ZICOM GROUP LIMITED

Appendix 4E

ASX Preliminary Final Report

30 June 2016

Name of entity: **ZICOM GROUP LIMITED**

ABN: 62 009 816 871

Reporting Period: **Year Ended 30 June 2016**

Previous corresponding period: Year Ended 30 June 2015

Results for announcement to the market

				2016 S$'000	**2015** S$'000
Revenues from ordinary activities	Down	9%	To	113,897	124,586
Net (loss)/profit from ordinary activities after tax attributable to members	Down	186%	To	(2,086)	2,437
Net (loss)/profit for the period attributable to members	Down	186%	To	(2,086)	2,437

	Amount per security
Interim dividend (unfranked)	A$0.0025
Final dividend (unfranked)	A$0.0020

Record date for determining entitlements to the dividend 30 November 2016

Date the dividend is payable 15 December 2016

Review of Operations

Results

The Group's consolidated revenue for the full year is S$115.66m as compared with S$127.12m in the previous year, a decrease of 9.0%. The Group's full year net consolidated losses after tax attributable to members to 30 June 2016 are S$2.09m as compared with the net consolidated profits of S$2.44m in the previous year, a decrease of 185.7%.

The net profit margin achieved for the full year is -1.8% as compared with 2.0% in the previous year, a drop of 3.8%.

Losses per share for the year is Singapore 0.96 cents compared to earnings per share of Singapore 1.13 cents in the previous year, a decrease of Singapore 2.09 cents.

Net tangible assets per share decreased from Singapore 34.45 cents to 32.45 cents per share.

Return on equity, based on average of the opening and closing equity, for the year was -2.4% as compared to 2.7% in 2015.

The average rates for currency translation for transactions and cash flows are A$1 to S$1.0106 (2015: S$1.0864) for the year ended 30 June 2016 and balances A$1 to S$1.0026 (2015: S$1.0323) as at 30 June 2016, reflecting a weakened A$.

The results for the full year have been adversely affected generally by a global economy that deteriorated more rapidly than foreseen. Lower margin had been caused by price pressures, notwithstanding during the year general overheads had been reduced by S$8.5m.

The main segments that were severely affected were the offshore marine sector, the construction sector as well as the precision engineering sector. However, the oil and gas sector had performed better than expected and is expected to remain resilient as stronger and better project management controls are in place and strengthened. Low oil price is expected to stay. Consolidation in the construction sector is expected to continue. Governments continue to maintain regulatory measures to control industry-related growing debts amidst an atmosphere of low interest regime that has become common stimulus measures to support demand in sagging economies. The precision engineering and technologies sector is expected to improve as the semiconductor industry has, in recent months, shown marked improvements and gestation costs of our medical technology investments are trending lower, as their products and services enter into commercialisation.

The precision engineering and technologies segment is due for restructuring. Our investments in this segment have matured into a growth stage. Marketing development costs are expected to increase in scaling up growth. In addition, continuous investments in new technologies will be required to develop and strengthen this segment into an integrated business. The Group aims to develop this business into an integrated eco-system for investment, development, manufacturing and marketing of medical technologies, products and services for the global market. The Group owns several disruptive technologies with strong capacity for exponential growth. The Board has considered that these investments are due to unlock their values. A potential spin-off in the form of a public listing in which new funds will be raised to accelerate growth in this sector is under planning and consideration.

The global economies, and in particular the Asian regional economies, are expected to encounter continuous headwinds for some time to come. No definitive sign of the next growth catalyst has so far emerged. The Group's decision to invest in technologies has been a recognition that emerging trends of such a state had become apparent in the last decade, as emerging technologies had been proven to be disrupting the world economic order. Technology driven companies have out-grown businesses which had taken generations to build in a relatively short period of 2 decades. Some of these companies have even upstaged many of these businesses to become top ranking leaders in value. The 4th industrial revolution has begun.

The Group's existing established businesses are leaders in the respective segments. We are confident to maintain our position in these mature market segments. Growth, however, is expected to be somewhat restrained. Innovations in these segments are critical to augment and to ride the next wave.

A comparison of the results of the current year with the previous year is as follows:-

Key Financials	Change (%)	Year ended 30 Jun 16 (S$ million)	Year ended 30 Jun 15 (S$ million)
Total revenue	- 9.0	115.66	127.12
Net (loss)/profit after tax attributable to equity holders of the Parent	- 185.7	(2.09)	2.44

The Group's cash balances remain healthy. As at 30 June 2016, the Group's total cash and bank balances were S$20.56m as compared with S$24.13m as at 30 June 2015.

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

Revenue by Business Segments	Change (%)	Year ended 30 Jun 16 (S$ million)	Year ended 30 Jun 15 (S$ million)
Offshore Marine, Oil & Gas Machinery	+ 15.16	59.26	51.46
Construction Equipment	- 17.71	41.27	50.15
Precision Engineering & Technologies	- 43.24	13.01	22.92
Industrial & Mobile Hydraulics	- 6.45	2.32	2.48

Offshore Marine, Oil & Gas Machinery
Demand for offshore marine, oil and gas machinery increased by 15.16% in the current year as compared with the previous year. However low oil prices are expected to continue as, in the midst of reduced demand, incumbent suppliers no longer act in concert to control production, each maintaining its production levels to keep its market share. The strategy to keep shale oil production off the market as well as to leverage against oil producing countries emerging from political isolation from taking market share, further compounds the situation.

An expected prolonged low oil price has caused the industry to greatly curtail their capital expenditure. This has greatly reduced demand for services and sales of equipment. Several offshore marine service companies have in recent months faced insolvency problems.

The Group's customers are diverse ranging from those servicing the offshore marine sector, rescue and salvage operations as well as port operations. Due to our established reputation, we are hopeful of continuous demand in certain niche areas, although overall demand is expected to remain subdued.

The Group has strengthened its oil and gas engineering and project management teams. This has enabled us to secure significant turn-key contracts during the year that are progressing well. These projects contribute positively to ameliorate the setbacks in offshore marine sector. We are confident of securing more of such projects.

As at the end of the financial year just ended, total confirmed orders in hand to be delivered in the financial year 2017 for this segment were S$25.6m.

Construction Equipment
Revenue from sales and rental of construction equipment decreased by 17.71% in the current year as compared with the previous year.

Demand for sales and rental of foundation equipment in Singapore and Malaysia are expected to be challenging in the next financial year. Although governments continue to fund infrastructure projects, residential construction has slumped due to over-supply and governments' control measures. Demand for equipment has dropped. This is not expected to improve in the next 2 years.

The demand for concrete mixers in Australia and Thailand remain strong but margins may be affected by currency fluctuations. We are confident that this sector is expected to be profitable in the next 2 years. Notwithstanding subdued demand in construction equipment generally, cyclical demand for infrastructure works in these two countries is expected to continue to generate demand for concrete mixers.

As at the end of the financial year, total confirmed orders in hand to be delivered in the financial year 2017 for this segment were S$5.2m.

Precision Engineering & Technologies

<u>Precision Engineering</u>
The precision engineering sector suffered a significant drop in revenue of 43.24%. This sector suffered from a prolonged slack in the semiconductor industry and protracted gestation in our technology investments. The Group's direction in investing in disruptive technologies with precision engineering as the core pillar of this cluster in the last few years further impacted against this sector.

The Group is pleased that each of these investments has entered into commercialisation and gestation costs are trending down. Coupled with the improving semiconductor industry, we are confident that our precision engineering sector will experience positive growth and results in the coming years.

<u>Semiconductor Technology</u>
We are pleased that after a few years of gestation, our fine pitch flip chip bonding machine has achieved a significant breakthrough in the semiconductor industry. Our latest machine design has been evaluated and been proven by world leading chip packaging companies to have met the advance requirements for bonding and packaging of the latest high capacity chips for smart hand-held devices. As a result, we have recently secured our first order of more than 10 machines. These machines will be delivered in the first quarter of the financial year 2017. This breakthrough proves that our technology has stayed ahead of the curve of industry's needs and is now able to meet their requirements.

We are confident of securing more orders. This sector is expected to contribute to Group's profits in the next financial year.

<u>Medtech Technology</u>
The Group's medtech investments have generally entered into commercialisation. Each of these investments aims to achieve break-even within the next 12-18 months and position themselves for growth. Gestation costs are trending down. However marketing costs are expected to increase to scale growth globally.

These investments are due to unlock their values and the Board is considering to cluster these together with our precision engineering and manufacturing sector to seek an IPO to raise further funds to scale growth globally. Further announcements on these efforts will be made to the ASX at the appropriate time.

As at the end of the financial year, total confirmed orders in hand to be delivered in the financial year 2017 for this cluster were S$17.4m.

Industrial & Mobile Hydraulics
This sector is made up of supply of hydraulic system drives and hydraulic services in support of our general core business activities in hydraulic engineering. Variation in this segment is not significant.

Foreign Exchange Exposure
The Group generally prices its sales in foreign currencies on forward rates. During the full year, we hedged our rates accordingly to ensure our margins were maintained. The net loss attributable to foreign exchange during the current year is S$0.36m as compared to S$0.81m in the previous year.

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

Classification	Decrease S$ million	As at 30 Jun 16 S$ million	As at 30 Jun 15 S$ million
Net Assets	4.35	85.09	89.44
Net Working Capital	4.28	41.34	45.62
Cash in Hand and at Bank	3.57	20.56	24.13

Gearing Ratio
The Group's gearing ratio is 0% at the same ratio as for the year ended 30 June 2015 as cash and cash equivalents exceeded interest-bearing liabilities. Gearing ratio has been arrived at by dividing our interest-bearing liabilities less cash and cash equivalents over total capital.

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

Classification	Decrease Singapore Cents	2016 Singapore Cents	2015 Singapore Cents
Earnings per share	2.09	(0.96)	1.13

The weighted average shares used to compute basic earnings per share are 216,702,764 for this year and 215,184,912 shares for the previous year.

Classification	Decrease Singapore Cents	As at 30 Jun 16 Singapore Cents	As at 30 Jun 15 Singapore Cents
NTA per share	2.00	32.45	34.45

NTA per share has decreased due to the Group's operational loss for the year and translation loss arising from the depreciation of functional currencies of foreign operations.

Capital Expenditure
For the year ending 30 June 2017, the Group does not plan to invest in any capital equipment.

Confirmed Orders
We have a total of S$48.4m (30 June 2015: S$86.0m) outstanding confirmed orders in hand as at 30 June 2016. A breakdown of these outstanding confirmed orders is as follows:-

	S$ m
Offshore Marine, Oil & Gas Machinery	25.6
Construction Equipment	5.2
Precision Engineering & Technologies	17.4
Industrial & Mobile Hydraulics	0.2
Total	48.4

These outstanding orders are scheduled for delivery in the financial year 2017. Prospects for ongoing orders continue to be promising.

Prospects
The global economic environment has been challenging for the year just ended and is expected to continue for the next 2 years. No growth impetus is apparent. Uncertainties surrounding the impending United States presidential election, the recent Brexit scenario coupled with the continuing uncertainty in Asia's biggest economies, China and Japan, cast a darker and longer shadow over global growth than in previous years. Governments appear to have exhausted most measures, focusing on tweaking interest rate, even to negative level, to stimulate domestic demand. This may create a vicious circle that leads to more future volatility and uncertainties.

The Group believes that it should not be distracted by the above factors that are generally politically driven and are beyond its control. It therefore focuses to ensure that its business strategy and direction for the future align with economic fundamentals arising from the disruption by the 4th industrial revolution that has gathered dynamic traction.

The Board is confident that given the directions adopted by the Group, we are well positioned for sustainable growth for the medium to long term. Short term setbacks, which have always been funded by internal resources without borrowings, are to be considered as part of the costs of the Group's restructuring efforts.

Order prospects for the Group continue to be strong. As such, the Group continues to be confident of a profitable year in 2017.

Dividends

The Group has decided to pay a final dividend of 0.20 Australian cents per share (2015: 0.35 Australian cents) making the full year dividends to 0.45 Australian cents per share (2015: 0.70 Australian cents). This final dividend will be paid out of Conduit Foreign Income under the provision of the Australian Income Tax Act. Accordingly, withholding tax will not apply to non-Australian residents.

The record date for the final dividend will be 30 November 2016 and is payable on 15 December 2016.

Signed in accordance with a resolution of the Board of Directors.

GL Sim
Chairman

Preliminary Consolidated Statement of Comprehensive Income

for the year ended 30 June 2016

	Note	2016 S$'000	2015 S$'000
Revenue from continuing operations	3	113,897	124,586
Other operating income	4	1,761	2,530
Total revenue		115,658	127,116
Cost of materials		(67,941)	(67,660)
Employee, contract labour and related costs		(28,564)	(33,110)
Depreciation and amortisation		(5,604)	(5,762)
Property related expenses		(2,398)	(2,919)
Other operating expenses		(11,999)	(15,678)
Finance costs		(467)	(497)
Share of results of associates		(382)	(316)
(Loss)/profit before taxation		(1,697)	1,174
Tax (expense)/benefit	5	(878)	797
(Loss)/profit for the year from continuing operations after taxation		(2,575)	1,971
Other comprehensive income:			
- **Items that may be subsequently reclassified to profit and loss**			
Share of other comprehensive income of associates		10	(31)
Foreign currency translation on consolidation		(855)	(249)
Effect of tax on other comprehensive income		–	–
Other comprehensive loss for the period, net of tax		(845)	(280)
Total comprehensive (loss)/income		(3,420)	1,691
(Loss)/profit attributable to:			
Equity holders of the Parent		(2,086)	2,437
Non-controlling interests		(489)	(466)
(Loss)/profit for the year		(2,575)	1,971
Total comprehensive (loss)/income attributable to:			
Equity holders of the Parent		(2,931)	2,157
Non-controlling interests		(489)	(466)
Total comprehensive (loss)/income		(3,420)	1,691
Earnings per share (cents)			
Basic earnings per share	6	(0.96)	1.13
Diluted earnings per share	6	(0.96)	1.13

Preliminary Consolidated Balance Sheet

as at 30 June 2016

	Note	2016 S$'000	2015 S$'000
Non-current assets			
Property, plant and equipment		24,728	28,669
Intangible assets		14,632	15,197
Deferred tax assets		2,378	3,213
Investment in associates	10	6,886	5,015
Others		1	1
		48,625	52,095
Current assets			
Cash and bank balances	9	20,557	24,134
Inventories		22,427	26,411
Trade and other receivables		27,247	29,416
Convertible loan receivable from an associate	10	–	459
Prepayments		786	430
Tax recoverable		17	86
		71,034	80,936
Current liabilities			
Payables		20,756	23,697
Interest-bearing liabilities		7,352	9,915
Provisions		1,069	1,454
Provision for taxation		513	252
		29,690	35,318
Net current assets		41,344	45,618
Non-current liabilities			
Interest-bearing liabilities		2,584	5,549
Deferred tax liabilities		1,954	2,371
Provisions		339	358
		4,877	8,278
Net assets		85,092	89,435
Equity attributable to equity holders of the Parent			
Share capital	11	38,314	37,862
Reserves		(2,437)	(1,136)
Retained earnings		49,146	52,211
		85,023	88,937
Non-controlling interests		69	498
Total equity		85,092	89,435

Preliminary Consolidated Statement of Changes in Equity
for the year end 30 June 2016

	Note	Attributable to equity holders of the Parent							
	Note	Share capital	Share capital – exercise of share options	Foreign currency translation reserve	Share based payments reserve	Retained earnings	Total	Non-controlling interests	Total equity
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1.7.2014		37,346	247	(1,472)	769	51,703	88,593	864	89,457
Profit for the year		–	–	–	–	2,437	2,437	(466)	1,971
Other comprehensive loss		–	–	(280)	–	–	(280)	–	(280)
Total comprehensive income for the year		–	–	(280)	–	2,437	2,157	(466)	1,691
Exercise of employee share options	11	107	60	–	(60)	–	107	–	107
Shares issued, net of expenses	11	102	–	–	–	–	102	–	102
Share-based payments		–	–	–	(30)	–	(30)	–	(30)
Expiry of employee share options		–	–	–	(63)	63	–	–	–
Change of interest in subsidiary company		–	–	–	–	(100)	(100)	100	–
Dividends paid on ordinary shares	7	–	–	–	–	(1,892)	(1,892)	–	(1,892)
Balance at 30.6.2015		37,555	307	(1,752)	616	52,211	88,937	498	89,435
Loss for the year		–	–	–	–	(2,086)	(2,086)	(489)	(2,575)
Other comprehensive loss		–	–	(845)	–	–	(845)	–	(845)
Total comprehensive loss for the year		–	–	(845)	–	(2,086)	(2,931)	(489)	(3,420)
Exercise of employee share options	11	287	165	–	(165)	–	287	–	287
Share-based payments		–	–	–	83	–	83	–	83
Expiry of employee share options		–	–	–	(374)	374	–	–	–
Acquisition of non-controlling interest		–	–	–	–	(6)	(6)	6	–
Change of interest in subsidiary company		–	–	–	–	(11)	(11)	54	43
Dividends paid on ordinary shares	7	–	–	–	–	(1,336)	(1,336)	–	(1,336)
Balance at 30.6.2016		37,842	472	(2,597)	160	49,146	85,023	69	85,092

Preliminary Consolidated Statement of Cash Flows
for the year ended 30 June 2016

(In Singapore dollars)

	Note	2016 S$'000	2015 S$'000
Operating (loss)/profit before taxation		(1,697)	1,174
Adjustments for :			
Depreciation of property, plant and equipment		4,536	4,863
Amortisation of intangible assets		1,068	899
Bad debts written off		130	1
Allowance for doubtful debts, net		160	107
Allowance for inventory obsolescence		224	77
Inventories written off		7	8
Finance costs		467	497
Interest income	4	(81)	(243)
Property, plant and equipment written off		36	32
Intangible assets written off		22	34
Gain on disposal of property, plant and equipment, net		(46)	(53)
Loss on subsidiary company struck off		–	15
Forfeiture of customer deposit	4	(45)	(639)
Trade and other payables written back		(6)	(8)
Provisions (written back)/made, net		(177)	750
Share-based payments		83	(29)
Share of results of associates		382	316
Unrealised exchange difference		(422)	65
Operating profit before reinvestment in working capital		4,641	7,866
Decrease in stocks and work-in-progress		4,398	2,130
(Increase)/decrease in projects-in-progress		(9,217)	6,280
Decrease in debtors		9,468	1,707
Decrease in creditors		(3,360)	(11,044)
Cash generated from operations		5,930	6,939
Interest received		81	232
Interest paid		(480)	(489)
Income taxes paid		(102)	(517)
Net cash generated from operating activities		5,429	6,165

Preliminary Consolidated Statement of Cash Flows (Cont'd)

	Note	2016	2015
		S$'000	S$'000
Cash flows from investing activities :			
Purchase of property, plant and equipment		(779)	(2,428)
Proceeds from disposal of property, plant and equipment		115	125
Increase in computer software		(39)	(203)
Increase in development expenditure		(506)	(1,512)
Increase in patented technology		(41)	(85)
Investment in associates	10	(1,765)	(3,002)
Decrease in amounts due from associate		–	1,306
Net cash used in investing activities		(3,015)	(5,799)
Cash flows from financing activities :			
(Repayment of)/proceeds from bank borrowings		(3,433)	5,576
Dividends paid on ordinary shares	7	(1,336)	(1,892)
Proceeds from issue of shares by subsidiary company to non-controlling interests		43	–
Proceeds from exercise of employee share options		287	107
Repayment of hire purchase creditors		(1,709)	(1,920)
Net cash (used in)/generated from financing activities		(6,148)	1,871
Net (decrease)/increase in cash and cash equivalents		(3,734)	2,237
Net foreign exchange differences		(155)	(169)
Cash and cash equivalents at beginning of year		23,870	21,802
Cash and cash equivalents at end of year	9	19,981	23,870

Note 1 Summary of significant accounting policies

This preliminary financial report has been prepared in order to comply with ASX *listing rules*.

This report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2015, the interim financial report for the half-year ended 31 December 2015 and considered together with any public announcements made by Zicom Group Limited during the year ended 30 June 2016 in accordance with the continuous disclosure obligations of the ASX *listing rules*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Note 2 Segment information

Identification of reportable segments

The group has identified its operating segments based on internal reports that are reviewed and used by the chief operating decision maker and the executive management team in assessing performance and in determining the allocation of resources. The operating segments are identified based on products and services as follows:

- Offshore Marine, Oil & Gas Machinery – manufacture and supply of deck machinery, gas metering stations, gas processing plants, offshore structures for underwater robots and related equipment, parts and services.
- Construction Equipment – manufacture and supply of concrete mixers and foundation equipment, including equipment rental, parts and related services.
- Precision Engineering & Technologies – manufacture of precision and automation equipment, medtech equipment and products, medtech translation and engineering services.
- Industrial & Mobile Hydraulics – supply of hydraulic drive systems, parts and services.

Inter-segment sales
Inter-segment sales are recognised based on internally set transfer price at arm's length basis.

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

	Offshore Marine, Oil & Gas Machinery S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Industrial & Mobile Hydraulics** S$'000	**Consolidated** S$'000
For year ended 30 June 2016					
Revenue					
Sales to external customers	59,210	41,202	11,623	1,862	113,897
Other revenue	48	66	1,387	1	1,502
Inter-segment sales	–	3	–	452	455
Total segment revenue	59,258	41,271	13,010	2,315	115,854
Inter-segment elimination					(455)
Unallocated revenue					178
Interest income					81
Total consolidated revenue					115,658
Results					
Segment results	7,450	494	(7,723)	420	641
Unallocated revenue					178
Unallocated expenses					(1,748)
Share of results of associates					(382)
Loss before tax and finance costs					(1,311)
Finance costs					(467)
Interest income					81
Loss before taxation					(1,697)
Income tax expense					(878)
Loss after taxation					(2,575)

	Offshore Marine, Oil & Gas Machinery S$'000	**Construction Equipment** S$'000	**Precision Engineering & Technologies** S$'000	**Industrial & Mobile Hydraulics** S$'000	**Consolidated** S$'000
For year ended 30 June 2015					
Revenue					
Sales to external customers	50,759	50,008	21,638	2,181	124,586
Other revenue	702	122	1,278	1	2,103
Inter-segment sales	–	15	4	303	322
Total segment revenue	51,461	50,145	22,920	2,485	127,011
Inter-segment elimination					(322)
Unallocated revenue					184
Interest income					243
Total consolidated revenue					127,116
Results					
Segment results	7,557	1,029	(5,366)	590	3,810
Unallocated revenue					184
Unallocated expenses					(2,250)
Share of results of associates					(316)
Profit before tax and finance costs					1,428
Finance costs					(497)
Interest income					243
Profit before taxation					1,174
Income tax benefit					797
Profit after taxation					1,971

Note 3 Revenue

	2016	**2015**
	S$'000	S$'000
Sale of goods	50,200	75,049
Rendering of services	4,275	5,255
Rental income	2,921	3,807
Revenue recognised on projects	56,501	40,475
	113,897	124,586

Note 4 Other operating income

	2016	**2015**
	S$'000	S$'000
Interest income	81	243
Forfeiture of customer deposit	45	639
Gain on disposal of property, plant and equipment	56	53
Services rendered	118	152
Government grants	1,433	1,351
Other revenue	28	92
	1,761	2,530

Note 5 Taxation

The major components of income tax expense/(benefit) for the years ended 30 June are:

	2016	**2015**
	S$'000	S$'000
Current income tax		
Current income tax charge	268	1,575
Loss transferred under Group Relief Scheme	(207)	(1,478)
Adjustments in respect of previous years	371	250
Deferred income tax		
Relating to the origination and reversal of temporary differences	475	(1,331)
Adjustments in respect of previous years	(29)	187
Income tax expense/(benefit)	878	(797)

Note 6 Earnings per share

Earnings per share is calculated by dividing the Group's net profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the year.

		2016	2015
		S$'000	S$'000
(a)	Earnings used in calculating basic and diluted earnings per share		
	Net (loss)/profit attributable to equity holders of the Parent	(2,086)	2,437
		No. of shares (Thousands)	
(b)	Weighted average number of ordinary shares for basic earnings per share	216,703	215,185
	Effect of dilution:		
	Share options	–	1,079
	Adjusted weighted average number of shares	216,703	216,264

As at 30 June 2016, there were 2,150,000 (2015: 2,150,000) share options which were issued on 1 November 2014 and are available for conversion to ordinary shares. These share options are deemed to be antidilutive and are not included in the weighted average number of shares for the purpose of computing diluted earnings per share.

		Singapore cents	
(c)	Earnings per share		
	Basic	(0.96)	1.13
	Diluted	(0.96)	1.13

Note 7 Dividends paid and proposed

		2016	2015
		S$'000	S$'000
(a)	Dividends per share paid or provided for		
	Final unfranked dividend for 2015 : 0.35 Australian cents	774	–
	Interim unfranked dividend for 2016 : 0.25 Australian cents	562	–
	Final unfranked dividend for 2014 : 0.45 Australian cents	–	1,090
	Interim unfranked dividend for 2015 : 0.35 Australian cents	–	802
		1,336	1,892
(b)	Dividends declared per share		
	Final unfranked dividend for 2016 : 0.20 Australian cents (2015: 0.35 Australian cents)	442	750

The final dividend for financial year ended 30 June 2016 was approved by the board of directors on 31 August 2016. This amount has not been recognised as a liability in the financial statements for the current year and will be accounted for in the next financial year.

Note 8 Net tangible assets per security

	2016	**2015**
Net tangible assets backing per ordinary share (Singapore cents)	32.45	34.45

Note 9 Cash and cash equivalents

	2016 S$'000	**2015** S$'000
Cash at bank and in hand	20,438	23,108
Short-term fixed deposits	119	1,026
	20,557	24,134

For the purpose of the cash flow statement, cash and cash equivalents comprised the following:

Cash and short-term deposits	20,557	24,134
Bank overdrafts	(576)	(264)
Cash and cash equivalents	19,981	23,870

Note 10 Investment in associates

(a) Investment details

	2016 S$'000	**2015** S$'000
Held through subsidiaries		
Curiox Biosystems Pte Ltd	5,295	4,515
HistoIndex Pte Ltd	1,591	500
	6,886	5,015

(b) Movements in the carrying amount of the Group's investment in associates

Curiox Biosystems Pte Ltd ("Curiox") Shareholdings held: 72.62% (2015: 68.55%)	**2016** S$'000	**2015** S$'000
At beginning of year	4,515	1,804
Additional investment	1,108	3,051
Share of losses after income tax	(339)	(316)
Share of other comprehensive income	8	(31)
Unrealised profits	3	7
At end of year	5,295	4,515

On 30 December 2015, Zicom Holdings Private Limited ("ZHPL") exercised 313,000 warrants to subscribe for 313,000 preference shares in Curiox for a total cash consideration of S$626,000. This has resulted in an increase in the Group's interest in Curiox from 68.55% to 71.19%.

Note 10 Investment in associates (cont'd)

(b) Movements in the carrying amount of the Group's investment in associates (cont'd)

Curiox Biosystems Pte Ltd ("Curiox") (cont'd)

On 31 December 2015, 459,000 convertible loan stocks subscribed in 2013 with cumulative interest at 5% per annum amounting to S$482,000 have been fully converted into 241,000 preference shares, fully paid at S$2 per share. This has resulted in an increase in the Group's interest in Curiox from 71.19% to 72.62%.

Although ZHPL holds the majority of voting rights in Curiox, it does not have the power and practical ability to direct the relevant activities of Curiox unilaterally and hence, Curiox remains an associate of the Group as at 30 June 2016.

HistoIndex Pte Ltd ("HistoIndex")	**2016**	**2015**
Shareholdings held: 10.88% (2015: 4.13%)	S$'000	S$'000
At beginning of year	500	–
Additional investment	1,139	500
Share of losses after income tax	(43)	–
Share of other comprehensive income	2	–
Unrealised profits	(7)	–
At end of year	1,591	500

On 23 October 2015, Zicom MedTacc Private Limited ("ZMT"), a wholly-owned subsidiary of ZHPL and an appointed Sector Specific Accelerator by Spring Singapore, injected an additional S$500,000 in HistoIndex, increasing the Group's interest in HistoIndex from 4.13% to 7.94%.

On 11 March 2016, 726,000 ordinary shares were allotted to ZMT pursuant to the subscription of renounceable rights issue of HistoIndex for a cash consideration of S$639,000. As a result of this allotment, the Group's interest in HistoIndex increased to 10.88%.

Although the Group holds less than 20% of equity interest, the Group has the ability to exercise significant influence through both its shareholdings and the Chairman's active participation on HistoIndex Board of Directors.

Note 11 Share capital

(a) Share capital

	2016 No. of shares (Thousands)	**2015** No. of shares (Thousands)	**2016** S$'000	**2015** S$'000
Ordinary fully paid shares	217,141	215,522	38,314	37,862

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.

Note 11 Share capital (cont'd)

(b) Movements in ordinary share capital

		Company Number of shares (Thousands)	**Group** S$'000
At 1 July 2014		214,547	37,593
Issue of shares under Zicom Employee Share and Option Plan	(i)	555	167
Issue of shares in lieu of cash performance bonus	(ii)	420	102
At 30 June 2015		215,522	37,862
Issue of shares under Zicom Employee Share and Option Plan	(i)	1,619	452
At 30 June 2016		217,141	38,314

(i) Issue of shares under Zicom Employee Share and Option Plan ("ZESOP")
On 1 October 2014, 7 November 2014 and 17 March 2015, the Company issued and allotted a total of 250,000 and 305,000 ordinary shares fully paid at A$0.18 and A$0.17 per share respectively, under the ZESOP. Such shares ranked *pari passu* with the existing ordinary shares of the Company.

On 26 August 2015, 30 September 2015 and 9 November 2015, the Company issued and allotted a total of 1,190,000 and 429,000 ordinary shares fully paid at A$0.18 and A$0.17 per share respectively, under the ZESOP. Such shares ranked *pari passu* with the existing ordinary shares of the Company.

(ii) Issue of shares in lieu of cash performance bonus
Pursuant to the shareholders' meeting held on 3 November 2014, 419,317 shares were allotted to Mr Giok Lak Sim fully paid at A$0.22 per share as part payment of his performance bonus for the year ended 30 June 2014. Such shares ranked *pari passu* with the existing ordinary shares of the Company.

Note 12 Subsequent events

Other than the proposal of dividend as disclosed in note 7, no event has arisen subsequent to 30 June 2016 to the date of this report which may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the future.

This Report is based on accounts to which one of the following applies.

☐	The accounts have been audited	☐	The accounts have been subject to review
✔	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

Signed …………………………………… **Date:** 31 August 2016
(Director/ Company Secretary)