



ZICOM GROUP LIMITED

Appendix 4D

For the Half Year ended

31 December 2022

Name of entity: **ZICOM GROUP LIMITED**

ABN: **62 009 816 871**

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. Financial reporting period

The reporting period is the half year ended 31 December 2022.

The previous corresponding period is the half year ended 31 December 2021.

2. Results for announcement to the market

| Six months ended | 31 Dec 2022 | 31 Dec 2021 | % Change |
|---|--------------------|--------------------|-----------------|
| | \$'000 | \$'000 | |
| Revenues from ordinary activities | 52,837 | 41,556 | 27.1% |
| Net loss from ordinary activities after tax attributable to members | (4,659) | (3,158) | 47.5% |
| Net loss for the period attributable to members | (4,659) | (3,158) | 47.5% |

3. Dividends

| | 31 Dec 2022 | 31 Dec 2021 | % Change |
|-------------------------------|--------------------|--------------------|-----------------|
| Interim dividend per security | — | — | — |

4. Net tangible assets per security

| | 31 Dec 2022 | 30 Jun 2022 | % Change |
|--|--------------------|--------------------|-----------------|
| Net tangible assets per security (Singapore cents) | 17.55 | 20.60 | -14.8% |

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 2022.

6. Dividend reinvestment plan

Not applicable.

7. Details of associates or joint ventures

Please refer to Note 10.

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
28 February 2023



ZICOM GROUP LIMITED

Half-Year Financial Report

For the period ended

31 December 2022

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

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 | 10 |
| Consolidated Statement of Cash Flows | 11 |
| Notes to the Consolidated Financial Statements | 13 |
| Directors' Declaration | 21 |
| Independent Review Report | 22 |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

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) |
| Kok Hwee Sim | (Alternate Director to Mr Giok Lak Sim) |

Joint Company Secretaries

Jenny Lim Bee Chun
Gary Webster

Registered Office

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

Auditors

PKF Brisbane Audit
Level 6, 10 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
Maybank Singapore Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

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 2022

Report of the Directors

Your directors present the consolidated financial report for the half year ended 31 December 2022.

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 2022:

| | |
|-----------------------|--|
| 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) |
| Kok Hwee Sim | (Alternate Director to Mr Giok Lak Sim) |

Review of Operations

The Group's consolidated revenue for the half year ended 31 December 2022 is S\$52.84m as compared with S\$41.56m for the same period in the previous year, an increase of 27.14%. The Group's half year consolidated loss after tax attributable to members is S\$4.66m as compared with S\$3.16m in the previous year corresponding period, an increase of 47.47%.

Revenue recorded during this half year has been adversely impacted by price escalation on project procurements and unprecedented spikes in freight rates caused by supply chain problems. We had sourced most of the materials for our LNG projects from established European suppliers as these were our technology's first break-through projects. They were competitively priced prior to the Ukraine war. With experience gained we have developed alternative supply sources to manage our costs. Global ocean freight which spiked to 4-5 times the pre-Covid rates in the middle of calendar year 2021, only began to ease off in the middle of 2022.

As at the end of December 2022, the Group secured orders in hand amounting to S\$190m of which S\$59m were scheduled for delivery by June 2023 and S\$131m by 2024/2025. As these orders were mainly secured in the last quarter of calendar year 2022, their revenue was not captured in this half year.

In the last 3 months various governments have opened up and there are hopeful signs that businesses are accelerating even though the geopolitical situation between the West and the East as well as the Ukraine war show no signs of abating. Rising interest rates are expected to cast a pall on spending and may give rise to recession as cost of borrowings has increased significantly. Interest rate increases also strengthen the US\$ causing a flight to the currency which is the currency of international trade and may potentially weaken third world's foreign exchange reserves to maintain their import ability.

The Group continues to maintain strong cash and bank balances at S\$16.57m as at 31 December 2022 (30 June 2022: S\$20.38m). The Group's gearing ratio which has been arrived at by dividing interest-bearing liabilities, including lease liabilities, less cash and cash balances over capital has increased from 29.34% as at 30 June 2022 to 49.13% as at 31 December 2022. Excluding the lease liabilities, the Group's gearing ratio would have increased from 15.93% as at 30 June 2022 to 32.04% as at 31 December 2022. During the half year ended, the Group had renewed two leases, and to comply with IFRS, has recognised rental payments for the entire leases as lease liabilities. Both gearing ratio and cash and bank balances are non-IFRS measures.

In general, business conditions have improved. Enquiries on various segments have increased. Barring a severe recession or escalation of various countries' balance of payments caused by the rising US\$, the Group foresees better years ahead.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

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 22 (S\$ million) | 6 months ended 31 Dec 21 (S\$ million) |
|---|------------|--|--|
| Revenue | 27.14% | 52.84 | 41.56 |
| Net loss after tax attributable to equity holders of the Parent | 47.47% | (4.66) | (3.16) |

During the half year, the average exchange rate for the A\$ against the S\$ was A\$1.00 to S\$0.9328 (2021: S\$0.9891). As at 31 December 2022, the exchange rate was A\$1.00 to S\$0.9107 (30 June 2022: A\$1 to S\$0.9571).

Segmental Revenue

The following is an analysis of the segmental revenue:-

| Segmental Revenue | Change (%) | 6 months ended 31 Dec 22 (S\$ million) | 6 months ended 31 Dec 21 (S\$ million) |
|--------------------------------------|------------|--|--|
| Green Energy, Gas & Marine Equipment | + 89.12% | 22.07 | 11.67 |
| Construction Equipment | - 5.78% | 16.94 | 17.98 |
| Precision Engineering & Technologies | + 14.63% | 14.18 | 12.37 |

Green Energy, Gas & Marine Equipment

Revenue for green energy, gas & marine equipment increased significantly by 89.12% in the current half year as compared with the previous year corresponding period. The revenue increase is a result of the delivery of the LNG systems to the customers. The first of the 6 tankers is expected to be commissioned by the end of February 2023 to be followed by the rest of the vessels progressively.

Revenue from gas processing activities was not significant during the half year as all the projects in hand were mainly secured in the last quarter of calendar year 2022 and were only at the design stage. A total of S\$139m gas processing projects has been secured to be delivered between this financial year till 2025.

Demand for marine deck machinery remains slow but enquiries have increased. We expect some orders to resurge in the short term. Due to the high price of LNG caused by the ongoing supply chain issues, ship owners are considering alternative fuel systems such as methanol or ammonia. We are ready for both new applications. New demand will be driven by availability of cost-effective infrastructure for the new fuel or easing of LNG prices and major shipyards' building capacity.

Construction Equipment

The demand for concrete mixers in Australia remains strong to meet the huge infrastructure construction being rolled out. In Thailand, demand is resurging as the Covid measures ease off and apart from pent-up building construction, the government is spending on delayed infrastructure programs across the country. Supply of trucks has improved as the chip industry has normalised and this will not hold back our deliveries as before.

From mid-2021 to the last quarter of calendar year 2022, ocean freight spikes had caused the Group an extra cost of close to S\$2m. This was beyond our control. Apart from this, delays in shipping our mixers were experienced together with long delay in truck deliveries. Freight rates have returned to pre-Covid levels. This will have a direct positive effect on our concrete mixer business.

The foundation equipment business has had a slow start in recovery and it expects to gain traction in this coming half year. In Singapore the government has rolled out a record number of infrastructure projects which will take the next 3 years to complete. In the rest of ASEAN viz Thailand, Malaysia and Philippines in which our foundation equipment are supplied to we expect increased government spending on infrastructures and building construction coming out of the pandemic to catch up with lost time.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Precision Engineering & Technologies

Industrial automation activities have recovered and enquiries from major customers to automate their operations have increased. Our automation orders in hands are strong. We expect the momentum to be maintained. Talent and manpower shortage are prevailing challenges faced in this industry. These are the very reasons that propel customers to automate.

As part of the Group's roadmap, we aim to expand our automation capability from industrial applications to gas processing and marine propulsion systems to achieve horizontal integration to position for vertical growth.

The semiconductor sector had been slow. We are currently revamping the segment to utilise the capability to render and supply automation services as well as potentially forging synergistic collaboration to strengthen our marketing efforts and penetration to new customers and in new applications.

Financial Position

The Group's financial position remains strong: -

| Classification | Increase/(decrease) S\$ million | As at 31 Dec 22 S\$ million | As at 30 Jun 22 S\$ million |
|--------------------------|------------------------------------|--------------------------------|--------------------------------|
| Net assets | (5.77) | 51.98 | 57.75 |
| Net working capital | (5.20) | 14.54 | 19.74 |
| Cash in hand and at bank | (3.81) | 16.57 | 20.38 |

Cash Policy & Gearing Ratio

The Group's gearing ratio has increased from 29.34% as at 30 June 2022 to 49.13% as at 31 December 2022. Gearing ratio has been arrived at by dividing our interest-bearing liabilities less cash and cash balances over capital. Interest-bearing liabilities have included lease liabilities in line with AASB 16 *Leases*. Excluding the lease liabilities, the gearing ratio would have increased from 15.93% as at 30 June 2022 to 32.04% as at 31 December 2022. Both gearing ratio and cash and bank balances are non-IFRS measures.

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 22 Singapore Cents | 6 months ended 31 Dec 21 Singapore Cents |
|----------------|-----------------------------|--|--|
| Loss per share | 0.70 | (2.17) | (1.47) |

The weighted average number of shares used to compute earnings per share are 214,560,008 for this half year and 214,227,868 for the previous year corresponding period.

| Classification | Decrease Singapore Cents | As at 31 Dec 22 Singapore Cents | As at 30 Jun 22 Singapore Cents |
|-------------------------------|-----------------------------|------------------------------------|------------------------------------|
| Net tangible assets per share | 3.05 | 17.55 | 20.60 |

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 2022

Confirmed Orders

We have a total of S\$190.6m (31 Dec 2021: S\$79.9m) outstanding confirmed orders in hand as at 31 December 2022. A breakdown of these outstanding orders secured is as follows:-

| | |
|--------------------------------------|--------------|
| | S\$ m |
| Green Energy, Gas & Marine Equipment | 152.0 |
| Construction Equipment | 17.1 |
| Precision Engineering & Technologies | 21.5 |
| Total | <u>190.6</u> |

Of the above, S\$58.8m are scheduled for delivery in the second half of this financial year and S\$131.8 are scheduled to be delivered in the financial years 2024 and 2025.

Prospects

Global uncertainties have been compounded by rising interest rates and a strengthening US\$. This has caused a flight to the US currency which is the currency of international trade. Consequently, many nations suffer balance of payments deficit and a drain on their foreign reserves potentially impairing their import ability. Borrowing costs have increased. The situation may lead to a recession as generally expected.

We believe that our focus on energy and automation are two areas of demand and with the orders in hand, these would put us in good stead for the next 2 years. These orders are generally secured in payments. Construction activities into which we supply our equipment are generally carried out in countries in which we think the governments are reasonably strong in reserves.

The Group therefore remain confident of prospects.

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 2022.

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. We regret for this half year the Board has decided not to pay a dividend. 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

28 February 2023

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ZICOM GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, 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 half year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

28 FEBRUARY 2023
BRISBANE

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2022

| | Note | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 |
|--|------|----------------------|----------------------|
| Revenue from contracts with customers | 4 | 52,033 | 39,899 |
| Rental income | | 804 | 1,657 |
| Revenue | | 52,837 | 41,556 |
| Other income | 4 | 395 | 994 |
| Total consolidated revenue | | 53,232 | 42,550 |
| Cost of materials | | (33,736) | (21,737) |
| Employee, contract labour and related costs | | (14,562) | (14,131) |
| Depreciation and amortisation | | (2,694) | (3,100) |
| Property related expenses | | (113) | (99) |
| Impairment of goodwill | 5 | - | (400) |
| Other operating expenses | 4 | (6,060) | (6,351) |
| Finance costs | | (813) | (430) |
| Share of results of associate | 10 | (194) | 67 |
| Loss before taxation | | (4,940) | (3,631) |
| Tax benefit | 6 | 204 | 451 |
| Loss for the period | | (4,736) | (3,180) |
| Other comprehensive loss | | | |
| Items that may be subsequently reclassified to profit or loss (net of tax): | | | |
| Foreign currency translation on consolidation | | (1,048) | (387) |
| Total comprehensive loss for the period | | (5,784) | (3,567) |
| Loss attributable to: | | | |
| Equity holders of the Parent | | (4,659) | (3,158) |
| Non-controlling interests | | (77) | (22) |
| Loss for the period | | (4,736) | (3,180) |
| Total comprehensive loss attributable to: | | | |
| Equity holders of the Parent | | (5,707) | (3,545) |
| Non-controlling interest | | (77) | (22) |
| Total comprehensive loss for the period | | (5,784) | (3,567) |
| Earnings per share (cents) | | | |
| Basic loss per share | 7 | (2.17) | (1.47) |
| Diluted loss per share | 7 | (2.17) | (1.47) |

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 2022

Consolidated Balance Sheet

as at 31 December 2022

| | Note | 31-Dec-22 S\$'000 | 30-Jun-22 S\$'000 |
|------------------------------------|-------------|-----------------------------|-----------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 33,085 | 34,499 |
| Right-of-use assets | | 9,246 | 8,261 |
| Intangible assets | | 5,623 | 5,879 |
| Deferred tax assets | | 2,431 | 2,243 |
| Investment in associate | 10 | 2,517 | 2,711 |
| | | 52,902 | 53,593 |
| Current assets | | | |
| Cash and cash equivalents | 8 | 8,804 | 14,087 |
| Fixed deposits | 9 | 7,765 | 6,291 |
| Inventories | | 29,723 | 28,503 |
| Trade and other receivables | | 17,367 | 15,201 |
| Contract assets | | 12,650 | 11,352 |
| Contract costs | | 4,352 | 2,613 |
| Prepayments | | 471 | 433 |
| Tax recoverable | | 105 | 146 |
| | | 81,237 | 78,626 |
| TOTAL ASSETS | | 134,139 | 132,219 |
| Current liabilities | | | |
| Trade and other payables | | 30,437 | 28,681 |
| Contract liabilities | | 4,528 | 3,300 |
| Lease liabilities | | 1,530 | 1,571 |
| Other interest-bearing liabilities | 11 | 28,863 | 24,028 |
| Provisions | | 1,219 | 1,197 |
| Unearned income | | - | 1 |
| Income tax payable | | 118 | 113 |
| | | 66,695 | 58,891 |
| NET CURRENT ASSETS | | 14,542 | 19,735 |
| Non-current liabilities | | | |
| Lease liabilities | | 7,567 | 6,578 |
| Other interest-bearing liabilities | 11 | 4,140 | 5,118 |
| Deferred tax liabilities | | 3,429 | 3,531 |
| Provisions | | 333 | 352 |
| | | 15,469 | 15,579 |
| TOTAL LIABILITIES | | 82,164 | 74,470 |
| NET ASSETS | | 51,975 | 57,749 |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Consolidated Balance Sheet (cont'd)

as at 31 December 2022

| | Note | 31-Dec-22 S\$'000 | 30-Jun-22 S\$'000 |
|--|------|----------------------|----------------------|
| Equity attributable to equity holders of the Parent | | | |
| Share capital | 12 | 20,836 | 20,836 |
| Reserves | | 11,013 | 12,443 |
| Retained earnings | | 20,112 | 24,379 |
| | | 51,961 | 57,658 |
| Non-controlling interests | | 14 | 91 |
| TOTAL EQUITY | | 51,975 | 57,749 |
| TOTAL LIABILITIES AND EQUITY | | 134,139 | 132,219 |

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 2022

Consolidated Statement of Changes in Equity
for the half year ended 31 December 2022

| Note | 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 payment reserve | Retained earnings | Total | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1.7.2022 | 20,364 | 472 | 14,551 | (2,194) | 86 | 24,379 | 57,658 | 91 | 57,749 |
| Loss for the period | – | – | – | – | – | (4,659) | (4,659) | (77) | (4,736) |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation | – | – | – | (1,048) | – | – | (1,048) | – | (1,048) |
| Total comprehensive income for the period | – | – | – | (1,048) | – | (4,659) | (5,707) | (77) | (5,784) |
| Share-based payments | – | – | – | – | 10 | – | 10 | – | 10 |
| Forfeited employee share options | – | – | – | – | (3) | 3 | – | – | – |
| Transfer of depreciation for buildings | – | – | (389) | – | – | 389 | – | – | – |
| Balance at 31.12.2022 | 20,364 | 472 | 14,162 | (3,242) | 93 | 20,112 | 51,961 | 14 | 51,975 |
| Balance at 1.7.2021 | 20,628 | 472 | 13,931 | (1,683) | 85 | 32,201 | 65,634 | 158 | 65,792 |
| Loss for the period | – | – | – | – | – | (3,158) | (3,158) | (22) | (3,180) |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation | – | – | – | (387) | – | – | (387) | – | (387) |
| Total comprehensive income for the period | – | – | – | (387) | – | (3,158) | (3,545) | (22) | (3,567) |
| Share-based payments | – | – | – | – | 5 | – | 5 | – | 5 |
| On-market share buy-back | (216) | – | – | – | – | – | (216) | – | (216) |
| Transfer of depreciation for buildings | – | – | (334) | – | – | 334 | – | – | – |
| Balance at 31.12.2021 | 20,412 | 472 | 13,597 | (2,070) | 90 | 29,377 | 61,878 | 136 | 62,014 |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Consolidated Statement of Cash Flows
for the half year ended 31 December 2022

| | Note | 31 Dec 2022 S\$'000 | 31 Dec 2021 S\$'000 |
|---|------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Operating loss before taxation | | (4,940) | (3,631) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 1,567 | 1,687 |
| Depreciation of right-of-use assets | | 959 | 1,249 |
| Amortisation of intangible assets | | 168 | 164 |
| Impairment of goodwill | | - | 400 |
| Property, plant and equipment written off | 4 | 3 | 20 |
| Gain on disposal of property, plant and equipment | 4 | (1) | (3) |
| Reversal of provision for doubtful debts, net | 4 | - | (21) |
| Provision for inventory obsolescence | 4 | 13 | 6 |
| Inventories written off | 4 | 8 | - |
| Finance costs | | 813 | 430 |
| Interest income | 4 | (52) | (5) |
| Share-based payments | | 10 | 5 |
| Provisions made, net | | 212 | 344 |
| Share of results of associate | | 194 | (67) |
| Unrealised foreign exchange differences | | (1,037) | (145) |
| Operating profit before reinvestment in working capital | | (2,083) | 433 |
| Increase in stocks and work-in-progress | | (1,241) | (2,640) |
| (Increase)/decrease in trade receivables, contract assets and prepayments | | (5,194) | 7,305 |
| Increase/(decrease) in trade and other payables, contract liabilities | | 2,693 | (408) |
| Cash (used in)/generated from operations | | (5,825) | 4,690 |
| Interest received | | 5 | 5 |
| Interest paid | | (686) | (401) |
| Income taxes paid | | (80) | (56) |
| Net cash (used in)/generated from operating activities | | (6,586) | 4,238 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (297) | (642) |
| Proceeds on disposal of property, plant and equipment | | 1 | 3 |
| Increase in computer software | | - | (39) |
| Increase in fixed deposits pledged | | (1,474) | (2,899) |
| Net cash used in investing activities | | (1,770) | (3,577) |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Consolidated Statement of Cash Flows (Cont'd)
for the half year ended 31 December 2022

| | Note | 31 Dec 2022 S\$'000 | 31 Dec 2021 S\$'000 |
|--|------|------------------------|------------------------|
| Cash flows from financing activities | | | |
| Increase in bills payable | | 970 | 3,443 |
| Proceeds from bank borrowings | | - | 3,000 |
| Repayments of bank borrowings | | (1,547) | (1,433) |
| Proceeds from related party loan | | 4,500 | - |
| Repayment of lease liabilities | | (1,038) | (1,652) |
| On-market share buy-back | | - | (216) |
| Net cash generated from financing activities | | 2,885 | 3,142 |
| Net (decrease)/increase in cash and cash equivalents | | (5,471) | 3,803 |
| Effect of exchange rate changes on cash and cash equivalents | | 230 | 29 |
| Cash and cash equivalents at beginning of period | | 13,462 | 16,025 |
| Cash and cash equivalents at end of period | 8 | 8,221 | 19,857 |

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 2022 was authorised for issue in accordance with a resolution of the directors on 28 February 2023. 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 2022 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 2022 and considered together with any public announcements made by Zicom Group Limited during the half year ended 31 December 2022 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 2022, except for the adoption of new and revised standards effective for annual financial period beginning on or after 1 July 2022. 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:

- Green Energy, Gas & Marine Equipment – design and supply of LNG propulsion systems, deck machinery, gas metering stations, compressor stations, gas processing plants and related equipment, parts and services.
- Construction Equipment – manufacture and supply of concrete mixers, foundation equipment and hydraulic drive systems including rental of foundation equipment, supply of 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.

Intersegment sales

Intersegment sales are recognised based on internally set transfer prices 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.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 3 Segment information (cont'd)

| | Green Energy, Gas & Marine Equipment S\$'000 | Construction Equipment S\$'000 | Precision Engineering & Technologies S\$'000 | Consolidated S\$'000 |
|--|---|---|---|---------------------------------|
| Half year ended 31 Dec 2022 | | | | |
| Revenue | | | | |
| Sales of goods | 1,155 | 14,546 | 12,677 | 28,378 |
| Rendering of services | - | 1,449 | 274 | 1,723 |
| Revenue recognised on projects | 20,798 | - | 1,134 | 21,932 |
| Revenue from contracts with customers | 21,953 | 15,995 | 14,085 | 52,033 |
| Intersegment sales | - | 52 | - | 52 |
| Rental income | - | 804 | - | 804 |
| Other income | 118 | 92 | 98 | 308 |
| Total segment revenue | 22,071 | 16,943 | 14,183 | 53,197 |
| Intersegment elimination | | | | (52) |
| Unallocated revenue | | | | 35 |
| Interest Income | | | | 52 |
| Total consolidated revenue | | | | 53,232 |
| Results | | | | |
| Segment results | (3,174) | 176 | 215 | (2,783) |
| Unallocated revenue | | | | 35 |
| Unallocated expenses | | | | (1,237) |
| Share of results of associate | | | (194) | (194) |
| Profit before tax and finance costs | | | | (4,179) |
| Finance costs | | | | (813) |
| Interest income | | | | 52 |
| Loss before taxation | | | | (4,940) |
| Tax benefit | | | | 204 |
| Loss after taxation | | | | (4,736) |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 3 Segment information (cont'd)

| | Green Energy, Gas & Marine Equipment S\$'000 | Construction Equipment S\$'000 | Precision Engineering & Technologies S\$'000 | Consolidated S\$'000 |
|--|---|---|---|---------------------------------|
| Half year ended 31 Dec 2021 | | | | |
| Revenue | | | | |
| Sales of goods | 38 | 14,817 | 9,151 | 24,006 |
| Rendering of services | 399 | 1,436 | 344 | 2,179 |
| Revenue recognised on projects | 10,947 | – | 2,767 | 13,714 |
| Revenue from contracts with customers | 11,384 | 16,253 | 12,262 | 39,899 |
| Intersegment sales | – | – | – | – |
| Rental income | – | 1,657 | – | 1,657 |
| Other income | 289 | 64 | 108 | 461 |
| Total segment revenue | 11,673 | 17,974 | 12,370 | 42,017 |
| Intersegment elimination | | | | – |
| Unallocated revenue | | | | 528 |
| Interest Income | | | | 5 |
| Total consolidated revenue | | | | 42,550 |
| Results | | | | |
| Segment results | (2,874) | 256 | 6 | (2,612) |
| Unallocated revenue | | | | 528 |
| Unallocated expenses | | | | (1,189) |
| Share of results of associate | | | 67 | 67 |
| Profit before tax and finance costs | | | | (3,206) |
| Finance costs | | | | (430) |
| Interest income | | | | 5 |
| Loss before taxation | | | | (3,631) |
| Tax benefit | | | | 451 |
| Loss after taxation | | | | (3,180) |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 4 Revenue, income and expenses

| | Consolidated | |
|--|---------------------|------------------|
| | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 |
| <i>(i) Revenue from contracts with customers</i> | | |
| <i>Transferred at a point in time</i> | | |
| Sale of goods | 28,378 | 24,006 |
| Revenue recognised on projects | 13 | 659 |
| <i>Transferred over time</i> | | |
| Rendering of services | 1,723 | 2,179 |
| Revenue recognised on projects | 21,919 | 13,055 |
| | <u>52,033</u> | <u>39,899</u> |
| <i>(ii) Other operating income</i> | | |
| Interest income | 52 | 5 |
| Recovery of monies misappropriated | – | 486 |
| Sales of scrap | 85 | 46 |
| Services rendered | 13 | 19 |
| Government grants | 232 | 433 |
| Gain on disposal of property, plant and equipment | 1 | 3 |
| Other revenue | 12 | 2 |
| | <u>395</u> | <u>994</u> |
| <i>(iii) Other operating expenses included the following</i> | | |
| Provision for product warranties, net | 57 | 323 |
| Foreign exchange (gain)/loss, net | (259) | 137 |
| Reversal of provision for doubtful debts, net | - | (21) |
| Provision for inventory obsolescence | 13 | 6 |
| Property, plant and equipment written off | 3 | 20 |
| Inventories written off | 8 | – |
| Sales commission | 1,357 | 777 |
| Sea freight | 1,182 | 1,340 |
| Engineering design and consultancy fees | – | 501 |

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 5 Impairment

During the half year ended 31 December 2021, the Group determined that the carrying value of assets (including goodwill) of the Orion Systems Integration Pte. Ltd. cash-generating unit exceeded the recoverable amount and an impairment loss of S\$400,000 was recorded. No impairment loss was recorded for the half year ended 31 December 2022.

Note 6 Income tax

The major components of income tax (expense)/benefit for the half year ended 31 December 2022 and 31 December 2021 are:

| | Consolidated | |
|---|---------------------|------------------|
| | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 |
| <i>Current income tax</i> | | |
| Current income tax charge | (77) | (27) |
| Adjustments in respect of previous years | (49) | (63) |
| <i>Deferred income tax</i> | | |
| Relating to origination and reversal of temporary differences | 419 | 472 |
| Adjustments in respect of previous years | (89) | 69 |
| Tax benefit | <u>204</u> | <u>451</u> |

ZICOM GROUP LIMITED
 ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 7 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.

| | Consolidated | |
|--|---------------------|------------------|
| | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 |
| Net loss attributable to equity holders of the Parent | (4,659) | (3,158) |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) | 214,560 | 214,228 |
| | Singapore cents | |
| Basic and diluted loss per share | (2.17) | (1.47) |

There were nil (2021: 6,000,000) 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 8 Cash and cash equivalents

| | Consolidated | |
|--|---------------------|------------------|
| | 31-Dec-22 | 30-Jun-22 |
| | S\$'000 | S\$'000 |
| Cash at bank and in hand | 8,790 | 14,071 |
| Demand deposits | 14 | 16 |
| | <u>8,804</u> | <u>14,087</u> |
| For the purpose of cash flow statements, cash and cash equivalents comprise the following: | | |
| Cash and short-term deposits | 8,804 | 14,087 |
| Bank overdrafts | (583) | (625) |
| | <u>8,221</u> | <u>13,462</u> |

Note 9 Fixed deposits

These are fixed deposits placed with a bank as part of banking facilities requirements.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 10 Investment in associate

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

| | Consolidated | |
|--|---------------------|------------------|
| | 31-Dec-22 | 30-Jun-22 |
| | S\$'000 | S\$'000 |
| Emage Vision Pte. Ltd. ("EV") | | |
| Shareholdings held: 16.29% (30 Jun 22: 16.29%) | | |
| Principal place of business: Singapore | | |
| At beginning of period | 2,711 | 3,191 |
| Share of results after income tax | (194) | (480) |
| At end of period | <u>2,517</u> | <u>2,711</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 11 Other interest-bearing liabilities

| | Consolidated | |
|----------------------------|---------------------|------------------|
| | 31-Dec-22 | 30-Jun-22 |
| | S\$'000 | S\$'000 |
| <i>Current</i> | | |
| Bank overdrafts (Note 8) | 583 | 625 |
| Bills payable | 10,546 | 9,576 |
| Revolving term loans | 9,450 | 10,250 |
| Term loans | 1,963 | 1,732 |
| Loans from a related party | 6,321 | 1,845 |
| | <u>28,863</u> | <u>24,028</u> |
| <i>Non-Current</i> | | |
| Term loans | <u>4,140</u> | <u>5,118</u> |

Note 12 Share capital

| | Parent Entity | | Consolidated | |
|----------------------------|----------------------------------|------------------|---------------------|------------------|
| | 31-Dec-22 | 30-Jun-22 | 31-Dec-22 | 30-Jun-22 |
| | No. of shares (Thousands) | | S\$'000 | S\$'000 |
| Ordinary fully paid shares | <u>214,560</u> | <u>214,560</u> | <u>20,836</u> | <u>20,836</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 was no movement in share capital for the half year ended 31 December 2022.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

Note 13 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 2022 and 2021.

| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 |
|--|-----------------------------|-----------------------------|
| Minority shareholder of a subsidiary company | | |
| - Sales | 94 | 109 |
| Associates | | |
| - Sales | — | 5 |
| - Purchases | — | 245 |
| Other related parties | | |
| - Sales | 600 | 296 |
| - Rental & utilities income | 13 | 12 |
| - Services rendered | — | 7 |
| - Interest expense | 59 | 32 |

b) Amounts due from/(to) related parties

The following table provides the balances with related parties as at 31 December 2022 and 30 June 2022.

| | 31-Dec-22 S\$'000 | 30-Jun-22 S\$'000 |
|---------------------------|-----------------------------|-----------------------------|
| Related party receivables | | |
| Associate | | |
| - trade | — | 1 |
| Other related parties | | |
| - trade | 91 | 273 |
| - non-trade | 66 | 18 |
| Related party payables | | |
| Associate | | |
| - trade | — | (110) |
| Other related parties | | |
| - non-trade | 344 | 290 |
| - loans | 6,321 | 1,845 |

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 2022.

ZICOM GROUP LIMITED
ABN 62 009 816 871
HALF-YEAR REPORT – 31 DECEMBER 2022

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 2022 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



GL Sim
Chairman

Brisbane
28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZICOM GROUP LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Zicom Group Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Other matter

The financial report for the consolidated entity for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified opinion on the financial report on 7 October 2022.

PKF Brisbane Audit ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane, QLD 4000 | GPO Box 1568, Brisbane, QLD 4001 | T: +61 7 3839 9733

Brisbane | Rockhampton www.pkf.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Responsibility of the Directors for the 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 the Australian Accounting Standards and the *Corporations Regulations 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 Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

28 FEBRUARY 2023
BRISBANE