



13 February 2017

Market Announcement Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

PROFIT WARNING HALF YEAR 2017

The Group expects to report a consolidated revenue of S\$48m (2015: S\$68m) and a consolidated net loss after tax for the half year ended 31 December 2016, amounting to between S\$1.4m to S\$1.8m, (2015: Profit S\$2.6m) based on draft consolidated accounts subject to final audit.

Business conditions for the half year have been extremely challenging with a prolonged slump in the oil and gas industry, in particular the offshore segment, as well as a continuing slack in the construction industry all these against a volatile and uncertain global political and economic environment. As reported earlier, the semi-conductor industry has improved and our precision engineering sector has returned to profitability. However the combined results of these established businesses only managed to break even during this half year.

The net consolidated losses represent market development costs incurred to scale up commercialisation of our medical technologies so as to accelerate their market penetration and demand. The Group is working to unlock the values of these investments within the next 12-18 months. To achieve these, we need to generate revenue globally, hence an increase in short term market development costs has to be incurred. We are pleased to report that our medical technologies comprising surgical robot, drug development instrumentation, liver imaging and analysis instrumentation have secured approvals and support from key opinion leaders from Europe, USA, China and Australia to position us to sell into these territories. Although all these technologies are currently revenue generating, to scale up revenue to a level that enables us to achieve profitability, ramped-up marketing development cost in the short term is necessary.

The Group's net operating cash flow remains positive. The Group's cash balances at 31 December 2016 totalled S\$19.9m (30 June 16: S\$20.6m) and net gearing ratio remains at 0%.

5. Confirmed Orders

Confirmed orders in hand as at 31 December 2016 stood at S\$33.7m (2015: S\$51.8m).

Yours faithfully
Zicom Group Limited

G L Sim
Chairman