ZICOM GROUP LIMITED ABN 62 009 816 871

Annual Report - 30 June 2024

Contents

Zicom Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Zicom Group Limited
38 Goodman Place
Murarrie, QLD 4172
Australia

Chairman's Message

"Our only security is our ability to change"
- Dr John Lilly (1915-2001)

The global economy has become more complex and difficult to manage by any country or blocs. Geopolitical tensions have, for several years, been the key factor underpinning economic volatility. However, following the Ukraine war, increased focus on monetary economics and politics has accelerated multipolarity in the world. Going forward, multi-currency will increase in play deepening impact on international trade and government financial policies.

Businesses continue to face global supply disruptions that have given rise to cost increases in materials and labour as well as in financing. The above factors will likely significantly compound these challenges.

One of the main geopolitical tensions relates to over-capacity in manufacturing. It is a basic economic norm that a country which has a big and growing domestic market and abundant supply of materials and skilled labour, will no doubt achieve an economy of scale better than others and achieve more competitive production output. The reality is that such a phenomenon has given rise to a new narrative in global geopolitics and conflicts.

This situation would appear very likely to deteriorate further before it ever gets better.

Our Group takes full cognizance of the global economic reality. As the late Dr John Lilly, a renowned American neuroscientist, said "Our only security is our ability to change".

The Group has embraced changes and will continue to do so in pursuit of sustainability and relevance. Changes generally involve costly gestation and require patience. The Group views changes as a form of investment. Apart from the pursuit of advancements in technology, the Group's internal supply system and manufacturing and project management are continuously being strengthened and restructured if necessary. It is a prerequisite in this global environment to develop a strong core and resilient platform to sustainably support our customers' demand in a competitive manner. Investments may not necessarily be tangible fixed assets but in processes and all the relevant supporting tools, software and skilled talent.

Your Board is confident that notwithstanding that the global situation is expected to deteriorate further, "our ability to change" enables us to be sustainable. The challenges ahead are expected to remain precarious. Risks remain.

The Group is grateful to have a supportive board and dedicated management teams and workforce. I take this opportunity to express my gratitude and appreciation to each and everyone for their support and hard work during the year. I am also grateful to the shareholders for their support. We look forward to better years ahead.

G L Sim
Chairman

Giok Lak Sim, FCPA
Executive Chairman, Age 78

Experience and Expertise
Appointed to the Board on 5 April 1995. Chairman and Managing Director of Zicom Group Limited till 31 December 2018. From 1 January 2019, stepped down as Managing Director and remains as Executive Chairman of Zicom Group Limited and all its subsidiaries. Mr Sim was a board member of SPRING Singapore, a government agency for enterprise development, for 4 years until 2018 and a member of the Strategic Advisory Panel of Diagnostics Development Hub, A*Star for 5 years until 2019. He was also a former member of the Board of Governors, UOB-SMU Asian Enterprise Institute. Experienced in public accounting, corporate development, strategic management as well as international trade.

Member of Incubator Advisory Board, Singapore Eye Research Institute/ Singapore National Eye Centre
Singapore Ernst & Young Entrepreneur of the Year (Industrial Products), 2008

Other current directorships and former directorships in last 3 years
None

Special responsibilities
Member of Nomination and Remuneration Committee
Executive Chairman of all subsidiaries

Relevant interests in shares and options as at date of signing the Directors' Report
107,781,137 ordinary shares

Kok Yew Sim, BSc
Executive Director and Group Chief Executive Officer, Age 44

Experience and expertise
Made an Executive Director on 25 September 2014 and promoted to Group Chief Executive Officer on 1 January 2019. For many years as the Chief Executive Officer of Sys-Mac Automation Engineering Pte. Ltd. (Sys-Mac), Mr Kok Yew Sim has been instrumental in Sys-Mac Group's growth journey, focusing on providing customised automation solutions, building capabilities and market penetration. As the Group CEO, he is focused on transforming the Group's existing core businesses to unlock new potential and maximise growth in a digitalised and highly competitive marketplace. He is involved directly in the ongoing transformation of the marine equipment sector to embrace green and clean energy applications.

Mr Sim graduated with a Bachelor's degree in Electrical and Electronics Engineering from the University of Michigan, Ann Arbor, USA (Summa Cum Laude). He is the second son of the Executive Chairman, Mr G L Sim and director of SNS Holdings Pte. Ltd., a substantial shareholder.

Other current directorships and former directorships in last 3 years
None

Special responsibilities
Director and Group CEO of Zicom Holdings Private Limited
CEO of Sys-Mac Automation Engineering Pte. Ltd. and its subsidiaries
Managing Director of Zicom Private Limited
Director of Zicom Cesco Engineering Co., Ltd.
Director of Cesco Australia Limited and subsidiary
Director of Emage Vision Pte. Ltd.

Relevant interests in shares and options as at date of signing the Directors' Report
1,350,253 ordinary shares and 400,000 options

Lim Bee Chun, Jenny, FCCA
Executive Director and Joint Company Secretary, Age 51

Experience and expertise
Appointed to the Board on 13 November 2019, Ms Jenny Lim has been the Group's Financial Controller since 2005. She is responsible for accounting, finance, tax and corporate secretarial matters of the Group. Ms Lim assumed the role of Joint Company Secretary since 6 June 2008. Before joining the Group, she was with an international public accounting firm for more than 10 years specialising in audit and tax. She is a Fellow of the Association of Chartered Certified Accountants.

Other current directorships and former directorships in last 3 years
None

Special responsibilities
Director and Company Secretary of Zicom Holdings Private Limited
Director of Zicom Private Limited
Director of Zicom Cesco Engineering Co., Ltd.

Relevant interests in shares and options as at date of signing the Directors' Report
944,563 ordinary shares and 250,000 options

Yian Poh Lim, BSc, MSc
Non-Executive and Independent Director, Age 78

Experience and expertise
Appointed to the Board on 24 July 2006. Mr Yian Poh Lim has more than 20 years of extensive experience in the banking and finance industry and is currently the managing director of Yian Poh Associates, a financial consultancy and investment firm. Mr Lim has built an extensive network of contacts, both in Singapore and in the region. Since 2000, he has been an Honorary Commercial Advisor to The Administrative Committee of Jiaxing Economic Development Zone, China. Mr Lim holds a Bachelor of Science degree from Nanyang University, Singapore and a Master of Science degree from the University of Hull, England. In 1985, he completed the Stanford-NUS Executive Program offered by Stanford University and National University of Singapore and in 1990, the Senior Management Development Program organised by Harvard Business School Alumni Club of Malaysia.

Other current directorships and former directorships in last 3 years
Independent Director of ECON Healthcare (Asia) Limited (appointed on 22 March 2021)
Independent Director of Casa Holdings Limited (4 November 2008 to 10 March 2022)
Lead Independent Director of TTJ Holdings Limited (5 July 1996 to 1 September 2022)

Special responsibilities
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Non-Executive Director of Zicom Holdings Private Limited

Relevant interests in shares and options as at date of signing the Directors' Report
1,038,000 ordinary shares and 250,000 options

Renny Yeo Ah Kiang, PBM, BBM
Non-Executive and Independent Director, Age 74

Experience and expertise
Appointed to the Board on 13 November 2019, Mr Yeo has a distinguished career. He brings with him more than 40 years of working experience in the field of shipbuilding/repair, electrical engineering and cable industries. He formerly held seats on various government boards and committees. He was a board member of SPRING Singapore, a government agency for enterprise development, for 5 years and later, when the agency merged with IE Singapore, an agency that promotes international trade, and became Enterprise Singapore, he was a board member for 2 years until 2020. Mr Yeo holds a Higher National Diploma (HND) in Electrical and Electronic Engineering from Southampton College of Technology, UK and a Master in Management (MBA) with High Distinction from the Asia Institute of Management, Philippines. Mr Yeo was conferred the Public Service Star (BBM) in 2018 and the Public Service Medal (PBM) in 2000 by the President of the Republic of Singapore.

SPRING Singapore Distinguished Partner Award, 2011
SISIR Standards Council Distinguished Award, 1994

Other current directorships and former directorships in last 3 years
Independent Director of Tai Sin Electric Limited (appointed on 1 July 2018)

Special responsibilities
Member of Nomination and Remuneration Committee
Member of Audit Committee
Non-Executive Director of Zicom Holdings Private Limited

Relevant interests in shares and options as at date of signing the Directors' Report
NIL

Stewart James Douglas, BBus, CA ANZ, GAICD
Non-Executive and Independent Director, Age 53

Experience and expertise
Appointed to the Board on 13 November 2019, Mr Douglas is an Audit Partner/Director at Bentleys Queensland, an Australian national firm of public accountants. He has over 20 years of audit and professional experience in London, Singapore and Brisbane. Mr Douglas possesses expert technical knowledge across all facets of audit and assurance and across a broad range of sectors. He also brings along extensive internal audit experience and has been responsible for a large number of internal audits including internal control reviews, payroll reviews and governance reviews. Mr Douglas holds a Bachelor of Business degree from Queensland University of Technology and is a member of the Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors. He also chairs the boards of Bentleys Australia and Bentleys New Zealand.

Other current directorships and former directorships in last 3 years
None

Special responsibilities
Chairman of Audit Committee

Relevant interests in shares and options as at date of signing the Directors' Report
NIL

Dean Tai Chi-Shang, PhD
Non-Executive and Non-Independent Director, Age 46

Experience and expertise
Appointed to the Board on 30 November 2020, Dr Dean Tai is a founder, chief scientific officer (CSO) and director of HistoIndex Pte. Ltd. ("HistoIndex"). HistoIndex is a medical technology company providing optical medical imaging systems and services to aid pathologists in diagnostics, clinical trials and research studies for the assessment and staging of liver diseases. Dr Dean Tai brings with him many years of board experiences, global marketing exposure and collaborations in addition to his strong attributes in innovation, research and development. Dr Dean Tai earned both his Bachelor of Technology (with First Class Honours) and PhD in Biomedical Engineering from the University of Auckland, New Zealand.

Other current directorships and former directorships in last 3 years
None

Special responsibilities
None

Relevant interests in shares and options as at date of signing the Directors' Report
NIL

Kok Hwee Sim, BSc, MSc
Alternate Director to Mr Giok Lak Sim, Age 46

Experience and expertise
Mr Kok Hwee Sim was appointed to the Board on 21 November 2007. Pursuant to the demerger of the medical technology businesses from the Group, he stepped down as an executive director and remained on the Board as a non-executive director for 2 years before stepping down to focus on the medical technology businesses. On 30 November 2020, he was appointed as Alternate Director to Mr Giok Lak Sim.

Mr Kok Hwee Sim has extensive experience in corporate and general management, engineering, treasury management, mergers and acquisitions and strategic partnerships. Mr Sim graduated with a Bachelor of Science Degree in Industrial Engineering and Operations Research from the University of Michigan, Ann Arbor, USA (Magna Cum Laude) and Master of Science Degree in Financial Engineering from Columbia University, New York, USA. He is the eldest son of the Executive Chairman, Mr G L Sim and director of SNS Holdings Pte. Ltd., a substantial shareholder.

Other current directorships and former directorships in last 3 years
Curiox Biosystems Co. Ltd. (appointed on 9 July 2019)

Special responsibilities
Non-Executive Director of Zicom Holdings Private Limited

Relevant interests in shares and options as at date of signing the Directors' Report
1,538,180 ordinary shares and 250,000 options

Joint Company Secretary

Gary Alfred Webster
Joint Company Secretary, Age 61

Experience and expertise
Mr Gary Webster joined Cesco Australia Limited in 2000 and was promoted to the position of managing director in 2012. He holds a Diploma in Management and is experienced in operations management. Mr Webster who is very familiar with the Group's operations will serve as an interim company secretary until a full-time appointment is made.

Other current directorships and former directorships in last 3 years
None

Special responsibilities
Managing Director of Cesco Australia Limited
Managing Director of Cesco Equipment Pty Ltd

Relevant interests in shares and options as at date of signing the Directors' Report
200,000 share options

Your directors present their report on Zicom Group Limited (the "Company") and its subsidiaries (collectively, the "Group" or "consolidated entity") for the year ended 30 June 2024.

Directors

The following persons were directors of Zicom Group Limited during the financial year and up to the date of this report. Unless otherwise stated, the directors were in office for entire period.

Mr G L Sim	(Executive Chairman)
Mr K Y Sim	(Executive Director, Group CEO)
Ms Jenny Lim	(Executive Director)
Mr Y P Lim	(Non-Executive and Independent Director)
Mr S J Douglas	(Non-Executive and Independent Director)
Mr Renny Yeo	(Non-Executive and Independent Director)
Dr Dean Tai	(Non-Executive and Non-Independent Director)
Mr K H Sim	(Alternate Director to Mr Giok Lak Sim)

Details of Directors' qualifications, experience, other current directorship and responsibilities are included in the "Board of Directors" section within the annual report.

Principal Activities

The Group's principal activities comprise the design and supply of LNG propulsion systems, deck machinery, gas metering stations, gas processing plants and compressor stations, manufacturing of foundation equipment and concrete mixers, rental of foundation equipment, supply of precision and automation equipment and services and computer chip packaging machines.

Consolidated Results

The Group recorded the following consolidated results during the year as compared with those of previous year:

Key Financials	Change (%)	Year ended 30 June 24 (S$ million)	Year ended 30 June 23 (S$ million)
Total consolidated revenue	+ 38.16	131.56	95.23
Net profit/(loss) after tax attributable to equity holders of the Parent	+177.49	6.62	(8.54)

The Group's cash and bank balances as at 30 June 2024 remained healthy at S$19.36m (30 June 2023: S$12.67m).

The Group's gearing ratio which has been arrived at by dividing interest-bearing liabilities less cash and cash balances over capital has decreased from 50.41% as at 30 June 2023 to 37.75% as at 30 June 2024. Both gearing ratio and cash and bank balances are non-IFRS measures.

Dividends & Share Buy-Back

Your Board is preparing the Group to pay a dividend but would decide on this in the first quarter of calendar year 2025.

The Group's orders in hand are mainly projects. These require upfront cash outlay to achieve performance milestones before we are paid. Our projects in hand have been delayed close to 12 months, although without penalties on our part. Further delay causes cost escalation in labour, overheads and materials and exposure to currency exchange differences that would impact profits. As such, the Board decides on cash preservation to accelerate these projects to earlier completion. The decision is in the best interest of shareholders.

The Board does not intend to exercise any share buy-back in this coming year and may consider resuming the share buy-back exercise in the future, as it deems appropriate.

Review of Operations
The Group's consolidated revenue for the full year was S$131.56m as compared with S$95.23m in the previous year, an increase of 38.16%. The Group's full year net consolidated profit after tax attributable to members to 30 June 2024 is S$6.62m as compared with net consolidated loss of S$8.54m in the previous year, an improvement of 177.49%. The divestment of Orion Systems Integration Pte Ltd enabled the Group to recoup S$8.28m of past years' impairment losses on the investment and this is shown as a gain on disposal.

Earnings per share for the year was Singapore 3.08 cents as compared to loss per share of Singapore 3.98 cents in the previous year, an increase of Singapore 7.06 cents per share. Net tangible assets per share increased from Singapore 16.02 cents to Singapore 20.88 cents.

Last year, your Board reported that the company's worst years were over. This year's results reflect the situation. We are hopeful that it is sustainable.

During the year, the Group's orders in gas processing projects commenced execution. This was after some delays impacted by the reduced availability of foreign exchange by the customers, which has since been resolved. Revenue has been recognised during the year for these projects which are mainly from Bangladesh. On 5 August 2024, the Bangladesh government suddenly resigned, forced upon by students' riots and has been replaced by a caretaker government. The Board is pleased to confirm that the country's situation has stabilised and after 3 weeks of disruption, our projects have continued. Banking remittances have returned to normal. Confidence is strengthening. The country's return to normalcy will enable the caretaker government to reorganise the country for a new general election.

The recovery in the marine offshore sector is one of cautious pace. The current trend projects more certainty. Demand will accelerate with availability in financing. As the industry is climbing out from almost 8 years of slump, financing availability is slow in matching. As recovery gains traction and accelerates, financing availability is expected to gain momentum.

The construction industry faced tough challenges generally. During the year, high interest rates, cost escalation and labour shortages compounded by a new war in Gaza vis-à-vis acceleration in construction projects post Covid pandemic, inflicted the industry. Over-geared developers faced financial distress. Equipment manufacturers faced cost increases, spikes in freight rates and delays in delivery resulting in an erosion of profits. The Group's supply chain has been mainly built among its companies in China, Thailand and Australia, leveraging on the best competitive edge each offers. Underscored by a strong established customer base, the Group has been able to alleviate the impact of these challenges and continue to manage this segment profitably.

The recovery of the Group's precision engineering sector is gaining traction. We have refocused and divested areas lacking growth potential. Stronger emphasis on risk evaluation in priority to scale is placed on automation projects offered. This direction places more focus on profit generating areas and inculcates a stronger culture of risk management at all levels.

The Group expects its businesses to continue being confronted with severe challenges going forward. Worsening global geopolitical tensions are becoming conflicts. The wars in Ukraine and the Gaza resulting in the Red Sea shipping disruptions is expected to deteriorate. Divergence caused by geopolitical conflicts is causing strains in established international trading order and currency reserves, giving rise to increasing volatility in the world's reserve currencies and exchange rates.

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

Revenue by Business Segments	Change (%)	Year ended 30 June 24 (S$ million)	Year ended 30 June 23 (S$ million)
Green Energy, Gas & Marine Equipment	+ 97.88	63.32	32.00
Construction Equipment	+ 10.90	39.77	35.86
Precision Engineering & Technologies	+ 4.59	28.25	27.01

Green Energy, Gas & Marine Equipment
The green energy, gas and marine equipment segment increased in revenue during the year as we recognised revenue on gas processing projects under execution. As deck machinery demand is slowly resurging, we are confident that it will strengthen this sector together with the green energy business and gas processing engineering in the years to come.

Construction Equipment
The Group's internal supply chain has fully recovered and strengthened. During the year, the construction industry appears to have slowed due to the impact of the high interest rates affecting sales of properties and equipment purchases by customers. The industry has yet to catch up with the shortages in infrastructure and housing developments caused by the 3 years' Covid pandemic compounded by normal recurrent demand. It is generally expected that as interest rates are expected to go down, demand in the construction industry is expected to accelerate, barring no other unforeseen circumstances.

Precision Engineering & Technologies
Orders for precision engineering and automation are expected to grow. Automation is expected to increase to address changes in human resource management and work processes, increased mechanicalisation and digital processes, internet of things and artificial intelligence applications that have transformed businesses globally. The Group continues to focus in strengthening its talent pool and manpower to enable it to scale these value chains.

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

Classification	Increase S$ million	As at 30 June 24 S$ million	As at 30 June 23 S$ million
Net Assets	8.46	56.17	47.71
Net Working Capital	7.24	17.82	10.58
Cash in Hand and at Bank	6.69	19.36	12.67

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

Classification	Increase Singapore Cents	Year ended 30 June 24 Singapore Cents	Year ended 30 June 23 Singapore Cents
Earnings/(loss) per share	7.06	3.08	(3.98)

The weighted average shares used to compute basic earnings per share are 214,560,008 for this year and the previous year.

Classification	Increase Singapore Cents	As at 30 June 24 Singapore Cents	As at 30 June 23 Singapore Cents
Net tangible assets per share	4.86	20.88	16.02

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

Capital Expenditure
For the year ending 30 June 2025, the Group does not plan to incur any major capital expenditure.

Confirmed Orders
We have a total of S$127.25m (30 June 2023: S$175.44m) outstanding confirmed orders in hand as at 30 June 2024. A breakdown of these outstanding confirmed orders are as follows: -

	S$m
Green Energy, Gas & Marine Equipment	86.62
Construction Equipment	8.38
Precision Engineering & Technologies	32.25
Total	127.25

Of the above, S$101.53m are scheduled for delivery in the financial year 2025 and S$25.72m are scheduled to be delivered in the financial years after 2025.

Prospects
Confirmed orders in hand as at 30 June 2024 amounted to S$127.25m. Notwithstanding the prevailing global challenges, the Group is confident that its growth remains sustainable.

Subsequent Events after the Balance Sheet Date
No matter or circumstances has occurred subsequent to the year-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 30 June 2024.

Environmental Regulations
The Group is subject to environmental regulations under State and Federal legislations. The Group holds environmental licences for its manufacturing site in Brisbane. No significant material environmental incidents occurred during the year.

Meetings of directors
The number of meetings of the Company's board of directors and of each board committee held since the last Annual General Meeting, and the number of meetings attended by each director were:

			Meetings of Committees			
	Full meetings of directors		Audit		Nomination & Remuneration	
	A	B	A	B	A	B
Mr G L Sim	3	3	-	-	1	1
Mr K Y Sim	3	3	-	-	-	-
Ms Jenny Lim	3	3	-	-	-	-
Mr Y P Lim	3	3	3	3	1	1
Mr Renny Yeo	3	3	3	3	1	1
Mr S J Douglas	3	3	3	3	-	-
Dr Dean Tai	3	3	-	-	-	-
Mr K H Sim	3	3	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

Insurance or indemnification of officers
During the financial year, Zicom Group Limited paid a premium of A$41,000 to insure against liabilities of the directors and officers of the reporting entity.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against directors or officers in their capacities as officers of the reporting entity.

The policy also provides for certain statutory fines incurred by the reporting entity or officers, and protection for claims made alleging a breach of professional duty arising out of an act, error or omission of the officers of the reporting entity.

Indemnification of auditors
To the extent permitted by law, the Company has agreed to indemnify its auditors, PKF Brisbane Audit, as part of its terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify PKF Brisbane Audit during or since the end of the financial year.

Retirement, election and continuation in office of directors
In accordance with ASX Listing Rule 14.4 and the Company's Constitution, Mr G L Sim retires by rotation and being eligible, offers himself for re-election.

Directors' relevant interests in Zicom Group Limited
In accordance with S300(11) of the *Corporations Act 2001*, the relevant interests of the directors in the shares and options of Zicom Group Limited as at the date of this report are unchanged to those disclosed within the remuneration report as at 30 June 2024.

Remuneration report (Audited)

This remuneration report outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308(3C) of the Act.

Key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent. Details of the KMP are set out in the following table:

Directors	
Mr G L Sim	(Executive Chairman)
Mr K Y Sim	(Executive Director, Group CEO)
Ms Jenny Lim	(Executive Director)
Mr Y P Lim	(Non-Executive and Independent Director)
Mr S J Douglas	(Non-Executive and Independent Director)
Mr Renny Yeo	(Non-Executive and Independent Director)
Dr Dean Tai	(Non-Executive and Non-Independent Director)
Mr K H Sim	(Alternate Director to Mr Giok Lak Sim)

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Service Agreements
C Details of remuneration

A Principles used to determine the nature and amount of remuneration

A combined Nomination and Remuneration Committee has been formed. The members of the Nomination and Remuneration Committee comprise of Mr Y P Lim as Chairman with Mr G L Sim and Mr Renny Yeo as members. The Nomination and Remuneration Committee had approved the Service Agreements of the Executive Chairman, Mr G L Sim and the Group CEO, Mr Kok Yew Sim.

The key principle of Zicom Group Limited's remuneration policy is to ensure remuneration is set at levels that will attract, motivate, reward and retain personnel to improve business results, having regard to the Company's financial performance and financial position.

Non-Executive Directors

Remuneration of Non-Executive Directors is determined by the directors within the maximum amount approved by shareholders. Each Non-Executive Director receives a base fee of A$30,000 for being a director of the Company. An additional fee of A$5,000 is paid for each Board Committee of which a Non-Executive Director sits and A$10,000 if the Director is a Chair of a Board Committee. The payment of additional fees for serving on committees recognises the additional time commitment and responsibilities of the Non-Executive Directors who serve on one or more sub-committees.

Non-Executive Directors are eligible to participate in the Zicom Employee Share and Option Plan ("ZESOP"). The Board considers that there should be an appropriate mix of remuneration comprising cash and securities for all Directors to link the remuneration of the Directors to the financial performance of the Company and to align the interests of shareholders and all Directors. No options were granted to Non-Executive Directors during the financial year and none are proposed for consideration at the 2024 Annual General Meeting.

The Board recommends that total directors' fees for Non-Executive Directors for the financial year ending 30 June 2025 be fixed at a maximum sum of A$200,000 (S$180,060), the same level as the previous year.

Remuneration report (Audited)

Executive Directors and Senior Executives
All remuneration paid to Executive Directors and senior executives comprises the following components:
- Base pay and benefits;
- Short term incentives;
- Other remuneration such as superannuation; and
- Participation in the Zicom Employee Share and Option Plan.

Base pay
The level of base pay is set so as to provide a level of remuneration which is appropriate to the position and is competitive in the market. The remuneration of the Executive Directors is reviewed annually by the Board and the remuneration of senior executives is reviewed annually or on promotion by the managing director(s).

Benefits
Senior executives receive benefits including health and disability insurance and car allowances. Car allowance which is given to defray cost of commuting has been suspended since the lockdown first started in April 2020 until further review.

Short-term incentives
The objective of short-term incentives is to reward the senior executives of the Group with performance bonus tied to a minimum profit threshold of the group companies. Such bonuses are paid within 90 days after the year-end and completion of audit. The minimum profit threshold is the lower of S$500,000 or 15% of total shareholders' funds outstanding at the end of the previous financial year.

B Service Agreements

Executive Chairman and Group Chief Executive Officer
The Executive Chairman, Mr G L Sim is directly employed by Zicom Holdings Private Limited ("ZHPL") and has renewed his service agreement with ZHPL for another 5 years with effect from 1 July 2021. ZHPL and Mr Sim are required to give each other at least 6 months' notice in the termination of the service agreement. Under the terms of his service agreement, Mr Sim continues to be appointed as the Executive Chairman of Zicom Group Limited and all its subsidiaries.

Mr Sim is entitled to an annual review of his monthly salary if the consolidated profits before tax of the Group exceed 15% return on shareholders' funds as at the end of that financial year. Mr Sim has frozen his monthly salary since 2007. From 1 January 2019, he reduced his monthly salary by 30% and from 1 January 2020, by another 10%. He had further reduced his monthly salary by another two-thirds from 1 July 2021 which translates to less than one-third of the monthly salary he used to draw in 2007. Apart from this, all other benefits, terms and conditions in his service agreement remain unchanged.

Group Chief Executive Officer, Mr K Y Sim, is directly employed by ZHPL and has renewed his service agreement with ZHPL for another 5 years with effect from 1 January 2024. ZHPL and Mr K Y Sim are required to give each other at least 6 months' notice in the termination of the service agreement. Under the terms of his service agreement, Mr Sim is also appointed as the Group CEO of ZGL.

Both Mr G L Sim and Mr K Y Sim are paid a monthly salary and a car allowance. Car allowance which is given to defray cost of commuting has been suspended since the lockdown first started in April 2020 until further review. Both of them are entitled to a minimum performance bonus of 5% but their total not exceeding 10% of the pre-tax consolidated profits of ZHPL upon achieving agreed minimum profit targets, being the only criterion for their entitlement. Both are entitled to convert part of their performance bonus up to 50% of the amount payable into shares of ZGL at the average of the closing prices of the last 5 trading days before the end of the relevant financial year. However, such entitlement must be exercised within 7 working days after the financial year-end.

For the financial year just ended, Mr G L Sim and Mr K Y Sim were entitled to bonus under the terms of their contracts with ZHPL as the profits exceeded the agreed minimum profit target. Mr G L Sim decided to waive his bonus for the year just ended from ZHPL. Mr K Y Sim, the Group CEO, has continued concurrently as CEO of Sys-Mac Automation Engineering Pte. Ltd. ("Sys-Mac") as a suitable successor is yet to be found, as well as Managing Director of Zicom Private Limited. As such the Nomination & Remuneration Committee has approved his continuing entitlement to bonus under his contract at the higher of his entitlement based on the profits of Sys-Mac or consolidated profits of ZHPL. The portion of bonus attributable to the non-cash portion will only be paid when it is realised into cash.

Remuneration report (Audited)

Pursuant to their service agreements with ZHPL, both are not paid any salary or fees by ZGL, Cesco Australia Limited ("CAL") or any other group companies. In the event CAL achieves the minimum pre-tax profits, both Mr G L Sim and Mr K Y Sim will each be entitled to a bonus not exceeding 5% of CAL's profits. During the financial year just ended, CAL has achieved its minimum profit target and both were entitled to a bonus.

<u>Senior Executives (directors of group companies)</u>
Senior executives in key decision-making roles are employed under rolling contracts. The company and these senior executives are required to give each other 6 months' notice or 4 weeks' notice for those executives based in Australia to terminate the service contracts. The senior executives are entitled to a monthly salary and a car allowance. Similarly, car allowance which is given to defray cost of commuting has been suspended since the lockdown first started in April 2020 until further review.

Each year, each of the subsidiary companies allocates 10% of their pre-tax profits upon achieving agreed minimum profit targets, being the only criterion for allocation of bonus to its eligible executives, as a "bonus pool". The maximum entitlement capped for eligible executives ranges from 2.5% to 5% of the pre-tax profits. Each year, the Nomination and Remuneration Committee will decide the proportion payable to each of these eligible executives based on the number of eligible executives entitled to the pool and any recommendation by management to reward any outstanding senior executives who are otherwise not eligible contractually, to be specially rewarded.

The decisions made by the Committee are deemed to be 100% of their entitlement for the respective eligible executive for the relevant financial year.

These senior executives are also entitled to convert part of their performance bonus up to 50% of the amount payable into shares in ZGL at the average of the closing prices of the last 5 trading days before the end of the relevant financial year. However, such entitlement must be exercised within 7 working days after the financial year-end. For the financial year just ended, none of the executives exercised the option to convert part of their performance bonus into ZGL shares.

Zicom Employee Share and Option Plan
Options are granted under the Zicom Employee Share and Option Plan ("ZESOP") which was approved by shareholders on 23 November 2006.

A person is eligible to participate in ZESOP if he or she is a director or an employee of a group company. Approved share options are first allocated to each group company based on its profit contribution to the Group for the past 3 years adjusted by factors such as potential for future contributions to the Group and past conversion rates. These options are then granted to employees based on individual performance and those with potential in that group company. This initiative strengthens the Group's position to retain and attract talent so as to expand and grow to improve the Group's performance and enhance shareholders value.

The Board may at any time make invitations to eligible employees to participate in the ZESOP. The invitation will specify the total number of options each eligible employee may acquire, the exercise price, period and exercise conditions. All options shall lapse upon the expiry of the exercise period as determined by the Board or 10 years after grant of the option whichever is earlier.

If an eligible participant ceases to be employed by any member of the Group, his or her options shall lapse. In the event an eligible participant, who, by reason of death, or physical or mental incapacity or such other reasons as the Board may approve, ceases to be an eligible participant before the participant has exercised all vested options under ZESOP, then those options shall continue to be capable of being exercised in accordance with the rules.

Options granted under ZESOP carry no voting rights or entitlement to dividends.

Options are granted at no cost to employees. When exercised, each option is convertible into one ordinary share which shall be credited as fully paid up and ranks equally with all other fully paid ordinary shares.

Remuneration report (Audited)

During the current financial year, no share option was granted (2023: nil) or exercised (2023: nil) whilst 145,000 (2023: 110,000) share options were forfeited.

There were 5,320,000 (2023: 5,465,000) and 5,320,000 (2023: 5,425,000) unissued ordinary shares under options at the reporting date and the date of this report respectively.

Company Performance

The table below shows the performance of the Group for the past 5 financial years:

	2024	**2023**	**2022**	**2021**	**2020**
Earnings/(loss) per share (Australian cents)	3.48	(4.35)	(4.00)	(0.52)	(0.59)
Dividends per share (Australian cents)	–	–	–	–	–
Closing share price (Australian cents)	6.60	4.50	5.30	6.30	5.00
Net tangible assets per share (Australian cents)	23.19	17.84	21.52	23.69	24.13

Exchange rates used for currency translation (AUD/SGD)

Average rate for EPS	0.8853	0.9142	0.9838	1.0058	0.9288
Closing rate for NTA per share	0.9003	0.8982	0.9571	1.0104	0.9576

Remuneration report (Audited)

C Details of remuneration (audited)

Details of the remuneration to the directors and the key management personnel of Zicom Group Limited for the years ended 30 June 2024 and 2023 are set out in the following tables. All performance related bonus and share-based payments listed in the table were 100% vested for both financial years.

2024	Short-Term Employee Benefits				Post-Employment Benefit	Share-Based Payments				
Name	Cash Salary and Fees	Bonus	Non-Monetary Benefits	Other Short-Term Employee Benefits	Superannuation	Performance Bonus Paid in Shares	Share options	Total	Performance Related	Consisting Of Share Options
	S$	S$	S$	S$	S$	S$	S$	S$	%	%
Non-Executive Directors										
K H Sim [(1)]	26,559	–	–	–	–	–	–	26,559	–	–
Y P Lim	39,839	–	–	–	–	–	–	39,839	–	–
Renny Yeo	35,412	–	–	–	–	–	–	35,412	–	–
S J Douglas	35,412	–	–	–	4,072	–	–	39,484	–	–
Dean Tai	26,559	–	–	–	–	–	–	26,559	–	–
Sub-total Non-Executive Directors	163,781	–	–	–	4,072	–	–	167,853		
Executive Directors										
G L Sim – Executive Chairman	120,000	68,256	–	–	8,012	–	–	196,268	34.8	–
K Y Sim	238,154	373,556	–	–	18,156	–	–	629,866	59.3	–
Jenny Lim	201,646	–	–	1,020	18,156	–	–	220,822	–	–
Sub-total Executive Directors	559,800	441,812	–	1,020	44,324	–	–	1,046,956		
Grand total	723,581	441,812	–	1,020	48,396	–	–	1,214,809		

(1) Mr K H Sim received fees as a Non-Executive Director of Zicom Holdings Private Limited.

Remuneration report (Audited)

C Details of remuneration (Cont'd)

2023	Short-Term Employee Benefits				Post-Employment Benefit	Share-Based Payments				
Name	Cash Salary and Fees	Bonus	Non-Monetary Benefits	Other Short-Term Employee Benefits	Superannuation	Performance Bonus Paid in Shares	Share options	Total	Performance Related	Consisting Of Share Options
	S$	S$	S$	S$	S$	S$	S$	S$	%	%
Non-Executive Directors										
K H Sim [(1)]	27,426	–	–	–	–	–	–	27,426	–	–
Y P Lim	41,139	–	–	–	–	–	–	41,139	–	–
Renny Yeo	36,568	–	–	–	–	–	–	36,568	–	–
S J Douglas	36,568	–	–	–	4,022	–	–	40,590	–	–
Dean Tai	27,426	–	–	–	–	–	–	27,426	–	–
Sub-total Non-Executive Directors	169,127	–	–	–	4,022	–	–	173,149		
Executive Directors										
G L Sim – Executive Chairman	120,000	32,789	–	–	5,400	–	–	158,189	20.7	–
K Y Sim	245,539	65,577	–	–	12,240	–	253	323,609	20.3	0.1
Jenny Lim	208,946	32,789	–	1,020	12,240	–	158	255,153	12.9	0.1
Sub-total Executive Directors	574,485	131,155	–	1,020	29,880	–	411	736,951		
Grand total	743,612	131,155	–	1,020	33,902	–	411	910,100		

(1) Mr Sim Kok Hwee received fees as a Non-Executive Director of Zicom Holdings Private Limited

Remuneration report (Audited)

Details of share options to key management personnel

There were no share options granted, exercised or expired during the years 2024 and 2023. Their outstanding options held as at 30 June 2024 and 30 June 2023 are shown in the table below:

Directors	Outstanding Options	Exercisable	Not Exercisable	Expiry date
K Y Sim	400,000	400,000	–	12/11/2024
Jenny Lim	250,000	250,000	–	12/11/2024
K H Sim	250,000	250,000	–	12/11/2024
Y P Lim	250,000	250,000	–	12/11/2024
	1,150,000	1,150,000	–	

The above options were granted under the Zicom Employee Share and Option Plan which was approved by shareholders on 23 November 2006. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. Please refer to note 26 for more details.

No other key management personnel were granted, exercised or had options which expired during the years 2024 and 2023 or had outstanding options as at 30 June 2024 and 30 June 2023.

Shareholdings of key management personnel

There were no movements in the shareholding held by key management personnel during the years 2024 and 2023.

Shareholdings held as at 30 June 2024 and 30 June 2023

Directors	
G L Sim	107,781,137
K Y Sim	1,350,253
Jenny Lim	944,563
K H Sim	1,538,180
Y P Lim	1,038,000
Renny Yeo	–
S J Douglas	–
Dean Tai	–
	112,652,133

There were no other transactions and balances with key management personnel and their related parties during the years 2024 and 2023.

This concludes the remuneration report, which has been audited.

Legal Proceedings
No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

Auditor's Independence Declaration
A copy of the auditor's signed independence declaration as required under Section 307C of the *Corporations Act 2001* is set out immediately after this report.

Non-Audit Services
There were no non-audit services provided by the entity's auditor and related practices of the entity auditor, PKF Brisbane Audit, during the year.

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

This report was made in accordance with a resolution of the Board of Directors.

GL Sim
Executive Chairman
30 September 2024

PKF Brisbane Audit
ABN 33 873 151 348
Level 2, 66 Eagle Street
Brisbane, QLD 4000
Australia

+61 7 3839 9733
brisbane@pkf.com.au
pkf.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ZICOM GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

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

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
30 SEPTEMBER 2024

Introduction

The Board of Directors is responsible for the Corporate Governance of Zicom Group Limited and its controlled entities (referred to in this document as "the Company" or "ZGL"). The Directors are focused on fulfilling their responsibilities individually and as a Board to all of the Company's stakeholders. This involves recognition of and a need to adopt principles of good corporate governance having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations.

The Company has reviewed its Corporate Governance procedures over the past year to ensure compliance with the principles of good corporate governance.

A description of the Company's practices in complying with the principles is set out below.

Principle 1: Lay Solid Foundations for Management and Oversight

Role of Board and management
The Board is responsible for the governance of ZGL. The role of the Board is to review and approves ZGL's strategic direction and provide oversight of management.

After appropriate consultation with executive management, the Board:

- defines and sets the business and strategic objectives. It monitors performance and achievement of these Company's objectives;
- oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and reviews executive management of the Company;
- monitors and approves business plans, financial performance and budgets, available resources, major capital expenditure, capital raising, acquisition and divestment of Company's assets;
- maintains liaison with the Company's auditor; and
- reports to shareholders.

Candidates for election or re-election as a Director
The Company is guided by the Board for the selection, nomination and appointment of Directors. As part of this process the Board ascertains the qualifications and experience that a potential candidate possesses. Background checks, as appropriate, are carried out before a person is appointed by the Board. In addition, the Board will continue to provide shareholders with all material information in its possession relevant to a decision to elect or re-elect a Director by inclusion in its Notice of Meeting.

Written agreements with Directors
The Executive Chairman, Executive Directors and Senior Executives have letters of appointments or service contracts describing their terms of office, duties, responsibilities, rights and remuneration entitlement. These contracts set out the circumstances in which the employment of the Executives may be terminated by either ZGL or the Executives including details of notice periods.

The other Directors do not have contracts with the Company that give them any form of certain tenure. These directors do not hold office for a continuous period of more than 3 years or past the third annual general meeting following their appointment, whichever is the longer, without submitting for election or re-election. The retiring directors shall be eligible for re-election.

Company Secretaries
The Joint Company Secretaries attend all meetings of the Board and Board Committees and is responsible for the day-to-day corporate secretarial function and are directly accountable to the Board through the Chairman.

Diversity Policy
The Company's workforce is relatively small and as such, the Board does not see the relevance of having a written diversity policy or establishing measurable objectives for achieving gender diversity. However, the Company recognises the importance of benefitting from all available talent regardless of gender, age, ethnicity and cultural background. The Company promotes an environment conducive to the appointment of well qualified employees, senior management and board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

The Company has employees including executives from diversified cultural background and nationalities such as Australians, Bangladeshis, Chinese, Indians, Indonesians, Filipinos, Malaysians, Burmese, New Zealanders, Singaporeans and Thais.

Performance Review
The Chairman is responsible for evaluating the performance of its senior executives, committees and individual Directors. The review process is currently informal, generally done through a meeting with the Chairman of the Board. The performance is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Zicom Group Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

The review process as disclosed above was undertaken in the current reporting period.

Principle 2: Structure the Board to Add Value

Composition of Board
The names of the Directors of the Company in office at the date of this annual report are set out in the Directors' report on page 7.

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are included in the "Board of Directors" section within the annual report.

The composition of the Board has been determined so as to provide the Company with an appropriate balance of skills, industry knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively and to represent Shareholders.

Nomination and Remuneration Committee
A combined Nomination and Remuneration Committee has been established comprising the following members, majority of whom are independent:

- Mr Y P Lim (Chairman)
- Mr G L Sim
- Mr Renny Yeo

The Committee is responsible for the selection, nomination and appointment of Directors, monitoring the skills and expertise of current Board members, consider succession planning issues, assessing the independence of Non-Executive Directors and identifying the likely order of retirement by rotation of Directors. In addition, the committee formulates the remuneration policies for the Board Members, Executive Chairman and Group CEO.

For details on the number of meetings of the Nomination and Remuneration Committee held during the year and the attendees at those meetings, please refer to page 10 of the Directors' Report.

Board Skills Matrix
The Board seeks to ensure that it has an appropriate mix of diversity, skills, industry experience and expertise to enable it to discharge its responsibilities effectively. As a minimum, the Board's skills matrix includes:

(a) Each Director must be capable of making a valuable contribution to the effective operations of the Company and Board's deliberations and processes;
(b) Directors must collectively have the necessary skills, knowledge and experience to understand the risks of the Company and to ensure that the Company is managed in an appropriate way taking into account these risks; and
(c) All Directors must be able to read and understand fundamental financial statements.

The Board believes that it has adequate representation of the necessary skills and requirements noted above.

Independence
At the date of this annual report, the Board is made up of 3 executive directors, 2 non-executive and non-independent and 3 independent directors. Hence, majority of board members are non-executive.

An independent director is one who:

- is not and has not within the last three years been employed in an executive capacity by the Company or other group member;
- does not receive performance-based remuneration;
- is not or has not been within the last three years in a material business relationship (eg. supplier, professional adviser, consultant or customer) with the Company or other group member or is not an officer of or associated with someone with such a relationship.
- is not and does not represent a substantial shareholder of the Company or has not within the last three years been an officer or employee of, or professional adviser to, a substantial shareholder;

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- has not been a director of the Company for such a period that his or her independence may have been compromised.

Materiality thresholds in determining the independence of non-executive directors are:

- A relationship that accounts for more than 10% of the director's gross income (other than director's fees paid by the Company).
- Where the relationship is with a firm, company or entity, in respect of which the director (or any associate) has more than 20% shareholding if a private company or 2% if a listed company.

Mr Renny Yeo has no relationships or interests that would affect his role as an independent director.

Mr S J Douglas has no relationships or interests that would affect his role as an independent director.

Mr Y P Lim has no relationships or interests that would affect his role as an independent director.

Dr Dean Tai being a director of HistoIndex Pte. Ltd. ("HI"), an investee company of ZIG Ventures Limited, reports to Mr G L Sim as chairman of HI. The Board has therefore considered Dr Dean Tai to be not independent.

Ms Jenny Lim is the Group's Financial Controller since 2005 and is therefore considered by the Board to be not independent.

Mr K H Sim, being the eldest son of Mr GL Sim, is therefore considered by the Board to be not independent.

Mr K Y Sim is the Group Chief Executive Officer, is therefore considered by the Board to be not independent.

Mr G L Sim was appointed the Group Managing Director of Zicom Group Limited commencing 1 July 2006, and Chairman of Zicom Group Limited with effect from 23 November 2006. He is a major shareholder in Zicom Group Limited through his interest in SNS Holdings Pte. Ltd., his family company. Previously Mr Sim had been the major shareholder (through SNS Holdings Pte. Ltd.) of Zicom Holdings Private Limited ("ZHPL"). Mr Sim has been the Managing Director of ZHPL since founding the company and was appointed the chairman of ZHPL on 17 August 2007, in line with his position as the Group Chairman. On 1 January 2019, Mr G L Sim stepped down as the Group Managing Director and remains as Executive Chairman of Zicom Group. The Board has determined that Mr G L Sim is, and was not independent.

As such, the position of the Chairperson is held by a non-independent director. The Board recognises the importance of having an independent chair, however, other selection criterion, in particular business acumen and industry experience, are also fundamentally important. The Board has chosen a director who has significant diversified and broad-based experience in the business to lead the Company in the best interests of the shareholders.

Length of Service
The term in office held by each Director in office at the date of this report is as follows:

Non-independent		Independent	
Mr G L Sim	29 years	Mr Y P Lim	18 years
Mr K Y Sim	10 years	Mr Renny Yeo	5 years
Ms Jenny Lim	5 years	Mr S J Douglas	5 years
Dr Dean Tai	4 years		
Mr K H Sim - As director - As alternate director	 13 years 4 years		

The Company's Constitution specifies that at each annual general meeting, a director (other than the Managing Director) may not hold office for a continuous period of more than three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for election or re-election.

The Board recognises that it is desirable for the majority of the Board to be independent directors. However, given the size of the current operations and financial resources of the Company, the current Board composition reflects an appropriate balance of skills, expertise and experience to discharge its obligations effectively and act in the best interest of the Company and all stakeholders.

Independent Professional Advice
Directors and Board Committees have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, and this will not be unreasonably withheld.

Induction and Professional Development
The Company does not consider it necessary to have a formal program for inducting new directors and professional development for directors. However, all new directors are invited to meet key executives and attend site visits of key operations to gain an understanding of the Company's structure, business operations, history and key risks. Whenever appropriate, the Company provides opportunities to develop and maintain their skills and knowledge to perform their roles as Directors effectively.

Principle 3: Act Ethically and Responsibly

Code of Conduct
The Company has a Code of Conduct that applies to ZGL and its Directors, officers, employees and consultants and sets out the standards of responsibility and ethical conduct required of our people. A summary of this Code is as follow:

- Act honestly and with high standards of personal integrity
- Act ethically and responsibly
- Protect Company's non-public information such as business plans, product formulas, marketing strategies, pricing, proposals, potential mergers and acquisitions
- Safeguard Company's assets which include physical, electronic and intellectual properties
- Comply with all laws and regulations that apply to the Company and its operations
- Take reasonable care to secure their own safety and health while at work so as not to jeopardise the health and safety of others
- Treat fellow colleagues with respect and do not engage in bullying, harassment or discrimination
- Deal with customers and suppliers fairly and ethically
- Respect government authorities and regulatory bodies
- Do not allow our personal interests to influence our decisions made on behalf of Company
- Do not take advantage of the Company's property or information or its customer for personal gain or to cause detriment to the Company or customer
- Do not take advantage of our position or the opportunities arising therefrom for personal gains
- Report breaches of the Code

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the *Corporations Act 2001* if a conflict cannot be removed or it persists. Directors would be restricted from taking part in the decision-making process or discussions when such conflict does arise.

Any material breaches of the Code of Conduct are reported to the Board and monitored until the relevant breach is considered closed.

Share Trading Policy
Directors are required to make disclosure of any share trading. The key principles of the Share Trading Policy are that Directors and officers are prohibited to trade while in possession of unpublished price sensitive information and during the following closed periods:

- The period between 1 January and the release of the Company's Half Year results to the Stock Exchange
- The period between 1 July and the release of the Company's Full Year results to the Stock Exchange
- The twenty-four hours following an announcement of price sensitive information on the Stock Exchange
- Other periods as may be imposed by the Company when price sensitive, non-public information may exist in relation to a matter

Price sensitive information is information that a reasonable person would expect to have a material effect on the price or value of the Company's shares. The undertaking of any trading in shares must be notified to the Company Secretary who makes disclosure to the ASX.

Principal 4: Safeguard Integrity in Corporate Reporting

Audit Committee
The Audit Committee comprises of 3 members, all of whom are independent:

- Mr S J Douglas (Chairman)
- Mr Y P Lim
- Mr Renny Yeo

The Audit Committee operates in accordance with a charter. The main responsibilities of the Audit Committee are to:

- Review, assess and approve the annual report, the half-year financial report and all other financial information published by the Company or released to the market.
- Review the effectiveness of the Group's internal control environment, including effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.
- Recommend the appointment or removal of the external auditor and the rotation of the audit engagement partner.
- Recommend the remuneration of the external auditor, and review the terms of their engagement, the scope and quality of their audit and assess their performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Report on matters relevant to the committee's role and responsibilities.

Non-committee members, including members of the management team and the external auditor, may attend meetings of the Committee by invitation of the Committee Chair.

The Committee has rights of access to management and external auditor without management present and rights to seek explanations and additional information from both management and auditor.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, please refer to page 10 of the Directors' Report.

To ensure the integrity of the Company's financial reports, the Executive Chairman and the Group Financial Controller are required to provide written assurance to the Board that, in their opinion, the financial records of the Company for the relevant financial year have been properly maintained in accordance with the *Corporations Act 2001* and that the financial statements and the notes for the financial year comply with accounting standards and present a true and fair view of the financial position and performance of the entity, that the consolidated entity disclosure statement is true and correct and that their opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

The Company's annual and half-yearly financial reports are reviewed by the Audit Committee and the external auditors, including the disclosures made in those reports. Where there are other periodic reports to be released to the market, it will be reviewed by the relevant board committee and the Board.

Principal 5: Make Timely and Balanced Disclosure

The Board recognises that the Company as a publicly listed entity has an obligation to make timely and balanced disclosure in accordance with the requirements of the *Australian Securities Exchange ("ASX") Listing Rules* and the *Corporations Act 2001*. The Board is committed to keep the market reasonably informed of information which may have a material effect on the price or value of the Company's securities in a balanced and understandable way.

The Executive Chairman is responsible for monitoring information which could be price sensitive, liaising with the Company Secretaries to make an initial assessment and forwarding to the Board for confirmation of disclosure of such information. If not all Directors are immediately available, the Company Secretary is authorised to lodge such information upon receiving the majority of Directors' approval in order not to delay in giving this information to the ASX.

As soon as the confirmation of release is received from ASX, the Company Secretaries forward it to the Board immediately for their information. The Company also circulates all price sensitive announcements to the Board ahead of release being made.

The Company will ensure that all substantive presentations are released to the market to enable all shareholders the opportunity to access the materials included in the presentation.

Principal 6: Respect the Rights of Shareholders

The Company aims to communicate all important information relating to the Company to its shareholders. Additionally, the Company recognises potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

To achieve this, the Company communicates information regularly to shareholders and other stakeholders through the following:

- Annual General Meeting ("AGM"): the Company encourages full participation of shareholders at the AGM and for those shareholders who are unable to attend in person, they are able to lodge proxies. The external auditor will attend the AGM and is available to answer any questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.
- Annual Report: the Company Annual Report will be available on its website and contains important information about the Company's activities and results for the previous financial year. Shareholders may elect to receive annual reports electronically. Hard copy annual reports are provided to shareholders who have not elected to receive these electronically.
- ASX Announcements: all ASX announcements, including annual and half-year financial reports are posted on the Company's website as soon as these have been released by ASX.
- Investor relations: the Company provides an online email inquiry service to assist shareholders with any queries.

The Chairman encourages shareholders to ask questions and make comments about the Company's operations at the AGMs. The Chair may respond directly to questions or, at his discretion, may refer a question to another Director, the Group CEO or a senior executive. As far as practicable, all substantive resolutions at the shareholders' meetings are decided by a poll rather than by a show of hands.

All shareholders are encouraged to take advantage of the benefit of electronic communications by electing to receive communication from, and send communications to, the share registry electronically.

Principle 7: Recognise and Manage Risk

Given the size of the Company, the Board has not established a risk committee nor does it have an internal audit function. Rather the Board is responsible for the Company's risk management. The responsibility and control of risk management rests with the senior management of the respective subsidiaries chaired by the Executive Chairman.

The Board is conscious of the need to continually maintain systems of risk management and controls and is responsible for overseeing and approving risk management strategy and policies and internal controls. The Company has in place policies and procedures for risk management which cover areas including workplace health and safety, cyber-security, control of key resources, investment, manufacturing, financial and other critical business processes. The operational risks are managed by senior management level and escalated to the Board for direction where the issue is exceptional, non-recurring or may have a material financial or operational impact on the Company.

The Company does not consider that it has any material exposure to economic, environmental and social sustainability risks.

In accordance with Section 295A of the *Corporations Act 2001*, the Executive Chairman (Chief Executive Officer equivalent) and the Group Financial Controller (Chief Financial Officer equivalent) have provided a written statement to the Board that:

- The view provided on the Company's financial report for the financial year just ended is founded on a sound system of risk management and internal control which implements the policies adopted by the Board; and
- The Company's risk management and internal control system is operating efficiently and effectively in all material respects to manage the Company's key business risks.

The Board acknowledges that such internal control assurance is not absolute and can only be provided on a reasonable basis after having made due enquiries. This is due to factors such as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal controls and because much of the evidence available is persuasive rather than conclusive and therefore is not, and cannot be, designed to detect all weaknesses in control procedures.

Principle 8: Remunerate Fairly and Responsibly

As stated above, a combined Nomination and Remuneration Committee has been established by the Board comprising the Executive Chairman and two independent directors, chaired by an independent director.

For details on the number of meetings of the Nomination and Remuneration Committee held during the year and the attendees at those meetings, please refer to page 10 of the Directors' Report.

Details of the remuneration for Directors and Key Management Personnel can be found in the Directors' Report within the Annual Report.

The Executive Directors receive performance-based remuneration. Both the Executive Chairman and the Group CEO have service agreements with the Group for a term of 5 years. The Non-Executive Directors do not receive any performance-based remuneration and do not have contracts with the Company that give them any form of specific tenure. A director (other than the Group CEO) may not hold office for a continuous period of more than three years or past the third annual general meeting following the director's appointment, whichever is longer, without submitting for election or re-election.

Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

A maximum amount of remuneration for Non-Executive Directors is fixed by shareholders in general meeting and can be varied in the same manner. In determining the allocation, the Board must take into account of the time demands on the Directors together with the responsibilities undertaken by them.

The Directors with the exception of Mr G L Sim were granted options. The first grant of options was approved by the shareholders in an Extraordinary General Meeting on 28 August 2008. The Board considers that there should be an appropriate mix of remuneration comprising cash and securities for all Directors to link the remuneration of the Directors to the financial performance of the Company. The Directors consider this remuneration policy sensible and balanced which aligns the interests of shareholders and all Directors.

The grant of options to Non-Executive Directors are not conditional upon the achievement of any performance condition so as not to compromise on their objectivity.

Transactions which limit the economic risk of participating in unvested elements under equity-based remuneration schemes are not allowed.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2024

(In Singapore dollars)

	Note	2024 S$'000	2023 S$'000
Revenue from contracts with customers	5	119,640	92,402
Rental income		2,801	1,696
Revenue		122,441	94,098
Other revenue	6	9,123	1,129
Total consolidated revenue		131,564	95,227
Cost of materials		(71,085)	(56,054)
Employee, contract labour and related costs		(29,330)	(29,672)
Depreciation and amortisation		(5,431)	(5,330)
Property related expenses		(254)	(250)
Other operating expenses	6	(15,531)	(10,723)
Finance costs		(2,202)	(1,676)
Share of results of associate	13	(385)	(393)
Profit/(loss) before taxation		7,346	(8,871)
Tax (expense)/benefit	7	(831)	136
Profit/(loss) for the year		6,515	(8,735)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss (net of tax):			
Revaluation of land and buildings		2,064	–
Items that may be reclassified subsequently to profit or loss (net of tax):			
Foreign currency translation on consolidation		(104)	(1,315)
Other comprehensive income/(loss) for the year, net of tax		1,960	(1,315)
Total comprehensive income/(loss) for the year		8,475	(10,050)
Profit/(loss) attributable to:			
Equity holders of the Parent		6,618	(8,540)
Non-controlling interests		(103)	(195)
Profit/(loss) for the year		6,515	(8,735)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent		8,578	(9,855)
Non-controlling interests		(103)	(195)
Total comprehensive income/(loss) for the year		8,475	(10,050)
Earnings per share (cents)			
Basic earnings/(loss) per share	8	3.08	(3.98)
Diluted earnings/(loss) per share	8	3.08	(3.98)

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

Consolidated Balance Sheet as at 30 June 2024

(In Singapore dollars)

	Note	2024 S$'000	2023 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	33,036	32,376
Right-of-use assets	10	7,624	8,293
Intangible assets	11	4,914	5,454
Deferred tax assets	7	2,054	2,327
Investment in associate	13	1,933	2,318
		49,561	50,768
Current assets			
Cash and cash equivalents	21	12,044	6,211
Fixed deposits	22	7,319	6,455
Inventories	14	25,774	26,654
Trade and other receivables	15	27,337	21,406
Contract assets	5	15,061	4,843
Contract costs	16	910	3,105
Prepayments		547	491
Tax recoverable		356	174
		89,348	69,339
TOTAL ASSETS		138,909	120,107
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	17	29,847	23,568
Contract liabilities	5	5,402	7,275
Lease liabilities	10	1,735	1,395
Other interest-bearing liabilities	18	31,674	25,257
Provisions	19	2,386	1,098
Income tax payable		482	169
		71,526	58,762
NET CURRENT ASSETS		17,822	10,577
Non-current liabilities			
Lease liabilities	10	6,139	6,980
Other interest-bearing liabilities	18	1,090	3,135
Deferred tax liabilities	7	3,648	3,223
Provisions	19	334	299
		11,211	13,637
TOTAL LIABILITIES		82,737	72,399
NET ASSETS		56,172	47,708
Equity attributable to equity holders of the Parent			
Share capital	20	20,836	20,836
Reserves		11,538	10,355
Retained earnings		23,984	16,621
		56,358	47,812
Non-controlling interests		(186)	(104)
TOTAL EQUITY		56,172	47,708
TOTAL LIABILITIES AND EQUITY		138,909	120,107

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

Zicom Group Limited

Consolidated Statement of Changes in Equity for the year ended 30 June 2024

(In Singapore dollars)

	Note	Attributable to equity holders of the Parent								
		Share capital	**Share capital – exercise of share options (a)**	**Asset revaluation surplus**	**Foreign currency translation reserve (b)**	**Share-based payment reserve (c)**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		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 year		–	–	–	–	–	(8,540)	(8,540)	(195)	(8,735)
Other comprehensive income										
Foreign currency translation		–	–	–	(1,315)	–	–	(1,315)	–	(1,315)
Total comprehensive loss for the year		–	–	–	(1,315)	–	(8,540)	(9,855)	(195)	(10,050)
Share-based payments	26	–	–	–	–	9	–	9	–	9
Forfeited employee share options		–	–	–	–	(4)	4	–	–	–
Transfer of depreciation for buildings		–	–	(778)	–	–	778	–	–	–
Balance at 30.6.2023		20,364	472	13,773	(3,509)	91	16,621	47,812	(104)	47,708
Profit for the year		–	–	–	–	–	6,618	6,618	(103)	6,515
Other comprehensive income										
Revaluation reserve		–	–	2,064	–	–	–	2,064	–	2,064
Foreign currency translation		–	–	–	(104)	–	–	(104)	–	(104)
Total comprehensive income/(loss) for the year		–	–	2,064	(104)	–	6,618	8,578	(103)	8,475
Acquisition of non-controlling interest		–	–	–	–	–	(32)	(32)	32	–
Disposal of non-controlling interest	12	–	–	–	–	–	–	–	(11)	(11)
Share-based payments	26	–	–	–	–	–	–	–	–	–
Forfeited employee share options		–	–	–	–	(2)	2	–	–	–
Transfer of depreciation for buildings		–	–	(775)	–	–	775	–	–	–
Balance at 30.6.2024		20,364	472	15,062	(3,613)	89	23,984	56,358	(186)	56,172

(a) Share capital – exercise of share options is used to record the transfer from share-based payment reserve upon the exercise of the share options.

(b) Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) The share-based payment reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2024

(In Singapore dollars)

	Note	2024 S$'000	2023 S$'000
Cash flows from operating activities:			
Operating profit/(loss) before taxation		7,346	(8,871)
Adjustments for:			
Depreciation of property, plant and equipment	9	3,173	3,117
Depreciation of right-of-use assets	10	1,925	1,876
Amortisation of intangible assets	11	333	337
Bad debts written off	6	534	12
Contract assets written off	6	437	122
Allowance for impairment and expected credit losses, net of reversal	6	90	112
(Write-back of)/allowance for inventory obsolescence, net of reversal	6	(505)	262
Inventories written off	6	6	8
Intangible asset written off	6	32	–
Finance costs		2,202	1,676
Interest income	6	(201)	(142)
Property, plant and equipment written off	6	–	3
Gain on disposal of property, plant and equipment	6	(152)	(4)
Trade and other payables written back	6	(47)	(26)
Provisions made, net of write-back	19	1,466	564
Share-based payments		–	9
Share of results of associate	13	385	393
Gain on disposal of subsidiary	6	(8,275)	–
Unrealised exchange differences		122	(970)
Operating profit/(loss) before reinvestment in working capital		8,871	(1,522)
Decrease in stocks and work-in-progress		1,380	1,495
Increase in trade receivables, contract assets and prepayments		(7,079)	(465)
Increase/(decrease) in trade and other payables, contract liabilities		4,814	(1,930)
Cash generated from/(used in) operations		7,986	(2,422)
Interest received		148	115
Interest paid		(1,536)	(1,519)
Income taxes paid		(655)	(249)
Net cash generated from/(used in) operating activities		5,943	(4,075)
Cash flows from investing activities:			
Purchase of property, plant and equipment	9(a)	(1,611)	(976)
Proceeds from disposal of property, plant and equipment	9(b)	76	4
Purchase of computer software	11	(12)	(28)
Disposal of subsidiary, net cash disposed	12	(59)	–
Net cash used in investing activities		(1,606)	(1,000)
Cash flows from financing activities:			
Increase/(decrease) in bills payable		141	(2,328)
Repayments of bank borrowings		(2,591)	(2,772)
Proceeds from loans from a related party		7,978	4,500
Repayment of loans to a related party		(1,222)	(20)
Repayment of principal portion of lease liabilities	10(b)	(2,000)	(1,922)
Increase in fixed deposits pledged	22	(864)	(164)
Net cash generated from/(used in) financing activities		1,442	(2,706)
Net increase/(decrease) in cash and cash equivalents		5,779	(7,781)
Net foreign exchange differences		(12)	22
Cash and cash equivalents at beginning of year	21	5,703	13,462
Cash and cash equivalents at end of year	21	11,470	5,703

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

1. Corporate information

This financial report of Zicom Group Limited (the "Company" or "Parent Entity") and its subsidiaries (collectively, the "Group" or "consolidated entity") for the year ended 30 June 2024 was authorised for issue on 30 September 2024 in accordance with a resolution of the Directors.

Zicom Group Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is also the ultimate parent.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2. Summary of material accounting policies

2.1 Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). The financial statements have been prepared on a going concern basis and items are measured on a historical cost basis except for land and buildings and derivative financial instruments which have been measured at their fair values.

The financial report is presented in Singapore dollars and all values are rounded to the nearest thousand (S$'000) unless otherwise stated.

Compliance with International Financial Reporting Standards (IFRS)
The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.2 Basis of consolidation

A list of significant entities in the Group, including subsidiaries and associate as at 30 June 2024 is contained in note 12 Investments in subsidiaries and note 13 Investment in associate.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Parent. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. Summary of material accounting policies (cont'd)

2.2 Basis of consolidation (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

In the Parent Entity's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are mandatory for application for annual periods beginning on and after 1 July 2023. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group.

2.4 Accounting Standards and interpretations issued but not effective

Certain Australian Accounting Standards and Interpretations have been recently issued or amended but are not yet effective. The Group has not early adopted any of these standards, interpretations or amendments and the directors expect the adoption of these new and amended standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.5 Material accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines if it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

a) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost (being the excess of the sum of the fair value of the consideration transferred, the amount of non-controlling interests (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative fair values of the disposed operation and the portion of the cash-generating unit retained.

b) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics and the segments are similar in each of the following respects:

- Nature of the products and services
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, head office expenses, and income tax assets and liabilities. Capital expenditure consists of additions of property, plant and equipment, right-of-use assets and intangible assets.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

c) Foreign currency

(i) Functional and presentation currency

The presentation currency of Zicom Group Limited is Singapore dollars (S$). Each subsidiary in the Group determines its own functional currency and items included in the financial statements of each subsidiary company are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Differences arising on the settlement or translation of monetary items are recognised in profit or loss.

(iii) Consolidated financial statements

On consolidation, the results and balance sheet of foreign operations are translated into Singapore dollars using the following procedures:

- Assets and liabilities are translated at the closing rate prevailing at the reporting date; and

- Income and expenses are translated at average exchange rate for the year, which approximates the exchange rates at the dates of the transactions.

The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

d) Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group satisfies a performance obligation ("PO") by transferring control of the promised goods and services to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Sale of goods
Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30-60 days upon delivery.

Rendering of services
Services are sold separately. Customer receives and consumes the benefits as the entity performs the services and generally has an enforceable right to payment for performance completed to date. The Group therefore recognises revenue from services over time, using an input method based on materials consumed and the actual time spent in the supply of services to measure progress towards complete satisfaction of the service.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

d) Revenue from contracts with customers (cont'd)

Revenue recognised on projects
The Group builds specialised assets for customers through fixed price contracts. Revenue is recognised when the control over the specialised asset has been transferred to the customer and performance obligations are fulfilled. At contract inception, the Group assesses whether the Group transfers control of the asset over time or at a point in time by determining if its performance creates an asset with an alternative use to the Group and whether the Group has an enforceable right to payment for performance completed to date. The specialised asset has no alternative use for the Group and the Group generally has an enforceable right to payment arising from contractual terms. For these contracts, revenue is recognised over time using the input method, based on costs incurred, as a measure of Group's progress towards completing the construction of the specialised asset.

For certain contracts where the Group does not have an enforceable right to payment, revenue is recognised only when the completed specialised asset is delivered to the customer and the customer has accepted it in accordance with the contract.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange of goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers goods or services to the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs
Incremental costs of obtaining a contract are capitalised as acquisition costs if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract or an anticipated contract which the Group can specifically identify, generate or enhance resources of the Group that will be used in satisfying future performance obligations and are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis that is consistent with the Group's transfer of related goods and services to the customer. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of the capitalised contract cost exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Significant financing component
Generally, the Group receives short-term advances from its customers which is presented as contract liability. As the period between the transfer of the promised good or service and payment by customer is one year or less, the Group elects the practical expedient in AASB 15 not to adjust for the effects of a significant financing component.

Warranty obligations
Certain contracts include standard warranty terms to give assurance that the Group's products conform with specifications. Warranties are not given in excess of what is typically available and customers do not have an option to purchase a warranty separately. These assurance-type warranties are accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent to recognition, property, plant and equipment other than land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount does not differ materially from the fair value of land and buildings at the reporting date.

A revaluation surplus is recorded in other comprehensive income and credited to asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Freehold land has an unlimited useful life and is therefore not depreciated. Depreciation of an asset begins when it is available for use and is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Singapore buildings	15 - 21 years
Thailand buildings	20 years
Machinery	5 - 10 years
Office furniture and equipment	3 - 5 years
Leasehold improvements	5 years or lease term, if shorter
Motor vehicles	5 years
Computers	1 year

Machinery under installation or construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal (i.e at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

f) Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets with the exception of development expenditure and computer software costs are not capitalised and the related expenditure is recognised in profit or loss in the period in which such expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis.

Intangible assets with indefinite useful lives or not yet available for use are not amortised but are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether it continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets as follows:

Computer software	5 years
Customer list	8 years
Developed technology	7 years
Development expenditure	5 years
Patented technology	10 – 20 years
Unpatented technology	10 – 14 years

Research and development costs
Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during development. Amortisation begins when the development is complete and the asset is available for use or sale. Any expenditure so capitalised is amortised over the period of expected benefit from the related project. During the period of development, the asset is tested for impairment annually.

An intangible asset is derecognised upon disposal (i.e at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gains or loss arising from derecognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on recent budgets which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation surplus.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in profit or loss unless the asset is measured at revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Associates

The Group holds an interest in an associate, Emage Vision Pte. Ltd. ("EV"). The financial statements of EV are prepared for the same reporting period as the Group and its accounting policies are aligned with those of the Group. Therefore, no adjustments were made when measuring and recognising the Group's share of results of EV.

An associate is an entity over which the Group has significant influence through its power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

On acquisition of the investment, any excess of the cost of investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Such goodwill is neither amortised nor tested for impairment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of results of associate in the period in which the investment is acquired.

The Group's investment in associate is accounted for using the equity method from the date it becomes an associate.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

h) Associates (cont'd)

Under the equity method, investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the Group's share of results of operations of the associate. Distributions received from associate reduces the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of its interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate. The Group determines at each reporting date whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount within the Group's share of results of associate in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the aggregate of fair value of the retained investment and proceeds from disposal and the carrying amount of the associate at the date the equity method was discontinued is recognised in profit or loss.

i) Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

At initial recognition, the Group measures financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Subsequent measurement

<u>Financial assets at amortised cost (debt instruments)</u>
Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

<u>Financial assets at fair value through profit or loss (derivatives)</u>
The Group uses derivative instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

i) Financial Instrument (cont'd)

(i) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and other cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(ii) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

The Group considers a financial asset in default when contractual payments are significantly delayed from historical payment patterns or when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of bank overdrafts as they are considered an integral part of the Group's cash management.

Bank overdrafts are included within interest-bearing liabilities under current liabilities in the balance sheet.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and trading stocks: purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in, first-out basis.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Fair value measurement

The Group measures some financial instruments such as derivatives and non-financial assets such as land and buildings at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

m) Fair value measurement (cont'd)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

n) Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions
Provisions for assurance-type warranty related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually and revised, if necessary.

Long service leave / retirement benefits
The liabilities for long service leave and retirement benefits, applicable to Australian and Thailand subsidiaries respectively, are recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government or corporate bond rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has a contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

o) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, it is deducted in arriving at the carrying amount of the asset.

p) Leases

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Group as lessee</u>
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of a right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payment that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

p) Leases (cont'd)

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

<u>Group as lessor</u>
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If otherwise, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term. Amounts due from lessees under the finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

q) Other income recognition

Interest income
Interest income is recognised on an accrual basis using the effective interest method.

Dividend income
Dividend income is recognised when the Group's right to receive payment is established.

r) Employee benefits

(i) Defined contribution plans

The Group makes contributions to national pension schemes as defined by the laws of the countries in which it has operations.

For its Australian subsidiaries, contributions are made to employee accumulation superannuation funds. For the Group's companies in Singapore, contributions are made to the Central Provident Fund scheme, a defined contribution pension scheme. The subsidiary company incorporated and operating in the People's Republic of China ("PRC") is required to provide certain staff pension benefits to its employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulators and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Contributions to defined contribution pension schemes are recognised as an expense in the year in which the related service is performed.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

r) Employee benefits (cont'd)

(ii) Employee share option plan

Employees (including key management personnel) of the Group receive remuneration in the form of share options as consideration for service rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date of grant using an appropriate valuation model. This cost is recognised in profit or loss, with a corresponding increase in the share-based payment reserve, over the period in which service conditions are fulfilled ("vesting period").

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The expense or credit to profit or loss for a period represents the movement in cumulative expense recognised as at beginning and end of that period and is recognised in employee costs.

No expense is recognised for options that do not ultimately vest. The share-based payment reserve is transferred to retained earnings upon expiry or forfeiture of the share options after its vesting date. When the options are exercised, the share-based payment reserve is transferred to share capital as new shares are issued.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee.

Where the employee share option plan is cancelled, it is treated as if it has vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date it was granted, the cancelled and new awards are treated as if there was a modification of the original award, as described in the previous paragraph.

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled within 12 months from the reporting date is recognised for services rendered by the employees up to the end of the reporting period.

s) Taxation

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

s) Taxation (cont'd)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences such as recognition of a right-of-use asset and a lease liability; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances changed. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of material accounting policies (cont'd)

2.5 Material accounting policies (cont'd)

s) Taxation (cont'd)

(iii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- receivables and payables are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) Share capital and share issuance expenses

Ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new shares are deducted against share capital.

3. Material accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

(a) Judgements made in applying accounting policies

(i) Determination of control and significant influence over investee

As at 30 June 2024, the Group holds 16.29% (2023: 16.29%) equity interest in Emage Vision Pte. Ltd. ("EV"). The Group considers EV as an associate as the Group has the ability to exercise significant influence through both its shareholdings and active participation on the Board of Directors.

(ii) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. Relevant factors include the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans the Group has in place for the future use of the asset.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Revaluation of land and buildings

The Group carries its land and buildings at fair value. Changes in fair values of land and buildings are accounted for as set out in our accounting policy note 2.5(e). The fair value of land and buildings are determined by accredited external valuers using recognised valuation techniques. These techniques comprise market comparison approach, replacement cost approach and income approach.

The determination of the fair value of the land and buildings requires the use of estimates such as:

- sales of similar properties that have been transacted in the open market with adjustments made for differences in factors that affect value;
- an estimate of the current market value of the land plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation; and
- capitalisation of net rental income taking into consideration factors such as vacancy rates and rental growth rates.

3. Material accounting judgements, estimates and assumptions (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(ii) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix by age bracket to calculate ECLs for trade receivables and contract assets. The provision rates are based on number of days past due for groupings of various customer segments that have similar credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates and subsequently calibrated to adjust historical credit loss experience with forward-looking information. At each reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group also assesses at the end of each reporting period whether there is any objective evidence that the receivables and contract balances are credit-impaired based on factors such as insolvency, financial difficulties or significant delay in repayments.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. The information on ECLs on the Group's trade receivables is disclosed in note 15 to the financial statements.

(iii) Revenue recognised on projects

For contracts where the Group has an enforceable right to payment, revenue is recognised over time using the input method, based on the proportion of costs incurred to date bear to estimated total contract costs, as a measure of entity's performance in transferring control of goods and services. Material judgement is used to estimate the total contract costs which will determine the amount of revenue recognised on projects. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of contract assets and liabilities at the balance sheet date are disclosed in note 5 to the financial statements.

(iv) Impairment of non-financial assets and investment in associate

The Group assesses whether there are any indicators of impairment for all non-financial assets and investment in associate at each reporting date. Impairment exists when the carrying value of an asset or cash-generating unit (CGU) exceeds its recoverable amount which is the higher of its fair value less costs of disposal and its value in use.

Goodwill and other intangibles with indefinite lives are tested for impairment annually and at other times when such indicators exist. Other non-financial assets and investment in associate are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The fair value less costs of disposal calculation is based on available data from binding sales transactions conducted at arm's length for similar assets or observable market prices less incremental costs of disposing the assets. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

3. Material accounting judgements, estimates and assumptions (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iv) Impairment of non-financial assets and investment in associate (cont'd)

When value in use calculations are undertaken to determine the recoverable amount, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is sensitive to the discount rate used in the DCF model, future cash inflows including the timing of such cash inflows and the growth rates used for both the initial five-year cash flow period and long-term growth rates. Whilst these decisions are based on information available to date, it also involves a material level of judgement. These estimates are most relevant to goodwill and other intangible assets recognised by the Group.

The key assumptions used to determine the recoverable amounts for the different cash-generating units are disclosed in note 11 to the financial statements.

(v) Taxes

The Group has exposure to income taxes in several jurisdictions. Material judgement is involved in determining the provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The Group recognises deferred tax assets for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Material judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's current tax payables and deferred tax liabilities as at 30 June 2024 were S$482,000 (2023: S$169,000) and S$3,648,000 (2023: S$3,223,000) respectively. The Group also had deferred tax assets of S$2,054,000 (2023: S$2,327,000) as at 30 June 2024.

(vi) Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay" which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain region and entity-specific estimates (such as subsidiary's standalone credit rating).

4. Segment information

Business segments

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, hydraulic drive systems, including foundation 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.

Intersegment sales

Intersegment sales are recognised based on internally set transfer price at arm’s length basis.

Unallocated revenue and expenses

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

4. Segment information (cont'd)

Business segments (cont'd)

The following tables present information regarding operating segments for continuing operations for the years ended 30 June 2024 and 2023.

	Green Energy, Gas & Marine Equipment S$'000	Construction Equipment S$'000	Precision Engineering & Technologies S$'000	Consolidated S$'000
Year ended 30 June 2024				
Revenue				
Revenue from contracts with customers	63,241	36,538	19,861	119,640
Rental income	–	2,801	–	2,801
Other revenue	77	435	8,388	8,900
Intersegment sales	–	–	1	1
Total segment revenue	63,318	39,774	28,250	131,342
Intersegment elimination				(1)
Unallocated revenue				22
Interest income				201
Total consolidated revenue				131,564
Results				
Segment results	4,263	2,164	5,312	11,739
Unallocated revenue				22
Unallocated expenses				(2,029)
Share of results of associate			(385)	(385)
Profit before tax and finance costs				9,347
Finance costs				(2,202)
Interest income				201
Profit before taxation				7,346
Tax expense				(831)
Profit after taxation				6,515
Other segment information				
Capital expenditure				
- property, plant and equipment	7	1,613	129	1,749
- right-of-use assets	–	1,508	10	1,518
- intangible assets	8	4	–	12
				3,279
Depreciation and amortisation	309	2,880	963	4,152
Other non-cash expenses	1,138	567	383	2,088

In the current financial year, revenue from 3 (2023:1) customers of Green Energy, Gas & Marine Equipment represents approximately 49% (2023: 29%) of the Group's revenue from contracts with external customers.

As disclosed in note 12, a gain was recognised during the year attributable to the Precision Engineering and Technologies segment for the sale of a subsidiary ("Orion"). This is recorded in other revenue above.

4. Segment information (cont'd)

Business segments (cont'd)

	Green Energy, Gas & Marine Equipment S$'000	Construction Equipment S$'000	Precision Engineering & Technologies S$'000	Consolidated S$'000
Year ended 30 June 2023				
Revenue				
Revenue from contracts with customers	31,826	33,705	26,871	92,402
Rental income	–	1,696	–	1,696
Other revenue	171	408	145	724
Intersegment sales	–	52	–	52
Total segment revenue	31,997	35,861	27,016	94,874
Intersegment elimination				(52)
Unallocated revenue				263
Interest income				142
Total consolidated revenue				95,227
Results				
Segment results	(6,698)	1,508	(361)	(5,551)
Unallocated revenue				263
Unallocated expenses				(1,656)
Share of results of associate			(393)	(393)
Loss before tax and finance costs				(7,337)
Finance costs				(1,676)
Interest income				142
Loss before taxation				(8,871)
Tax benefit				136
Loss after taxation				(8,735)
Other segment information				
Capital expenditure				
- property, plant and equipment	26	1,493	154	1,673
- right-of-use assets	–	557	1,792	2,349
- intangible assets	–	25	1	26
				4,048
Depreciation and amortisation	353	2,723	972	4,048
Other non-cash expenses	414	584	212	1,210

4. Segment information (cont'd)

Geographical segments

The Group's geographical segments for revenue and non-current assets are determined based on location of customers and assets respectively.

The following table presents revenue and certain assets information regarding geographical segments for the years ended and as at 30 June 2024 and 2023.

30 June 2024

	Australia	Malaysia	Singapore	China	United States	Bangladesh	Thailand	New Zealand	Switzerland	Philippines	Others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue												
Revenue from contracts with customers	23,181	2,276	20,345	5,141	545	58,362	2,655	653	1,976	2,750	1,756	119,640
Rental income	408	347	1,683	–	–	–	181	–	–	182	–	2,801
Other revenue from external customers	31	78	586	8,278	–	16	125	–	–	–	9	9,123
												131,564
Other segment information												
Segment non-current assets	4,384	278	31,029	235	–	1,142	8,285	–	–	120	101	45,574
Investment in associate	–	–	1,933	–	–	–	–	–	–	–	–	1,933
Unallocated assets												2,054
												49,561
Capital expenditure												
- property, plant and equipment	591	–	1,062	7	–	–	28	–	–	37	34	1,759
- right-of-use assets	60	–	1,150	287	–	–	–	–	–	21	–	1,518
- intangible assets	3	–	8	-	–	–	1	–	–	–	–	12
												3,289

4. Segment information (cont'd)

Geographical segments (cont'd)

30 June 2023

	Australia	Malaysia	Singapore	China	United States	Bangladesh	Thailand	New Zealand	Switzerland	Philippines	Others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue												
Revenue from contracts with customers	23,932	811	27,223	30,281	887	1,230	1,408	1,384	1,714	2,023	1,509	92,402
Rental income	347	319	811	–	–	–	203	–	–	16	–	1,696
Other revenue from external customers	15	1	699	35	–	–	367	–	–	–	12	1,129
												95,227
Other segment information												
Segment non-current assets	4,512	312	31,329	236	–	1,328	8,055	–	–	202	149	46,123
Investment in associate	–	–	2,318	–	–	–	–	–	–	–	–	2,318
Unallocated assets												2,327
												50,768
Capital expenditure												
- property, plant and equipment	14	–	1,673	13	–	–	34	–	–	–	19	1,753
- right-of-use assets	129	28	1,791	349	–	–	27	–	–	25	–	2,349
- intangible assets	–	–	3	–	–	–	25	–	–	–	–	28
												4,130

5. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

2024	**Green Energy, Gas & Marine Equipment** S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Total** S$'000
Primary geographical markets				
Australia	–	23,173	8	23,181
Singapore	405	5,432	14,509	20,346
Philippines	43	2,707	–	2,750
China	3,760	180	1,203	5,143
Bangladesh	58,362	–	–	58,362
Others	671	5,046	4,141	9,858
Total	63,241	36,538	19,861	119,640
Main revenue streams				
Sales of goods	333	34,033	17,672	52,038
Rendering of services	121	2,505	455	3,081
Revenue recognised on projects	62,787	–	1,734	64,521
Total	63,241	36,538	19,861	119,640
Timing of transfer of goods and services				
At a point in time	1,003	34,033	17,672	52,708
Over time	62,238	2,505	2,189	66,932
Total	63,241	36,538	19,861	119,640

2023	**Green Energy, Gas & Marine Equipment** S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Total** S$'000
Primary geographical markets				
Australia	–	23,905	27	23,932
Singapore	1,143	4,478	21,602	27,223
Philippines	–	2,023	–	2,023
China	29,207	155	919	30,281
Bangladesh	1,230	–	–	1,230
Others	246	3,144	4,323	7,713
Total	31,826	33,705	26,871	92,402
Main revenue streams				
Sales of goods	1,317	31,017	23,171	55,505
Rendering of services	161	2,688	640	3,489
Revenue recognised on projects	30,348	-	3,060	33,408
Total	31,826	33,705	26,871	92,402
Timing of transfer of goods and services				
At a point in time	3,939	31,017	23,244	58,200
Over time	27,887	2,688	3,627	34,202
Total	31,826	33,705	26,871	92,402

5. Revenue from contracts with customers (cont'd)

(b) Contract balances

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Trade receivables	13,442	17,418
Contract assets	15,061	4,843
Contract liabilities	(5,402)	(7,275)

Trade receivables are non-interest bearing and are generally due when invoiced or on 30 to 60 days' term.

Contract assets mainly relate to the Group's rights to consideration for work completed on specialised assets built for customers but not billed at reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. Contract assets amounting to S$437,000 (2023: S$122,000) relating to a project on hold for many years was written off during the year.

Contract liabilities are primarily advance consideration received or due from customers amounting to S$25,000 (2023: S$4,214,000) for which revenue is recognised over time and S$5,377,000 (2023: S$3,061,000) for which revenue is recognised at a point in time.

The significant increase in contract assets is in line with the accounting for progress in the execution of multiple gas processing projects during the current financial year. Contract liabilities have decreased as advance consideration received in the previous financial year have been recognised as revenue in the current financial year.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets		**Contract liabilities**	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	6,402	3,074
Increase due to cash received and advance billing, excluding amounts recognised as revenue during the year	–	–	(4,529)	(7,049)
Contract asset reclassified to trade receivables	(4,843)	(9,833)	–	–
Recognition of revenue, net of trade receivables recognised	15,061	3,324	–	–

(c) Transaction price allocated to remaining performance obligations

The Group applies the practical expedient in paragraph 121 of AASB 15 and does not disclose information about remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

The Group has been awarded contracts to construct turnkey gas processing plants for an estimated total consideration of S$139,800,000. The Group has also been awarded a contract by the Government of the Republic of Singapore to supply, implement and maintain fully automated systems for the administration, labelling and progressing of urine samples for a total value of S$16,989,000.

Revenue expected to be recognised in the future, relating to performance obligations unsatisfied as at 30 June 2024, amounts to S$74,630,000 for financial year 2025 and S$23,368,000 for the financial years 2026 till 2031.

6. Other income and expenses

(i) Other revenue

	Consolidated	
	2024	**2023**
	$'000	$'000
Interest income	201	142
Gain on disposal of property, plant and equipment	152	4
Gain on disposal of subsidiary (note 12)	8,275	–
Trade and other payables written back	47	26
Recovery of monies misappropriated	–	443
Services rendered	66	25
Sales of scrap	80	114
Government grants	79	358
Other revenue	223	17
	9,123	1,129

(ii) Other operating expenses

Included in other operating expenses are the following:

	Consolidated	
	2024	**2023**
	$'000	$'000
(Write-back of)/allowance for inventory obsolescence, net of reversal	(505)	262
Allowance for impairment and expected credit losses, net of reversal	90	112
Bank charges	1,103	551
Bad debts written off	534	12
Contract assets written off	437	122
Foreign exchange loss	30	636
Intangible assets written off	32	–
Provision for product warranties made, net of reversal	1,390	534
Property, plant and equipment written off	–	3
Warranty expense charged directly to profit or loss	5	9
Inventories written off	6	8
Sales commission	3,664	789
Sea freight	1,984	1,512

7. Taxation

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Current income tax		
- Current income tax charge	(1,725)	(177)
- Loss transferred under Group Relief Scheme	1,024	–
- Adjustments in respect of previous years	(84)	(94)
Deferred income tax		
- Relating to the origination and reversal of temporary differences	9	660
- Adjustments in respect of previous years	(55)	(253)
Tax (expense)/benefit recognised in profit & loss	(831)	136
Net surplus on revaluation of buildings	(462)	–
Deferred tax recognised in other comprehensive income	(462)	–

A reconciliation between the tax expense and the product of accounting profit of the Group multiplied by the applicable tax rate for the year ended 30 June is as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Profit/(loss) before taxation	7,346	(8,871)
Tax (expense)/benefit at the domestic rates in the countries where the Group operates	(1,776)	1,336
Release of deferred tax liability on intangible assets	42	42
Release of deferred tax liability on revalued properties	164	165
Non-deductible expenses	(438)	(337)
Non-taxable income	1,637	174
Partial tax exemption	26	192
Deferred tax assets not recognised	(544)	(1,251)
Utilisation of previously unrecognised tax losses	197	195
Adjustments in respect of previous years	(139)	(347)
Enhanced tax deductions	3	2
Others	(3)	(35)
Tax (expense)/benefit	(831)	136

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

7. Taxation (cont'd)

Deferred taxation as at 30 June relates to the following:

	At 30 June 2022	Recognised in profit or loss (charge)/credit	Translation/ adjustments	**At 30 June 2023**	Recognised in profit or loss (charge)/credit	Recognised in other comprehensive income	Disposal of subsidiary	Translation/ adjustments	**At 30 June 2024**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Deferred tax assets									
Property, plant and equipment	(208)	(131)	8	(331)	55	–	5	–	(271)
Intangible assets	(50)	18	(6)	(38)	23	–	17	(1)	1
Leases	1	7	–	8	7	–	–	–	15
Provisions	376	(22)	(2)	352	595	–	(3)	5	949
Unutilised tax losses	1,878	85	(42)	1,921	(476)	–	(234)	(2)	1,209
Unutilised capital allowances	246	169	–	415	(251)	–	(17)	–	147
Others	–	–	–	–	4	–	–	–	4
	2,243	126	(42)	2,327	(43)	–	(232)	2	2,054
Deferred tax liabilities									
Property, plant and equipment									
– at cost	(769)	494	1	(274)	(376)	–	–	–	(650)
– at revaluation	(3,082)	165	23	(2,894)	163	(462)	–	25	(3,168)
Intangible assets	(118)	42	–	(76)	43	–	15	–	(18)
Leases	30	8	–	38	5	–	–	–	43
Provisions	33	(33)	–	–	–	–	–	–	–
Unutilised capital allowances	375	(375)	–	–	167	–	–	–	167
Others	–	(20)	3	(17)	(5)	–	–	–	(22)
	(3,531)	281	27	(3,223)	(3)	(462)	15	25	(3,648)
Tax (expense)/benefit		407			(46)				

The Group has tax losses and capital allowances of S$15,910,000 (2023: S$28,962,000) and S$341,000 (2023: S$4,000) respectively that are available for offset against future taxable profits of the companies in which these arose. Whilst unabsorbed losses can be carried forward indefinitely, unabsorbed capital allowance must be used to offset income from the same business source. These deferred tax assets have not been recognised as they have arisen in subsidiaries that do not have strong evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, profit would increase by S$3,455,000 (2023: S$5,595,000).

8. 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 year.

For purposes 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	
	2024	**2023**
	S$'000	S$'000
Net profit/(loss) attributable to equity holders of the Parent	6,618	(8,540)
	Parent Entity	
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	214,560	214,560
	Singapore cents	
Basic and diluted earnings/(loss) per share	3.08	(3.98)

There have been no transactions involving ordinary or potential ordinary shares which occurred between the reporting date and the date of completion of these financial statements.

9. Property, plant and equipment

Consolidated	**Freehold land** S$'000	**Singapore buildings** S$'000	**Thailand buildings** S$'000	**Plant and equipment** S$'000	**Leasehold improvements** S$'000	**Motor vehicles** S$'000	**Total** S$'000
Cost/Valuation							
At 1.7.2023	4,453	41,766	7,214	39,899	2,518	1,698	97,548
Currency realignment	(156)	–	(251)	(89)	(3)	(7)	(506)
Additions	–	–	19	1,675	–	65	1,759
Disposals	–	–	(72)	(23)	–	(101)	(196)
Disposals of subsidiary	–	–	–	(365)	–	–	(365)
Transfer from right-of-use assets	–	–	–	528	–	–	528
Adjustment	–	–	–	63	–	–	63
Reclassification to inventories	–	–	–	(1,038)	–	–	(1,038)
Revaluation surplus	588	3,324	1,935	–	–	–	5,847
Write off	–	–	–	(196)	–	(147)	(343)
At 30.6.2024	4,885	45,090	8,845	40,454	2,515	1,508	103,297
Accumulated depreciation							
At 1.7.2023	–	24,631	4,992	31,603	2,406	1,540	65,172
Currency realignment	–	–	(180)	(94)	(2)	(8)	(284)
Charge for 2024	–	1,065	353	1,665	36	54	3,173
Disposals	–	–	(72)	(23)	–	(101)	(196)
Disposals of subsidiary	–	–	–	(337)	–	–	(337)
Transfer from right-of-use assets	–	–	–	287	–	–	287
Adjustment	–	–	–	(13)	–	–	(13)
Reclassification to inventories	–	–	–	(519)	–	–	(519)
Revaluation adjustment	–	1,894	1,427	–	–	–	3,321
Write off	–	–	–	(196)	–	(147)	(343)
At 30.6.2024	–	27,590	6,520	32,373	2,440	1,338	70,261
Net carrying value							
At 30.6.2024	4,885	17,500	2,325	8,081	75	170	33,036

9. Property, plant and equipment (cont'd)

Consolidated	Freehold land S$'000	Singapore buildings S$'000	Thailand buildings S$'000	Plant and equipment S$'000	Leasehold improvements S$'000	Motor vehicles S$'000	Total S$'000
Cost/Valuation							
At 1.7.2022	4,593	41,766	7,441	39,404	2,538	1,623	97,365
Currency realignment	(140)	–	(227)	(517)	(39)	(48)	(971)
Additions	–	–	–	1,610	30	113	1,753
Disposals	–	–	–	(21)	–	(66)	(87)
Transfer from right-of-use assets	–	–	–	384	–	76	460
Reclassification	–	–	–	248	(11)	–	237
Reclassification to inventories	–	–	–	(930)	–	–	(930)
Write off	–	–	–	(279)	–	–	(279)
At 30.6.2023	4,453	41,766	7,214	39,899	2,518	1,698	97,548
Accumulated depreciation							
At 1.7.2022	–	23,566	4,780	30,599	2,403	1,518	62,866
Currency realignment	–	–	(149)	(444)	(35)	(44)	(672)
Charge for 2023	–	1,065	361	1,596	39	56	3,117
Disposals	–	–	–	(21)	–	(66)	(87)
Transfer from right-of-use assets	–	–	–	148	–	76	224
Reclassification	–	–	–	238	(1)	–	237
Reclassification to inventories	–	–	–	(237)	–	–	(237)
Write off	–	–	–	(276)	–	–	(276)
At 30.6.2023	–	24,631	4,992	31,603	2,406	1,540	65,172
Net carrying value							
At 30.6.2023	4,453	17,135	2,222	8,296	112	158	32,376

9. Property, plant and equipment (cont'd)

(a) During the year, the Group acquired property, plant and equipment with an aggregate cost of S$1,759,000 (2023: S$1,753,000) of which S$1,611,000 (2023: S$976,000) was settled in cash and the remaining balance of S$148,000 (2023: S$777,000) relates to amounts previously included in the inventories but converted and capitalised as fixed asset during the current financial year.

(b) During the financial year, the Group disposed of property, plant and equipment with an aggregate net book value of S$nil (2023: S$nil). Sales proceeds amounting to S$76,000 (2023: S$4,000) were received in cash. Gain on disposal of property, plant and equipment also included another amount of S$76,000 (2023: S$nil) reflected as an adjustment.

(c) The net book value of property, plant and equipment pledged as security are as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Singapore buildings	17,500	17,135
Freehold land and buildings in Thailand	7,210	6,675
	24,710	23,810

Please refer to note 18 for details.

(d) Revaluation of land and buildings

i) The fair values of land and buildings are determined by accredited external valuers using a combination of recognised valuation techniques. The carrying values of land and buildings were supported by valuations performed as at 30 June 2024.

In arriving at the fair values, valuers have relied on proprietary databases of active market prices of transactions for properties of similar nature, location and condition.

Considering the nature and complexity of the significant inputs, the Group has classified the fair value of the Group's land and buildings within Level 3 of the fair value hierarchy. There were no transfers between the different levels during the year.

9. Property, plant and equipment (cont'd)

(d) Revaluation of land and buildings (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs:

Description	Valuation techniques	Key unobservable inputs	Interrelationship between unobservable inputs and fair value measurement
Buildings, Singapore	Market Comparison Approach [(1)]	Comparable prices: S$850 to S$1,369 (2023: S$733 to S$1,527) per square meter	The estimated fair value increases with higher comparable price
Land and buildings, Thailand	Market Comparison Approach and Replacement Cost Approach [(2)]	Comparable prices: 24,950 to 27,500 (2023: 25,000 to 27,500) baht per square wah	The estimated fair value increases with higher comparable price

[(1)] Market comparison approach considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

[(2)] Replacement cost approach is based on an estimate of the current market value of land, plus the current gross replacement of improvements, less allowance for physical deterioration, obsolescence and optimisation.

ii) The carrying amounts of land and buildings if measured using the cost model, would be as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Freehold land	1,633	1,692
Singapore buildings	4,116	4,383
Thailand buildings	1,112	1,350
	6,861	7,425

10. Right-of-use assets and leases

a. Right-of-use assets

Consolidated

	Land and buildings S$'000	**Plant and equipment** S$'000	**Motor vehicles** S$'000	**Total** S$'000
At 1.7.2022	7,556	676	29	8,261
Currency realignment	(202)	(3)	–	(205)
Additions	2,285	64	–	2,349
Transfer to property, plant and equipment	–	(236)	–	(236)
Depreciation charge for the year	(1,733)	(117)	(26)	(1,876)
At 30.6.2023	7,906	384	3	8,293
Currency realignment	(7)	–	–	(7)
Additions	385	1,133	–	1,518
Transfer to property, plant and equipment	–	(241)	–	(241)
Written off	–	(14)	–	(14)
Depreciation charge for the year	(1,730)	(192)	(3)	(1,925)
At 30.6.2024	6,554	1,070	–	7,624

b. Leases liabilities

	Consolidated	
	2024 S$'000	**2023** S$'000
As at 1 July	8,375	8,149
Additions	1,518	2,349
Finance costs	405	391
Written off	(14)	–
Payments	(2,405)	(2,313)
Currency realignment	(5)	(201)
As at 30 June	7,874	8,375
Lease liabilities		
Current	1,735	1,395
Non-current	6,139	6,980
	7,874	8,375

c. Amounts recognised in profit or loss

Included in property related expenses in the profit or loss for the financial year ended 30 June 2024 were expenses relating to short-term leases amounting to S$76,000 (2023: S$84,000) and expenses relating to the leases of low-value assets, excluding short-term leases of low-value assets, amounting to S$3,000 (2023: S$3,000).

d. Group as a lessor

Rental income recognised by the Group during the year is $2,801,000 (2023: $1,696,000). As at 30 June 2024, trade receivables amounting to S$1,654,000 (2023: S$1,378,000) are related to rental. The Group's lease arrangements as lessor are generally short-term.

11. Intangible assets

Consolidated	Customer list S$'000	Developed technology S$'000	Goodwill S$'000	Development expenditure S$'000	Computer software S$'000	Unpatented technology S$'000	Patented technology S$'000	Total S$'000
Cost								
At 1.7.2022	918	1,141	5,513	2,015	2,561	3,366	174	15,688
Currency realignment	–	–	(115)	–	(29)	–	–	(144)
Additions	–	–	–	–	28	–	–	28
At 30.6.2023	918	1,141	5,398	2,015	2,560	3,366	174	15,572
Currency realignment	–	–	5	–	(6)	–	–	(1)
Additions	–	–	–	–	12	–	–	12
Written off	–	–	–	–	(68)	–	(9)	(77)
Disposal of subsidiary	–	–	–	(2,015)	(216)	(3,049)	(165)	(5,445)
At 30.6.2024	918	1,141	5,403	–	2,282	317	–	10,061
Amortisation and impairment								
At 1.7.2022	918	1,141	664	2,015	2,348	2,671	52	9,809
Currency realignment	–	–	–	–	(28)	–	–	(28)
Amortisation	–	–	–	–	75	249	13	337
At 30.6.2023	918	1,141	664	2,015	2,395	2,920	65	10,118
Currency realignment	–	–	–	–	(4)	–	–	(4)
Amortisation	–	–	–	–	71	250	12	333
Written off	–	–	–	–	(45)	–	–	(45)
Disposal of subsidiary	–	–	–	(2,015)	(204)	(2,959)	(77)	(5,255)
At 30.6.2024	918	1,141	664	–	2,213	211	–	5,147
Net carrying value								
At 30 June 2024	–	–	4,739	–	69	106	–	4,914
At 30 June 2023	–	–	4,734	–	165	446	109	5,454

11. Intangible assets (cont'd)

	Unpatented technology
Average remaining amortisation period (years) – 2024	3.3
Average remaining amortisation period (years) – 2023	2.3

Assets by business segment:

Assets and investments in associates by business segment are summarised as follows:

	Green Energy, Gas & Marine Equipment S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Unallocated** S$'000	**Total** S$'000
Property plant and equipment	8,202	17,747	490	6,597	33,036
Right-of-use assets	806	4,093	1,614	1,111	7,624
Intangible assets other than goodwill	137	14	19	5	175
Goodwill	–	1,764	2,975	–	4,739
Investment in associate	–	–	1,933	–	1,933
	9,145	23,618	7,031	7,713	47,507

Green Energy, Gas & Marine Equipment

The assets in this segment relate predominantly to Zicom Private Limited and Zicom Equipment Private Limited. The most significant asset in this segment relates to a building at 9 Tuas Avenue 9, Singapore amounting to S$7.0m carried at fair value supported by external valuation performed as at 30 June 2024. The other most significant asset is the right-of-use asset relating to a 30-year lease for the land where the building at 9 Tuas Avenue 9 sits amounting to S$0.8m. The green energy segment has, during the current financial year, successfully supplied the remaining 2 of the 6 LNG propulsion systems, its first order in this space. This segment has outstanding secured orders amounting to S$86.6m as at financial year-end further supporting the carrying value of the non-current assets.

Construction Equipment

The assets in this segment relate predominantly to Foundation Associates Engineering Private Limited, Cesco Australia Limited and Zicom Cesco Engineering Co. Ltd. This segment which manufactures and supply concrete mixers and foundation equipment including equipment rental continues to generate positive cash flows. Due to the goodwill that arose from the acquisition of Cesco Australia Limited, an impairment analysis is performed annually.

Precision Engineering & Technologies

The assets in this segment relate predominantly to Sys-Mac Automation Engineering Pte. Ltd. ("Sys-Mac"). Due to the goodwill that arose from acquisition of Sys-Mac, an annual impairment assessment is performed.

11. Intangible assets (cont'd)

Unallocated

The most significant asset in this segment represents a building at 29 Tuas Avenue 3, Singapore and its right-of-use asset arising from 30+30 year lease for the land where the building at 29 Tuas Avenue 3 sits amounting to S$6.5m and S$1.1m respectively. The building is carried at fair value supported by valuation report from accredited external valuer as at 30 June 2024.

Impairment tests for goodwill

Goodwill acquired through business combinations are allocated to the individual entity which is also the cash-generating unit (CGU). These entities fall within the Precision Engineering & Technologies and Construction Equipment segments of the Group as outlined above.

Consolidated	**As at 30.6.2024**	**As at 30.6.2023**	**Basis on which recoverable values are determined**	**Pre-tax discount rate per annum**	
	S$'000	S$'000		**2024**	**2023**
Carrying value of capitalised goodwill based on cash-generating units					
Sys-Mac Automation Engineering Pte. Ltd.	2,975	2,975	Value in use	11.0%	11.0%
Cesco Australia Limited	1,764	1,759	Value in use	14.5%	14.5%
	4,739	4,734			

In accordance with AASB 136, the carrying value of the Group's goodwill on acquisition as at 30 June 2024 was assessed for impairment.

The recoverable amount of each CGU is determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. Budgeted revenue and gross margin in the financial budgets are based on past performance and its expectation of market development. Long term growth rate of 1.0% to 2.5% (2023: 1.0% to 2.5%) were used for the above cash-generating units.

Cesco Australia Limited ("CAL")

Cesco Australia Limited operates in the construction industry in the manufacturing of cement mixers. The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets that was approved by management covering a 5-year period. The cash flows beyond 5 years were extrapolated using a long-term growth rate of 2.5% (2023: 2.5%) based on market information consistent for the industry it operates in. The cash flows for the first 5 years included growth of between 0% and 32% (2023: 0% and 72%). Based on the value in use calculation, the recoverable amount was in excess of its carrying value and hence, management concludes that there is no impairment in this CGU.

Sys-Mac Automation Engineering Pte. Ltd. ("Sys-Mac")

Sys-Mac is involved in contract manufacturing and system integration which includes machining works, design and build of customised automation solutions and systems. The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets that was approved by management covering a 5-year period. The cash flows beyond 5 years were extrapolated using a long-term growth rate of 1% (2023: 1%) based on market information consistent for the industry it operates in. The cash flows for the first 5 years included growth of between 0% and 80% (2023: 0% and 128%). Based on the value in use calculation, the recoverable amount was in excess of its carrying value and hence, management concludes that there is no impairment in this CGU.

11. Intangible assets (cont'd)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

The calculations of value in use (VIU) for the Sys-mac and ZGL CGUs are most sensitive to the following assumptions:

- Gross margins
- Pre-tax discount rates
- Market share assumptions
- Growth rate estimates
- Timing of cash flows

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period or if unavailable, based on management assessment of the markets. These are increased over the budget period for anticipated efficiency improvements. Decreased demand can lead to a decline in gross margin. For Sys-Mac, a decrease in gross margin of more than 15% (2023: 9%) may result in impairment adjustment. For CAL, a decrease in gross margin of more than 4% (2023: 6%) may result in impairment adjustment.

Pre-tax discount rates – Discount rate reflect the current market assessment of the risk specific to the CGUs, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and the yield on a 10-15 year government bond at the beginning of the budgeted year. CGU’s specific risk is incorporated in the discount rate by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. A rise in the pre-tax discount rate by 17 and 3 percentage points (2023: 5 and 4 percentage points) or above may result in impairment adjustments for Sys-Mac and CAL CGUs respectively.

Market share assumptions – These assumptions are important because management assesses how the CGU’s position relative to its competitors may change over the forecast period.

Growth rates – These are used to extrapolate cash flow projections beyond the period covered by the most recent budgets and are based on management’s assessment of the markets and do not exceed the long-term average growth rate for the industries relevant to the CGUs. Management acknowledges that the speed of technological change and the possibility of new entrants can have a significant impact on growth rates. Growth rates can also impact on the margins achieved by the CGUs as discussed above. Should the long-term growth rate be disregarded, there is still no impairment required for both Sys-Mac and CAL CGUs.

Summary of sensitivity to changes in assumptions
Management believe that no reasonably possible change in any of the above key assumptions would cause its carrying value to materially exceed its recoverable amount.

12. Investments in subsidiaries

	Parent Entity	
	2024	**2023**
	S$'000	S$'000
Investments in controlled entities, at cost	54,544	54,544
Less: Impairment loss	(115)	(880)
	54,429	53,664

The consolidated financial statements include the financial statements of Zicom Group Limited and the subsidiaries listed in the following table.

Name of Company	**Country of incorporation/ formation**	**Carrying value of Parent Entity investment**		**Percentage of equity held by the Group**	
		2024	**2023**	**2024**	**2023**
		S$'000	S$'000	%	%
Held by the Company:					
Cesco Australia Limited	Australia	10,254	9,489	100	100
Zicom Holdings Private Limited	Singapore	44,175	44,175	100	100
Controlled entities held through subsidiary companies:					
Cesco Equipment Pty Ltd	Australia	–	–	100	100
Cesco CM Holdings Pte. Ltd.	Singapore	–	–	100	–
Zicom Private Limited	Singapore	–	–	100	100
Zicom Energy Solutions Private Limited	Singapore	–	–	59	59
Zicom Equipment Private Limited	Singapore	–	–	100	100
Link Vue Systems Pte. Ltd.	Singapore	–	–	72	72
Foundation Associates Engineering Private Limited	Singapore	–	–	100	100
FAE Construction Pte. Ltd.	Singapore	–	–	100	100
FAEQUIP Corporation	Philippines	–	–	100	100
FAE Thai Company Limited	Thailand	–	–	100	100
Sys-Mac Automation Engineering Pte. Ltd.	Singapore	–	–	100	100
MTA-Sysmac Automation Pte. Ltd.	Singapore	–	–	61	61
iPtec Pte. Ltd.	Singapore	–	–	100	100
Orion Systems Integration Pte. Ltd.	Singapore	–	–	–	98
PT. Sys-Mac Indonesia	Indonesia	–	–	100	100
Zicom Cesco Engineering Company Limited	Thailand	–	–	100	100
Zicom Cesco Thai Company Limited	Thailand	–	–	–	100
Zicom Thai Hydraulics Company Limited	Thailand	–	–	100	100
FA Geotech Equipment Sdn. Bhd.	Malaysia	–	–	100	100
Deqing Cesco Machinery Co., Ltd.	China	–	–	100	100
		54,429	53,664		

12. Investments in subsidiaries (cont'd)

Disposal of Subsidiary - Orion Systems Integration Pte. Ltd.

On 4 June 2024, Sys-Mac Automation Engineering Pte. Ltd., a wholly-owned subsidiary, executed various agreements to dispose of its entire interest of 98% in Orion Systems Integration Pte. Ltd. ("Orion") for a consideration of S$9,077,000, to be satisfied in cash amounting to S$2,723,000 and the issue and allotment of 1,412,975 fully paid ordinary shares in Zhejiang Darcet Technology Co., Ltd. ("Darcet") representing 2.52% equity interest in Darcet. Orion ceased to be a subsidiary of the Group from that date as control of Orion has been transferred to Darcet.

The value of assets and liabilities of Orion disposed, and the effects of the disposal were:

As at date of disposal	
	S$'000
Property, plant and equipment	28
Intangible assets	190
Deferred tax asset	232
Inventories	352
Trade debtors	1,137
Cash and bank balances	59
Total assets	1,998
Less:	
Trade and other creditors	(1,160)
Provision	(10)
Deferred tax liabilities	(15)
Net assets disposed	813
Total consideration	9,077
Net assets disposed	(813)
Non-controlling interest at disposal	11
Gain on disposal (note 6)	8,275

The net cash outflows on disposal of subsidiary was as follows:

	S$'000
Total consideration	9,077
Consideration not received as at 30 June 2024 (note 15)	(9,077)
Cash and cash equivalents disposed	(59)
Net cash outflow on disposal of subsidiary	(59)

As at year-end, proceeds from this disposal of subsidiary is recorded and included in trade and other receivables pending the completion of some administrative procedures. The transaction has received official approval from the authorities pending foreign exchange approval to satisfy the cash portion of the consideration.

Orion's revenue for the financial period up to the date of disposal was S$2,296,000 (2023: S$1,124,000) and incurred losses amounting to S$310,000 (2023: S$547,000) for the same period. Accordingly, it does not constitute a major line of business or geographical area of the Group.

12. Investments in subsidiaries (cont'd)

Entity subject to class order relief

Pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to Cesco Australia Limited ("CAL") and Cesco Equipment Pty Ltd ("CEPL") from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports.

As a condition for the relief, a Deed of Cross Guarantee was executed between Zicom Group Limited ("ZGL") and CAL on 15 May 2008. The effect of the Deed is that ZGL has guaranteed to pay any deficiency in the event of winding up of CAL or if CAL does not meet its obligations under the terms of overdraft, loans, leases or other liabilities subject to the guarantee.

CAL has also given a similar guarantee in the event that ZGL is wound up or if it does not meet its obligations under the terms of overdraft, loans and leases or other liabilities subject to the guarantee.

On 9 May 2013, CEPL executed a Deed of Assumption with ZGL so that CEPL is joined to the Deed of Cross Guarantee and assumes liability under and be bound by the Deed of Cross Guarantee as if CEPL was a Group Entity when the Deed of Cross Guarantee was executed.

The consolidated Income Statement and Balance Sheet of the entities that are members of the Closed Group are as follows:

Consolidated Income Statement	**Closed Group**	
	2024	**2023**
	S$'000	S$'000
Profit from continuing activities before taxation	793	950
Income tax expense	(324)	(309)
Net profit for the year	469	641
Accumulated losses at the beginning of year	(21,310)	(21,955)
Forfeited employee share options	2	4
Accumulated losses at the end of year	(20,839)	(21,310)

12. Investments in subsidiaries (cont'd)

Consolidated Balance Sheet	**Closed Group**	
	2024	**2023**
	S$'000	S$'000
Non-current assets		
Property, plant and equipment	841	262
Right-of-use assets	1,855	2,491
Intangible assets	321	318
Investments in subsidiaries	44,175	44,175
	47,192	47,246
Current assets		
Cash and cash equivalents	1,267	1,864
Fixed deposits	68	67
Inventories	5,491	5,146
Trade and other receivables	4,331	5,904
Prepayments	93	77
	11,250	13,058
Current liabilities		
Trade and other payables	4,582	6,041
Contract liabilities	270	901
Lease liabilities	656	595
Provisions	641	531
Income tax payable	303	90
	6,452	8,158
NET CURRENT ASSETS	4,798	4,900
Non-current liabilities		
Lease liabilities	1,358	2,024
Provisions	129	109
	1,487	2,133
NET ASSETS	50,503	50,013
Equity attributable to equity holders of the Parent		
Share capital	72,058	72,058
Reserves	(716)	(735)
Accumulated losses	(20,839)	(21,310)
TOTAL EQUITY	50,503	50,013

13. Investment in associate

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

	Consolidated	
Emage Vision Pte. Ltd. ("EV")	**2024**	**2023**
Shareholdings held: 16.29% (30 June 23: 16.29%)	S$'000	S$'000
Principal place of business: Singapore		
At beginning of year	2,318	2,711
Share of results after income tax	(385)	(393)
At end of year	1,933	2,318

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.

14. Inventories

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Raw materials/trading stocks (at cost or net realisable value)	9,244	11,374
Work-in-progress (at cost)	7,554	7,609
Finished goods (at cost or net realisable value)	8,019	6,857
Stocks-in-transit (at cost)	957	814
Total inventories at lower of cost and net realisable value	25,774	26,654

Inventories recognised as cost of sales for the year ended totalled S$78,184,000 (2023: S$62,995,000) for the Group.

15. Current assets - receivables

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Trade receivables	15,889	19,635
Allowance for impairment and expected credit losses	(793)	(839)
	15,096	18,796
Advance payments to suppliers	1,640	1,875
Deposits	269	107
Related party receivables:		
- trade	1,061	385
- non-trade	25	12
Grant receivables	–	33
Proceeds receivable from disposal of subsidiary (note 12)	9,077	–
Other receivables	169	198
Total financial assets at amortised cost	27,337	21,406

15. Current assets – receivables (cont'd)

Trade and other receivables are non-interest bearing and are generally due when invoiced or on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at 30 June 2024, trade receivables amounting to S$4,332,000 (2023: S$6,524,000) were arranged to be settled via letters of credit issued by reputable banks in countries where the customers were based.

For non-trade receivables from related parties, please refer to note 25 for terms and conditions.

Receivables that are past due but not impaired

Trade and other receivables that are past due but not individually impaired are with creditworthy debtors with good payment records. Cash and short-term deposits are placed with reputable banks.

As at 30 June 2024, the ageing analysis of trade receivables is as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Less than 30 days	3,067	5,320
30 to 60 days	462	3,945
61 to 90 days	431	313
91 to 120 days	248	510
More than 120 days	867	1,589
	5,075	11,677

Receivables that are impaired

The Group's trade receivables that are credit-impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Trade receivables - nominal amounts	757	803
Less: allowance for impairment	(757)	(803)
	–	–
Movement in allowance account:		
As at 1 July	803	1,773
Charge for the year	99	115
Written off	(128)	(1,071)
Unused amounts reversed	(9)	(6)
Currency realignment	(8)	(8)
As at 30 June	757	803

Trade receivables are individually determined to be impaired at the end of the reporting period based on management's historical experience in the collection of debts from customers. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade debtor is credit impaired. These receivables are not secured by any collateral or credit enhancements.

15. Current assets – receivables (cont'd)

Expected credit losses

Expected credit losses are made for trade receivables which are not credit-impaired. The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
As at 1 July	36	34
Charge for the year	–	3
Unused amounts reversed	–	–
Currency realignment	–	(1)
As at 30 June	36	36

16. Contract costs

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Acquisition costs	–	170
Fulfilment costs	910	2,935
	910	3,105

Incremental costs of obtaining a contract are capitalised as acquisition costs if these costs are recoverable.

Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered.

Capitalised contract costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods and services to the customers.

For the financial year ended 30 June 2024, S$5,780,000 (2023: S$776,000) was amortised and no impairment loss had been recognised.

17. Current liabilities - payables

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Trade payables and accruals (a)	28,283	22,763
Related party payables (b):		
- trade	18	–
- non-trade	994	474
Other payables	552	331
	29,847	23,568

(a) All amounts are non-interest bearing and are normally settled on 30 to 90 days' terms.

(b) For non-trade payables to related parties, please refer to note 25 for terms and conditions.

18. Other interest-bearing liabilities

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Current		
Bank overdrafts (a)	574	508
Bills payable (b)	7,389	7,248
Revolving term loans (c)	8,600	9,200
Term loans (d)	2,047	1,993
Loans from a related party (e)	13,064	6,308
	31,674	25,257
Non-current		
Term loans (d)	1,090	3,135

Details of the secured borrowings are as follows:

(a) The bank overdrafts amounting to S$413,000 (2023: S$192,000) which bears interest at floating rate of 5.75% to 6.50% (2023: 6.00%) per annum are secured by a corporate guarantee from Zicom Holdings Private Limited ("ZHPL").

The remaining bank overdraft amounting to S$161,000 (2023: S$316,000), which bears interest at floating rate of 8.35% (2023: 7.85%) per annum, is secured by a legal mortgage on the subsidiary company's freehold land and buildings located at 700/895 Moo 2, Amata Nakorn Industrial Estate, Chonburi, Thailand and a corporate guarantee from ZHPL.

(b) Bills payable amounting to S$1,809,000 (2023: S$412,000) with a tenure of 90-120 days (2023: 30-120 days) bear interest at fixed rates until expiry, ranging from 2.01% to 7.52% (2023: 5.71% to 6.00%) per annum, at which point interest rate resets.

Bills payable amounting to S$5,580,000 (2023: S$6,836,000) with tenure of 365 days (2023: 120 days) offered as part of project financing bear interest at fixed rates until expiry at 7.49% (2023: 4.35% to 7.63%) per annum, at which point interest rate resets.

All bills payable are secured by corporate guarantee provided by ZHPL.

(c) A revolving credit line of S$5,000,000 (2023: S$5,000,000) for a term of 10 years was offered to ZHPL where drawdown can be made in tranches for a tenure of 1, 2 or 3 months and thereafter, rollover as required. This facility which is secured by a first legal mortgage on ZHPL's building at No. 9 Tuas Avenue 9 Singapore 639198 and corporate guarantees from the Company and Zicom Private Limited shall be reduced by an annual payment of S$500,000 commencing on 28 August 2018. As at 30 June 2024, S$2,000,000 (2023: S$2,500,000) is outstanding with tenure of 1 month (2023: 1 month) bearing fixed interest at 5.35% (2023: 5.45%) per annum until expiry, at which point interest rate resets.

18. Interest-bearing liabilities (cont'd)

(d) Short term loans with a tenure of 3-6 months (2023: 6 months) amounting to S$1,600,000 (2023: S$1,700,000) bear interest at fixed rates until expiry at the rate of 5.91% (2023: 6.07% to 6.21%) per annum at which time interest rate resets and is secured by corporate guarantees given by ZHPL and Zicom Equipment Private Limited.

(e) The remaining short-term loans with tenure of 1 month (2023: 1 month) amounting to S$5,000,000 (2023: $5,000,000) which is secured by a first legal mortgage on ZHPL's building at No. 29 Tuas Avenue 3 Singapore 639420 bears interest at fixed rate at 5.28% (2023: 5.17%) per annum until expiry, at which point interest rate resets.

(f) Temporary bridging loans with a tenure of 5 years totalled S$8,000,000 (2023: S$8,000,000) were offered to Zicom Private Limited, Sys-Mac Automation Engineering Pte. Ltd. and Zicom Equipment Private Limited. Introduced by the Singapore government to help businesses cope during the pandemic, interest is charged at fixed rates of 2.25% or 3.63% per annum and repayment of loan only commences after 12 months after drawdown. As at 30 June 2024, S$3,137,000 (2023: S$5,128,000) comprising of current and long-term portions of S$2,047,000 (2023: S$1,993,000) and S$1,090,000 (2023: S$3,135,000) respectively is outstanding and secured by a corporate guarantee by ZHPL.

(g) Loans from a related party amounting to S$13,064,000 (2023: S$6,308,000) which bear interest at fixed rate of 5% (2023: 3.5%) per annum with effect from 1 July 2023 have a maturity of 3 months which may be extended if required at the discretion of borrowers.

(h) Financing facilities available
As at 30 June 2024, the Group had available S$37,909,000 (2023: S$60,740,000) of undrawn committed borrowing facilities and all significant bank covenants were complied with.

19. Provisions

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Current		
Assurance-type warranties	1,953	631
Employee benefits	433	418
Onerous contracts	–	49
	2,386	1,098
Non-current		
Employee benefits	173	138
Reinstatement costs	161	161
	334	299

Movement in provision for assurance-type warranties:		
As at 1 July	631	555
Charge for the year	1,771	564
Disposal of subsidiary	(10)	–
Unused amounts reversed	(381)	(30)
Utilised	(69)	(443)
Currency realignment	11	(15)
As at 30 June	1,953	631
Warranty expense charged directly to profit or loss (note 6)	5	9

Movement in provision for employee benefits:		
As at 1 July	556	655
Charge for the year	119	55
Unused amounts reversed	(21)	(25)
Utilised	(47)	(93)
Currency realignment	(1)	(36)
As at 30 June	606	556

Movement in provision for reinstatement costs:		
As at 1 July	161	164
Utilised	–	–
Currency realignment	–	(3)
As at 30 June	161	161

Movement in provision for onerous contracts:		
As at 1 July	49	175
Charge for the year	–	–
Unused amounts reversed	(22)	–
Utilised	(27)	(126)
As at 30 June	–	49

19. Provisions (cont'd)

Provision for assurance-type warranty claims is made for LNG propulsion systems, deck machineries, compressor stations, gas processing plants and flip chip bonders supplied. Assumptions used to calculate these provisions were based on a certain percentage of sales and past experience of the level of repairs and returns based on the two-year warranty period.

In accordance with the lease agreements, the Group must reinstate certain subsidiaries' leased premises in Singapore and Australia to its original condition at the end of the lease term. Because of the long-term nature of liability, the greatest uncertainty in estimating the provision for reinstatement is the costs that will ultimately be incurred.

As soon as a contract is assessed to be onerous, a provision for onerous contracts is recorded for the loss it expects to make on the contract.

20. Share capital

	Parent Entity		**Consolidated**	
	2024	**2023**	**2024**	**2023**
	No. of shares (Thousands)		S$'000	S$'000
Ordinary fully paid shares	214,560	214,560	20,836	20,836

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 ordinary share capital during the current financial year.

21. Cash and cash equivalents

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Cash at bank and in hand	12,030	6,197
Demand deposits	14	14
	12,044	6,211

For the purpose of cash flows statement, cash and cash equivalents comprise the following as at 30 June:

Cash and demand deposits	12,044	6,211
Bank overdrafts	(574)	(508)
	11,470	5,703

Cash at bank balances amounting to S$3,536,000 as at 30 June 2024 (2023: S$1,676,000) earned interest at floating rate based on daily bank deposit rates ranging from 0.01% to 2.22% (2023: 0.01% to 2.30%) per annum.

22. Fixed Deposits

These are deposits placed with the bank as part of banking facilities requirements. Fixed deposits amounting to S$7,291,000 (2023: S$6,427,000) were placed for a tenure of 1 - 12 months (2023: 1 - 6 months) during which interest is earned at 1.00% to 4.94% (2023: 1.00% to 4.74%) per annum until expiry, at which point interest rate resets. The remaining fixed deposit does not earn interest.

23. Financial instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Group enters into derivative transactions, principally foreign currency forward contracts, purpose is to manage currency risk arising from the Group's operations and sources of finance. The Group does not apply hedge accounting for such derivatives.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from loans and borrowings which have floating interest rates. The Group's policy with respect to controlling this risk is linked to a regular review of the total debt position and assessment of the impact of material changes in interest rates applicable to new and existing debt facilities. Consideration is given to potential renewal of existing positions, alternative financing, alternative hedging positions and mix of fixed and variable interest rates.

At the balance sheet date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Financial assets		
Cash and cash equivalents	3,536	1,676
Fixed deposits	3,955	4,790
	7,491	6,466
Financial liabilities		
Bank overdrafts	574	508

Sensitivity analysis of interest rate risk

As at 30 June 2024, if interest rates had increased/decreased by 100 (2023: 25) basis points with all other variables held constant, post-tax profits for the consolidated entity for the current financial year would be S$56,000 (2023: S$16,000) higher/lower as a result of the higher/lower interest rates. Accordingly, the Group's equity as at year-end will be S$56,000 (2023: S$16,000) higher/lower.

23. Financial instruments (cont'd)

(c) Foreign currency risk

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions arise from the Group's ordinary course of business. The Group transacts business in various currencies and as a result, is largely exposed to movements in exchange rates of United States dollar, Euro, Bangladeshi Taka and Australian dollar.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. The Group also uses foreign currency forward contracts to hedge a portion of its future foreign exchange exposure purely as a hedging tool and does not take positions in currencies with a view to make speculative gains from currency movements.

There was no outstanding foreign currency forward contact as at 30 June 2024 and 30 June 2023.

The following sensitivity analysis is based on the foreign exchange risk exposure in existence at the balance sheet date. As at 30 June, if exchange rates had moved, as illustrated in the table below, with all other variables held constant, post-tax results and equity would have been affected as follows:

	2024	**2023**
Consolidated	S$'000	S$'000
USD		
- strengthened 2% (2023: 2%)	33	(12)
- weakened 5% (2023: 2%)	(83)	12
EURO		
- strengthened 2% (2023: 2%)	(9)	(44)
- weakened 2% (2023: 2%)	9	44
AUD		
- strengthened 2% (2023: 2%)	8	4
- weakened 2% (2023: 2%)	(8)	(4)
BDT		
- strengthened 2% (2023: 2%)	10	(11)
- weakened 2% (2023: 2%)	(10)	11

23. Financial instruments (cont'd)

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. Credit risk is monitored through careful selection of customers and their balances are monitored on an ongoing basis. Shipments to major customers are generally covered by letters of credit from reputable banks. These have resulted in the Group having insignificant exposure to bad debts.

The Group determines that its financial assets are credit impaired when contractual payments are significantly delayed from historical payment patterns or when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The Group provides for expected credit losses for all trade receivables using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to the debtors and general economic conditions at the reporting date.

Credit risk concentration profile
The Group determines concentration of credit risk by monitoring the country profile of its trade receivables and contract assets on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the balance sheet date is as follows:

	Consolidated			
	2024		**2023**	
	S$'000	% of total	S$'000	% of total
Australia	3,395	22.5	4,561	24.3
Bangladesh	4,869	32.3	3,361	17.9
Indonesia	65	0.4	74	0.4
Malaysia	477	3.1	714	3.8
People's Republic of China	27	0.2	3,748	19.9
Philippines	10	0.1	273	1.5
New Zealand	161	1.1	6	–
Singapore	5,055	33.5	4,753	25.3
Switzerland	304	2.0	121	0.6
Taiwan	–	–	313	1.7
Thailand	493	3.2	532	2.8
United States of America	148	1.0	117	0.6
Others	92	0.6	223	1.2
	15,096	100.0	18,796	100.0

At the balance sheet date, approximately 40% (2023: 35.9%) of the Group's trade receivables were due from 3 (2023: 2) major customers.

Contract assets

	Consolidated			
	2024		**2023**	
	S$'000	% of total	S$'000	% of total
Bangladesh	14,890	98.9	–	–
Malaysia	–	–	504	10.4
People's Republic of China	–	–	3,110	64.2
Singapore	171	1.1	1,229	25.4
	15,061	100.0	4,843	100.0

23. Financial instruments (cont'd)

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

The following table summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments. The expected timing of actual cash flows from these financial instruments may differ.

Consolidated	1 year or less S$'000	After 1 year but not more than 5 years S$'000	5 to 10 years S$'000	Total S$'000
2024				
Financial liabilities:				
Trade payables	8,699	–	–	8,699
Other payables	19,212	–	–	19,212
Lease liabilities	2,054	4,385	2,869	9,308
Other interest-bearing liabilities	32,711	1,117	–	33,828
Total undiscounted financial liabilities	62,676	5,502	2,869	71,047
2023				
Financial liabilities:				
Trade payables	11,638	–	–	11,638
Other payables	9,531	–	–	9,531
Lease liabilities	1,760	5,205	3,139	10,104
Other interest-bearing liabilities	25,824	3,232	–	29,056
Total undiscounted financial liabilities	48,753	8,437	3,139	60,329

23. Financial instruments (cont'd)

(f) Fair values

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

As at 30 June 2024 and 2023, the Group had no financial instruments measured at fair value.

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

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

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

The fair values of non-current bank loans bearing interest at fixed rates, which are not carried at fair value in the balance sheet, are presented in the following table. The fair value is estimated using discounted cash flow analysis using discount rate that reflects the issuer's borrowing rate at the end of the reporting period. Considering the unobservable inputs, the Group has classified the fair value within Level 3 of the fair value hierarchy.

	Consolidated			
	Carrying Amount		**Fair Value**	
	2024	**2023**	**2024**	**2023**
	S$'000	S$'000	S$'000	S$'000
Financial liabilities:				
Term loans	1,090	3,135	1,008	2,910

24. Capital Management

The Group's primary objective when managing capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly reviews the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments. The Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets or increase borrowings. No changes were made in the objectives, policies and processes during the years ended 30 June 2024 and 30 June 2023.

Management monitors capital through the gearing ratio (net debt / total capital). The Group defines net debt as interest-bearing liabilities less cash and cash balances. Capital includes equity attributable to the equity holders of the Parent and reserves. The Group's policy is to keep its gearing ratio at less than 50%. As reported last year, gearing ratio had risen slightly above 50% and was expected to improve with the execution of the gas projects in the current financial year. Indeed, gearing ratio has improved to 37.75% as at 30 June 2024.

The Company also aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches of such financial covenants during the year.

The gearing ratios as at 30 June 2024 and 30 June 2023 were as follows:

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Lease liabilities (note 10)	7,874	8,375
Other interest-bearing liabilities (note 18)	32,764	28,392
	40,638	36,767
Less: cash and cash equivalents	(12,044)	(6,211)
Less: fixed deposits	(7,319)	(6,455)
Net debt	21,275	24,101
Equity attributable to holders of the Parent	56,358	47,812
Gearing ratio	37.75%	50.41%

25. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following table provides the total amount of transactions that have been entered with related parties at mutually agreed terms for the relevant financial year.

(a) Sale and purchase of goods and services

	Consolidated	
	2024	**2023**
	S$'000	S$'000
Minority shareholder of a subsidiary company		
- Sales	103	231
Associates		
- Sales	–	1
Other related parties		
- Sale of goods and services	1,013	1,310
- Purchase of goods and services	148	–
- Rental & utilities income	24	25
- Interest expense	523	169

(b) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at arm's length basis at normal market prices and on normal commercial terms.

All non-trade amounts due from/(to) related parties are unsecured, interest-free and have no fixed terms of repayment.

Other related parties refers to SNS Holdings Pte. Ltd., a substantial shareholder of the Company, as well as ZIG Ventures Limited ("ZIGV") and its subsidiaries and associates. ZIGV and the Company have common shareholders.

For information regarding outstanding balances on related party receivables and payables at year-end, please refer to notes 15 and 17.

(c) Compensation of key management personnel

	Consolidated	
	2024	**2023**
	S$	S$
Short-term employee benefits	1,166,413	875,787
Post-employment benefits	48,396	33,902
Share-based payments	–	411
Total compensation	1,214,809	910,100

26. Share-based payment plans

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year for equity-settled share-based payment transactions was S$nil (2023: S$9,000).

There have been no cancellations or modifications to the plan during the years 2024 and 2023.

(b) Description of the share-based payment plan

Zicom Employee Share and Option Plan ("ZESOP")

Share options are granted to employees as an incentive to retain experience and attract talent. Under the ZESOP, the exercise price of the options approximates the market price of the shares on the grant dates. Employees must remain in service for a period of 1 to 3 years.

Should an employee leave the company or resign from his office, any vested options not exercised prior to that date will be lost except for exceptional circumstances such as death, physical or mental incapacity.

The contractual life of each option granted is 3 to 5 years. There are no cash-settlement alternatives.

(c) Movement during the year

	2024	**2023**
	No. of options (Thousands)	
Outstanding at beginning of year	5,465	5,575
Forfeited during the year	(145)	(110)
Outstanding at end of year	5,320	5,465
Exercisable at end of year	5,320	5,465

The outstanding balance of share options as at 30 June 2024 and 30 June 2023 is represented by:

No. of options (Thousands) 2024	**2023**	**Exercise price (Australian Cents)**	**Exercisable on or after**	**Expiry Date**
700	700	8.1	13/11/2019	12/11/2024
221	221	8.1	13/11/2020	12/11/2024
215	215	8.1	13/11/2021	12/11/2024
214	214	8.1	13/11/2022	12/11/2024
1,350	1,399	8.1	16/10/2020	15/10/2024
1,310	1,358	8.1	16/10/2021	15/10/2024
1,310	1,358	8.1	16/10/2022	15/10/2024
5,320	5,465			

(In Singapore dollars)

27. Commitments

(a) Commitments

As at year-end, financial institutions have issued letters of guarantee for the Group amounting to S$29,684,000 (2023: S$25,429,000).

(b) Capital commitment

The Group has no capital commitment as at 30 June 2024 and 30 June 2023.

28. Auditors' remuneration

During the year, the following fees were paid/payable for services provided by auditors:

	Consolidated	
	2024	**2023**
	S$	S$
Amounts received or due and receivable by PKF Brisbane Audit for:		
- Audit and review of financial statements	152,214	113,221
Amounts received or due and receivable by PKF-CAP LLP for:		
- Audit and review of financial statements	182,000	180,000
Amounts received or due and receivable by other audit firms for:		
- Audit and review of financial statements	19,894	34,053
- Taxation services	35,278	38,407
	389,386	365,681

29. Parent Entity disclosures

(a) The individual financial statements of the Parent Entity shows the following aggregate amounts:

	2024 S$'000	**2023** S$'000
Balance sheet		
Non-current assets	54,429	53,664
Current assets	322	457
Total assets	54,751	54,121
Current liabilities	321	269
Net assets	54,430	53,852
Equity		
Share capital (i)	71,586	71,586
Share capital - exercise of share options	472	472
Capital reserve	688	688
Foreign currency translation reserve	(518)	(515)
Share-based payments reserve	89	91
Accumulated losses	(17,887)	(18,470)
	54,430	53,852
Results		
Profit for the year	581	277
Other comprehensive income	–	–
Total comprehensive income	581	277

(i) The share capital of the Parent Entity differs from that of the consolidated entity due to the reverse takeover which took place in 2006. Accordingly, the Parent Entity which is the legal parent is accounted for as the acquiree for accounting purposes.

(b) Guarantees

(i) The Parent Entity has issued letters of guarantee amounting to S$2,000,000 (2023: S$2,500,000) to secure trade facilities and bank loans for controlled entities.

(ii) The Parent Entity has entered into a Deed of Cross Guarantee and the subsidiaries subject to the deed is disclosed in note 12.

(c) Contingent liabilities

The Parent Entity has no contingent liabilities as at 30 June 2024 and 30 June 2023.

30. Subsequent events

No matter or circumstances has occurred subsequent to the year-end that has materially affected, or may materially affect, the operations of the Group, the results of those operations or the state of affairs of the Group subsequent to 30 June 2024.

Zicom Group Limited

Consolidated Entity Disclosure Statement

As at 30 June 2024

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A) (vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

- Foreign tax residency: The consolidated entity has applied current legislation and judicial precedent in the determination of foreign tax residency.

Entity name (all entities are body corporate)	Australian or Foreign Resident	Country of Incorporation and Tax Residency [1]	Percentage owned [2] (%)
Zicom Group Limited	Australian	Australia	
Controlled entities (wholly owned)			
Cesco Australia Limited	Australian	Australia	100
Cesco Equipment Pty Ltd	Australian	Australia	100
Zicom Holdings Private Limited	Foreign	Singapore	100
Cesco CM Holdings Pte. Ltd.	Foreign	Singapore	100
Zicom Private Limited	Foreign	Singapore	100
Zicom Equipment Private Limited	Foreign	Singapore	100
Foundation Associates Engineering Private Limited	Foreign	Singapore	100
FAE Construction Pte. Ltd.	Foreign	Singapore	100
Sys-Mac Automation Engineering Pte. Ltd.	Foreign	Singapore	100
iPtec Pte. Ltd.	Foreign	Singapore	100
Deqing Cesco Machinery Co., Ltd.	Foreign	People's Republic of China	100
FA Geotech Equipment Sdn. Bhd.	Foreign	Malaysia	100
FAEQUIP Corporation	Foreign	Republic of the Philippines	100
PT. Sys-Mac Indonesia	Foreign	Indonesia	100
FAE Thai Company Limited	Foreign	Thailand	100
Zicom Cesco Engineering Company Limited	Foreign	Thailand	100
Zicom Thai Hydraulics Company Limited	Foreign	Thailand	100
Controlled entities (not wholly-owned)			
MTA-Sysmac Automation Pte. Ltd.	Foreign	Singapore	61
Link Vue Systems Pte. Ltd.	Foreign	Singapore	72
Zicom Energy Solutions Private Limited	Foreign	Singapore	59

1. All entities have the same tax residency as their country of incorporation.
2. For those subsidiaries not wholly-owned, their economic interest and direct voting interest are the same as these are held through wholly-owned subsidiaries.
3. None of the above entities was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

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 for the financial year ended 30 June 2024 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 30 June 2024 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*.

(b) the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) the consolidated entity disclosure statement prepared in accordance with Subsection 295(3A) of the *Corporations Act 2001* and included in the financial report is true and correct.

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 12 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

(f) this declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

On behalf of the Board

GL Sim
Executive Chairman
30 September 2024

PKF Brisbane Audit
ABN 33 873 151 348
Level 2,66 Eagle Street
Brisbane, QLD 4000
Australia

+61 7 3839 9733
brisbane@pkf.com.au
pkf.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Zicom Group Limited (the Company), and its subsidiaries (the Group) which comprises the consolidated balance sheet as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Zicom Group Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Carrying amount of intangible assets - goodwill

Why significant	How our audit addressed the key audit matter
As at 30 June 2024 the carrying value of goodwill is S$4,739,000 (2023: S$4,734,000), as disclosed in Note 11. The consolidated entity's accounting policy in respect of goodwill is outlined in Note 2.5. The carrying amount of intangible assets - goodwill is a key audit matter due to: • the material carrying value of intangible assets; and • the level of judgement applied in evaluating management's assessment of impairment. As outlined in Notes 2.5 and 11, management assessed the carrying amount of goodwill through impairment testing utilising a value in use model in which significant judgements are applied in determining key assumptions. These assumptions include the assessment of future earnings before interest and tax, growth expected to be achieved, as well as the weighted average cost of capital. The judgements made in determining the underlying assumptions in the model have a significant impact on the carrying amount of goodwill, and accordingly the amount of any impairment charge, to be recorded in the current financial year.	Our audit procedures included, amongst others: • evaluating management's methodology for determining the carrying amount of intangible assets by comparing the value in use model with generally accepted valuation methodology and accounting standard requirements; • conducting sensitivity analysis on key assumptions such as the weighted average cost of capital (WACC) and growth rates, within reasonable foreseeable ranges, in which we found that the value in use remained in excess of the carrying value of net assets of each cash-generating unit ('CGU'); • challenging the key assumptions used in management's value in use model by: - assessing growth rates set by management in comparison to historical results - evaluating the WACC rate set by management in comparison to market and industry information available; and • assessing the appropriateness of the related disclosures in Note 11.

2. Revenue recognition

Why significant	How our audit addressed the key audit matter
Revenue from contracts with customers represents a significant portion of the group's revenue. Goods and services are provided to customers through contractual relationships entered into. There exists significant judgement in the process of recognising revenue from contracts with customers, with estimates including: • determining the transaction price relevant to the customer contract; • determining the appropriate measurement method (input or output); • assessing the total contract costs; and • measurement of the Group's progress towards the satisfaction of the performance obligations under the customer contract. The Group's accounting policies and disclosures for revenue are disclosed in Note 2.5 Summary of material accounting policies, Note 3 Material accounting judgements, estimates and assumptions and Note 5 Revenue from contracts with customers.	A sample of key contracts were selected and enquires made with the Group for each of these contracts to understand the specific terms and risks. This allowed us to assess the recognition of revenue for the year. Our procedures included an assessment of the operating effectiveness of relevant internal controls in place that relate to revenue recognised in the year. The audit procedures we performed on a sample of contracts also included the following: • obtained an understanding of the status of the contracts through enquiries with key management personnel. • assessed the contract status through the inspection of external evidence, such as approved variations and customer correspondence. • analysed the Group's estimates for total contract costs and forecast costs to complete, including historical estimation accuracy. • re-performed the percentage of completion attributed to the specific contract after assessing the underlying inputs to the calculation; and • assessed the Group's accounting policies and adequacy of related disclosures in the Notes to the financial report.

3. Sale of Orion Systems Integration to Darcet

Why significant	How our audit addressed the key audit matter
In June 2024 the Group signed an agreement with ZheJiang Darcet Technologies Co., Ltd ("Darcet") whereby Darcet will acquire 100% of the shares in Orion Systems Integration Pte. Ltd for consideration of S$9,077,000. As outlined in Note 12, pending the completion of administrative procedures, the Group will receive cash consideration of S$2,723,000 and shares in Darcet to the value of S$6,354,000. Despite the pending administrative matters, management have determined that there was a loss of control of the subsidiary during the year. Accounting for the disposal of the subsidiary is a key audit matter due to the judgement involved in determining the fair value of consideration receivable, assessing the loss of control of the subsidiary and therefore, that the accounting for the disposal is appropriate.	Our procedures included, amongst others: • reviewing and assessing management's accounting entries with reference to the provisions of the acquisition agreement; • assessing management's application of AASB 10: *Consolidated Financial Statements* in relation to the criteria in assessing where control exists, and accounting for a loss of control of the subsidiary; • assessing management's application of AASB 13: *Fair Value Measurement* in relation to the fair value of the proceeds receivable; and • assessing the adequacy of the financial report disclosures.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Zicom Group Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
30 SEPTEMBER 2024

Zicom Group Limited

Information on Shareholdings
As at 27 September 2024

Distribution of Equity Securities

a) Analysis of numbers of equity security holders by size of holding:

			Number of Holders	Number of Ordinary Shares Held	Percentage of Shares held
1	–	1,000	39	7,666	-
1,001	–	5,000	154	556,555	0.26%
5,001	–	10,000	188	1,713,746	0.80%
10,001	–	100,000	268	9,249,305	4.31%
100,001		and over	105	203,032,736	94.63%
			754	214,560,008	100.00%

b) There were 226 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Equity Security Holders

The names of the twenty largest equity security holders are listed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
SNS HOLDINGS PTE LTD	94,028,360	43.82%
GIOK LAK SIM	13,752,777	6.41%
MR MAKRAM HANNA & MRS RITA HANNA	9,306,248	4.34%
JUAT KOON SIM	8,501,712	3.96%
CITICORP NOMINEES PTY LIMITED	7,636,389	3.56%
JUAT LIM SIM	6,487,767	3.02%
FINCLEAR SERVICES PTY LTD	6,409,947	2.99%
EE GEK GOH	2,791,017	1.30%
KAILVA PTY LTD	2,500,000	1.17%
MS SHIMIN SHERLYN NG	2,423,165	1.13%
FIRST CHARNOCK SUPERANNUATION PTY LTD	2,415,000	1.13%
VOLMS PTY LTD	2,400,000	1.12%
JUAT KHIANG SIM	2,069,525	0.96%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,065,255	0.96%
MR LACHLAN DONALD ASHELFORD	2,000,000	0.93%
BNP PARIBAS NOMINEES PTY LTD	1,829,110	0.85%
ZHANG HONG JUN	1,625,939	0.76%
MR GORDON JAMES MCMILLAN	1,566,888	0.73%
MR AIDAN HANNA	1,563,000	0.73%
KOK HWEE SIM	1,488,180	0.69%

Substantial Shareholders

Substantial shareholders in the Company (holding not less than 5% of the issued capital), as disclosed in substantial shareholder notices given to the Company, are set out below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
GIOK LAK SIM & HIS ASSOCIATES	107,781,137	50.23%
JUAT KOON SIM & HIS ASSOCIATES	11,292,729	5.26%

Voting Rights

On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

BOARD OF DIRECTORS
Giok Lak Sim (Executive Chairman)
Kok Yew Sim (Executive Director & Group CEO)
Lim Bee Chun, Jenny (Executive Director)
Yian Poh Lim
Renny Yeo Ah Kiang
Stewart James Douglas
Dean Tai Chi-Shang
Kok Hwee Sim (Alternate Director to G L Sim)

JOINT COMPANY SECRETARIES
Lim Bee Chun, Jenny
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

SHARE REGISTRY
Link Market Services Limited
Level 21
10 Eagle Street
Brisbane, QLD 4000
Australia
Facsimile : +61 2 9287 0303

AUDITORS
PKF Brisbane Audit
Level 2
66 Eagle Street
Brisbane, QLD 4000
Australia

SOLICITORS
Thomson Geer
Level 28, Waterfront Place
1 Eagle Street
Brisbane, QLD 4000
Australia

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) PCL.
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