore Cents	6 months ended 31 Dec 19 Singapore Cents
Earnings/(loss) per share	3.22	1.26	(1.96)

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

Classification	Increase Singapore Cents	As at 31 Dec 20 Singapore Cents	As at 30 Jun 20 Singapore Cents
Net tangible assets per share	1.11	24.22	23.11

The calculation of net tangible assets per share includes contract assets and lease liabilities but excludes right-of-use intangible assets.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Confirmed Orders

We have a total of S\$20.6m (31 Dec 2019: S\$92.6m) outstanding confirmed orders in hand as at 31 December 2020. A breakdown of these outstanding orders secured is as follows:-

	S\$ m
Offshore Marine, Oil & Gas Machinery	6.8
Construction Equipment	5.2
Precision Engineering & Technologies	8.0
Industrial & Mobile Hydraulics	<u>0.6</u>
Total	<u>20.6</u>

Of the above, S\$19.3m are scheduled for delivery in the second half of this financial year and S\$1.3m are scheduled to be delivered in the financial year 2022.

At the end of January 2021, we secured orders of S\$60m for the supply of LNG propulsion systems for oil product tankers to be delivered in 2022/2023.

Prospects

Global uncertainties caused by the pandemic and the US-China trade war continue. Global trade and economic growth can only be normalised when the pandemic is under control and rapprochement between the USA and China on trade issues is achieved. This may well take another 12-18 months, although overall environment has become more conducive and gradual improvements are expected in the short term. Until then the global economic situation will remain challenging.

Fundamentally we are confident that the Group's resilience will position us to ride out these challenges and continue on its growth path. Barring no unforeseen circumstances we remain hopeful of strong prospects ahead.

Subsequent Events after Balance Sheet Date

No matter or circumstance has occurred subsequent to the period-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group subsequent to 31 December 2020.

Dividends

In the present circumstance, prudence dictates that we preserve cash to strengthen our working capital to fund projects in hand and those soon coming on stream. As such, the Board has decided not to pay a dividend this half year. The Board will continuously review its decision in this regard.

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 half-year 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

26 February 2021



**Building a better
working world**

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

As lead auditor for the review of the half-year financial report of Zicom Group Limited for the half-year ended 31 December 2020, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style. Below the signature is a horizontal line with two dots underneath it.

Ernst & Young

A handwritten signature in black ink that reads 'Madhu Nair' in a cursive style. Below the signature is a horizontal line with two dots underneath it.

Madhu Nair
Partner
26 February 2021

ZICOM GROUP LIMITED
 ABN 62 009 816 871
 HALF-YEAR REPORT – 31 DECEMBER 2020

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2020

	Note	31-Dec-20 S\$'000	31-Dec-19 S\$'000
Revenue from contracts with customers	4	57,412	30,293
Rental income		882	1,218
Revenue		<u>58,294</u>	<u>31,511</u>
Other income	4	1,660	259
Total consolidated revenue		59,954	31,770
Cost of materials		(31,753)	(15,724)
Employee, contract labour and related costs		(12,986)	(12,458)
Depreciation and amortisation		(3,180)	(3,485)
Property related expenses		(75)	(128)
Other operating expenses	4	(8,070)	(4,169)
Finance costs		(708)	(521)
Share of results of associate		137	78
Profit/(loss) before taxation		3,319	(4,637)
Tax (expense)/benefit	5	(545)	305
Profit/(loss) after taxation		<u>2,774</u>	<u>(4,332)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive income of associates		–	–
Foreign currency translation on consolidation		(267)	156
Other comprehensive (loss)/income for the period, net of tax		(267)	156
Total comprehensive income/(loss)		<u>2,507</u>	<u>(4,176)</u>
Profit/(loss) attributable to:			
Equity holders of the Parent		2,733	(4,256)
Non-controlling interests		41	(76)
Profit/(loss) for the period		<u>2,774</u>	<u>(4,332)</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent		2,466	(4,100)
Non-controlling interest		41	(76)
Total comprehensive income/(loss) for the period		<u>2,507</u>	<u>(4,176)</u>
Earnings per share (cents)			
Basic earnings/(loss) per share	6	1.26	(1.96)
Diluted earnings/(loss) per share	6	1.26	(1.96)

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

ZICOM GROUP LIMITED
 ABN 62 009 816 871
 HALF-YEAR REPORT – 31 DECEMBER 2020

Consolidated Balance Sheet

as at 31 December 2020

	Note	31-Dec-20 S\$'000	30-Jun-20 S\$'000
Non-current assets			
Property, plant and equipment		33,059	34,320
Right-of-use assets		10,067	8,740
Intangible assets		7,096	7,116
Deferred tax assets		2,525	2,459
Investment in associate	9	3,474	3,337
		56,221	55,972
Current assets			
Cash and bank balances	7	19,153	11,508
Inventories		25,590	27,868
Trade and other receivables		13,715	9,600
Contract assets		8,865	38,237
Contract costs		419	1,286
Prepayments		277	356
Tax recoverable		161	195
		68,180	89,050
TOTAL ASSETS		124,401	145,022
Current liabilities			
Trade and other payables		16,434	28,919
Contract liabilities		2,902	2,093
Lease liabilities		2,650	1,936
Other interest-bearing liabilities	10	17,432	32,544
Provisions		1,071	1,068
Provision for taxation		866	319
		41,355	66,879
NET CURRENT ASSETS		26,825	22,171
Non-current liabilities			
Lease liabilities		7,021	6,848
Other interest-bearing liabilities	10	4,486	2,133
Deferred tax liabilities		3,153	3,310
Provisions		574	569
		15,234	12,860
TOTAL LIABILITIES		56,589	79,739
NET ASSETS		67,812	65,283
Equity attributable to equity holders of the Parent			
Share capital	11	21,100	21,100
Reserves		10,698	11,260
Retained earnings		35,768	32,718
		67,566	65,078
Non-controlling interests		246	205
TOTAL EQUITY		67,812	65,283
TOTAL LIABILITIES AND EQUITY		124,401	145,022

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

ZICOM GROUP LIMITED
 ABN 62 009 816 871
 HALF-YEAR REPORT – 31 DECEMBER 2020

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2020

	Attributable to equity holders of the Parent							Non-controlling interests	Total equity
	Share capital	Share capital – exercise of share options	Asset revaluation surplus	Foreign currency translation reserve	Share-based payments reserve	Retained earnings	Total		
Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.7.2020	20,628	472	12,472	(1,285)	73	32,718	65,078	205	65,283
Profit for the period	–	–	–	–	–	2,733	2,733	41	2,774
Other comprehensive income									
Foreign currency translation	–	–	–	(267)	–	–	(267)	–	(267)
Total comprehensive income for the period	–	–	–	(267)	–	2,733	2,466	41	2,507
Share-based payments	–	–	–	–	22	–	22	–	22
Forfeiture of employee share options	–	–	–	–	(26)	26	–	–	–
Transfer of depreciation for buildings	–	–	(291)	–	–	291	–	–	–
Balance at 31.12.2020	20,628	472	12,181	(1,552)	69	35,768	67,566	246	67,812
Balance at 1.7.2019	20,628	472	13,055	(1,789)	141	33,270	65,777	276	66,053
Loss for the period	–	–	–	–	–	(4,256)	(4,256)	(76)	(4,332)
Other comprehensive income									
Foreign currency translation	–	–	–	156	–	–	156	–	156
Total comprehensive income for the period	–	–	–	156	–	(4,256)	(4,100)	(76)	(4,176)
Share-based payments	–	–	–	–	23	–	23	–	23
Forfeiture of employee share options	–	–	–	–	(115)	115	–	–	–
Transfer of depreciation for buildings	–	–	(292)	–	–	292	–	–	–
Acquisition of non-controlling interests	8	–	–	–	–	(51)	(51)	51	–
Balance at 31.12.2019	20,628	472	12,763	(1,633)	49	29,370	61,649	251	61,900

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Consolidated Statement of Cash Flows
 for the half year ended 31 December 2020

	Note	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Cash flows from operating activities :			
Operating profit/(loss) before taxation		3,319	(4,637)
Adjustments for:			
Depreciation of property, plant and equipment		1,772	1,949
Depreciation of right-of-use assets		1,263	1,189
Amortisation of intangible assets		145	347
Property, plant and equipment written off	4	1	3
Reversal of provision for doubtful debts, net	4	(66)	(113)
Bad debts written off	4	–	1
Provision for inventory obsolescence	4	79	109
Inventories written off	4	2	28
Finance costs		708	521
Interest income	4	(4)	(29)
Trade and other payables written back	4	–	(2)
Provision for losses arising from financial irregularities	4	26	–
Rental waiver	4	(66)	–
Share-based payments		22	23
Provisions made, net		121	296
Share of results of associate		(137)	(78)
Unrealised foreign exchange differences		(379)	28
Operating profit/(loss) before reinvestment in working capital		6,806	(365)
Decrease in stocks and work-in-progress		740	3,543
Decrease/(increase) in contract assets		29,372	(3,614)
Increase/(decrease) in contract liabilities		809	(6,705)
(Increase)/decrease in debtors		(3,111)	5,363
Decrease in creditors		(12,107)	(6,513)
Cash generated from/(used in) operations		22,509	(8,291)
Interest received		4	29
Interest paid		(1,258)	(331)
Income taxes paid		(145)	(186)
Net cash provided by/(used in) operating activities		21,110	(8,779)
Cash flows from investing activities			
Purchase of property, plant and equipment		(562)	(156)
Increase in computer software		(4)	(9)
Increase in patented technology		(1)	–
Increase in development expenditure		–	(166)
Net cash used in investing activities		(567)	(331)

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Consolidated Statement of Cash Flows (Cont'd)
 for the half year ended 31 December 2020

	Note	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Cash flows from financing activities			
(Decrease)/increase in bills payable		(13,970)	7,305
Proceeds from bank borrowings		3,000	462
Repayments of bank borrowings		(1,012)	(887)
Repayments of loans to related party		(618)	(1,075)
Repayment of lease liabilities		(1,118)	(1,194)
Proceeds from lease financing		1,021	–
Net cash (used in)/generated from financing activities		(12,697)	4,611
Net increase/(decrease) in cash and cash equivalents		7,846	(4,499)
Effect of exchange rate changes on cash and cash equivalents		(42)	24
Cash and cash equivalents at beginning of period		10,234	13,741
Cash and cash equivalents at end of period	7	18,038	9,266

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

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 2020 was authorised for issue in accordance with a resolution of the directors on 26 February 2021. 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 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the requirements of the *Corporations Act 2001*.

This financial report also complies with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

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 2020 and considered together with any public announcements made by Zicom Group Limited during the half year ended 31 December 2020 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 2020, except for the adoption of new and revised standards effective for annual financial period beginning on or after 1 July 2020. 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 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 including flip chip bonders, supply of medtech equipment, medical consumables and engineering services.
- Industrial & Mobile Hydraulics – supply of hydraulic drive systems, parts and services.

Unallocated revenue and expenses

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

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

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 2020					
Revenue					
Sales of goods	–	11,965	6,679	767	19,411
Rendering of services	22	1,198	184	228	1,632
Revenue recognised on projects	32,086	–	4,283	–	36,369
Revenue from contracts with customers	32,108	13,163	11,146	995	57,412
Rental income	–	882	–	–	882
Other income	261	682	626	5	1,574
Intersegment sales	–	–	50	23	73
Total segment revenue	32,369	14,727	11,822	1,023	59,941
Intersegment elimination					(73)
Unallocated revenue					82
Interest Income					4
Total consolidated revenue					59,954
Results					
Segment results	4,827	154	(100)	472	5,353
Unallocated revenue					82
Unallocated expenses					(1,549)
Share of results of associate			137		137
Profit before tax and finance costs					4,023
Finance costs					(708)
Interest income					4
Profit before taxation					3,319
Tax expense					(545)
Profit after taxation					2,774

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

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 2019					
Revenue					
Sales of goods	678	11,993	8,891	787	22,349
Rendering of services	43	1,196	290	74	1,603
Revenue recognised on projects	3,585	–	2,756	–	6,341
Revenue from contracts with customers	4,306	13,189	11,937	861	30,293
Rental income	–	1,218	–	–	1,218
Other income	1	31	167	–	199
Intersegment sales	–	–	–	123	123
Total segment revenue	4,307	14,438	12,104	984	31,833
Intersegment elimination					(123)
Unallocated revenue					31
Interest Income					29
Total consolidated revenue					31,770
Results					
Segment results	(1,843)	(691)	114	(615)	(3,035)
Unallocated revenue					31
Unallocated expenses					(1,219)
Share of results of associate			78		78
Loss before tax and finance costs					(4,145)
Finance costs					(521)
Interest income					29
Loss before taxation					(4,637)
Tax benefit					305
Loss after taxation					(4,332)

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Note 4 Revenue, income and expenses

	Consolidated	
	31-Dec-20	31-Dec-19
	S\$'000	S\$'000
<i>(i) Revenue from contracts with customers</i>		
<i>Transferred at a point in time</i>		
Sale of goods	19,411	22,349
Revenue recognised on projects	941	2,228
<i>Transferred over time</i>		
Rendering of services	1,632	1,603
Revenue recognised on projects	35,428	4,113
	57,412	30,293
<i>(ii) Other operating income</i>		
Interest income	4	29
Bad debts recovered	5	–
Trade and other payables written back	–	2
Services rendered	129	167
Government grants	1,418	55
Rental waiver	66	–
Other revenue	38	6
	1,660	259
<i>(iii) Other operating expenses included the following</i>		
Provision for product warranties, net	112	185
Provision for losses arising from financial irregularities	26	–
Foreign exchange gain, net	(402)	(67)
Reversal of provision for doubtful debts, net	(66)	(113)
Bad debts written off	–	1
Provision for inventory obsolescence	79	109
Property, plant and equipment written off	1	3
Inventories written off	2	28
Sales commission	807	857
Sea freight	3,989	227

Note 5 Income tax

The major components of income tax benefit for the half year ended 31 December 2020 and 31 December 2019 are:

	Consolidated	
	31-Dec-20	31-Dec-19
	S\$'000	S\$'000
<i>Current income tax</i>		
Current income tax charge	(906)	(6)
Loss transferred under Group Relief Scheme	224	–
Adjustments in respect of previous years	(44)	(6)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	180	208
Adjustments in respect of previous years	1	109
Tax (expense)/benefit	(545)	305

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Note 6 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding are adjusted for effects of all dilutive potential shares.

	Total	
	31-Dec-20	31-Dec-19
	S\$'000	S\$'000
Net profit/(loss) attributable to equity holders of the Parent	2,733	(4,256)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	217,141	217,141
	Singapore cents	
Basic and diluted earnings/(loss) per share	1.26	(1.96)

There were 6,000,000 (2019: 6,600,000) 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 antidilutive for the current period presented.

Note 7 Cash and cash equivalents

	Consolidated	
	31-Dec-20	30-Jun-20
	S\$'000	S\$'000
Cash at bank and in hand	19,138	11,493
Short-term deposits	15	15
Cash and bank balances	19,153	11,508

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

Cash and short-term deposits	19,153	11,508
Bank overdrafts	(1,115)	(1,274)
	18,038	10,234

Note 8 Investments in subsidiaries

Investment in Zicom Energy Solutions Private Limited ("ZES")

In prior year, on 30 November 2019, Zicom Private Limited ("ZPL"), a wholly-owned subsidiary, increased its investment in ZES by way of capitalisation of an amount of S\$137,000 owed by ZES to ZPL, increasing the Group's interest in ZES from 51% to 59%. The effect on the change in interest in ZES amounted to S\$51,000 has been recognised within equity.

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Note 9 Investment in associate

Movements in the carrying amount of the Group's investment in associate:

Emage Vision Pte Ltd (“EV”)	Consolidated	
	31-Dec-20	30-Jun-20
Shareholdings held: 16.29% (30 Jun 20: 16.29%)	S\$'000	S\$'000
Principal place of business: Singapore		
At beginning of period	3,337	3,731
Share of results after income tax	137	(394)
At end of period	<u>3,474</u>	<u>3,337</u>

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

Note 10 Other interest-bearing liabilities

	Consolidated	
	31-Dec-20	30-Jun-20
	S\$'000	S\$'000
<i>Current</i>		
Bank overdrafts (Note 7)	1,115	1,274
Bills payable	2,118	16,088
Revolving term loans	12,233	12,600
Term loans	155	153
Loans from a related party	1,811	2,429
	<u>17,432</u>	<u>32,544</u>
<i>Non-Current</i>		
Term loans	<u>4,486</u>	<u>2,133</u>

Note 11 Share capital

	Parent Entity		Consolidated	
	31-Dec-20	30-Jun-20	31-Dec-20	30-Jun-20
	No. of shares (Thousands)		S\$'000	S\$'000
Ordinary fully paid shares	<u>217,141</u>	<u>217,141</u>	<u>21,100</u>	<u>21,100</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.

There were no movements in the share capital during the current period.

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

Note 12 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 2020 and 2019.

	31-Dec-20 S\$'000	31-Dec-19 S\$'000
Minority shareholder of a subsidiary company		
- Sales	152	228
Associates		
- Sales	–	1
- Purchases	115	762
- Rental & utilities income	19	27
- Services rendered	32	32
Other related parties		
- Sales	714	446
- Interest income	–	3
- Rental & utilities income	77	101
- Services rendered	1	7
- Services received	–	43
- Interest expense	18	44

b) Amounts due from/(to) related parties

The following table provides the balances with related parties as at 31 December 2020 and 30 June 2020.

	31-Dec-20 S\$'000	30-Jun-20 S\$'000
Related party receivables		
Associate		
- trade	16	42
- non-trade	–	26
Other related parties		
- trade	483	328
- non-trade	63	37
Related party payables		
- non-trade (including interest on loans)	(464)	(170)
- loans	(1,811)	(2,429)

Note 13 Impact of COVID-19 pandemic

The outbreak of novel coronavirus (COVID-19) pandemic has led to a series of precautionary and control measures implemented across the globe, which resulted in disruptions to the Group's business operations. These events have had and may continue to have an impact on the operating performance and financial position of the Group. Owing to the inherent nature and unpredictability of the future developments of the COVID-19 pandemic, including preventive measures imposed by countries in which the Group has operations and the duration of the pandemic, the degree of the impact of the pandemic and its resulting financial impact on the Group cannot be reasonably estimated at this stage.

While the effects of COVID-19 do not change the significant estimates, judgments and assumptions in the preparation of consolidated financial statements, it has increased the uncertainty of accounting estimations and resulted in application of further judgment within those identified areas. The Group has used accounting estimates based on forecasts developed on market information available at the balance sheet date. Given the uncertainty of the impact of COVID-19 on local and global trade markets, the Group exercised considerable judgement when developing assumptions for assessing the carrying values of assets and liabilities.

The Group continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting.

Note 14 Subsequent events

No matter or circumstance has occurred subsequent to the period-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group subsequent to 31 December 2020.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2020

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 2020 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: 26 February 2021



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 consolidated balance sheet as at 31 December 2020, the consolidated statement of profit or loss, 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.

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 2020 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 2020 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.



**Building a better
working world**

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.

A handwritten signature in black ink that reads 'Ernst & Young'. The signature is stylized and includes a horizontal line with a dot underneath it.

Ernst & Young

A handwritten signature in black ink that reads 'Madhu Nair'. The signature is stylized and includes a horizontal line with a dot underneath it.

Madhu Nair
Partner
Brisbane
26 February 2021