



31 July 2015

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

Dear Sir,

PROFIT GUIDANCE FULL YEAR 2015

Based on draft consolidated accounts subject to final audit, the Group wishes to advise that it expects its consolidated net profits after tax for the full year ended 30 June 2015 to fall within the range of 50% to S\$2.0m to S\$2.3m, notwithstanding an increase in revenue to S\$127m from S\$114m last year.

2. The results for the second half year are almost break-even. These have been affected by:-

- a) Significant cost overruns in 3 projects undertaken by our precision engineering sector for the first time. In order to climb the value chain, automation projects involving new processes of our major customers had been undertaken. The demanding requirements gave rise to unforeseen engineering changes causing delays and increase in material and manpower costs. The costs incurred involved an extent of development on our part. This could benefit the Group when repeat orders are placed.
- b) The recovery of the electronic sector which appeared to gain traction, lost its momentum due to the increasing global uncertainties shrouding the world economy since the end of 2014.
- c) On-going focus on restructuring the Group's businesses for long term sustainability.
- d) Generally depressed profit margins affected by cost increases and general softening of demand in the construction and offshore sectors.

3. Cash in Hand & Banks

The Group's cash position remains strong. As at 30 June 2015, the total of the Group's cash and bank balances amounted to S\$24.1m (2014: S\$22.3m). Gearing ratio remains at 0%.

4. Confirmed Orders

Confirmed Orders in hand as at 30 June 2015 stood at S\$86m (2014: S\$65m).

5. Prospects

The Group expects businesses to face challenges in the financial year ahead. However with the orders in hand and the scaling down of gestation costs in technology investments as commercialisation of these investments gains traction, the Group is expected to remain profitable and financially strong to take advantage of opportunities as they arise. The Group continues to focus to re-structure its businesses to enhance shareholders' value and to achieve growth sustainability in the long run.

Yours faithfully
Zicom Group Limited

G L Sim
Chairman