



ZICOM GROUP LIMITED

Appendix 4E

ASX Preliminary Final Report

30 June 2014

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Name of entity: ZICOM GROUP LIMITED

ABN: 62 009 816 871

Reporting Period: Year Ended 30 June 2014

Previous corresponding period: Year Ended 30 June 2013

Results for announcement to the market

				2014 S\$'000	2013 S\$'000
Revenues from ordinary activities	Down	6%	To	112,083	118,733
Net Profit from ordinary activities after tax attributable to members	Down	41%	To	4,081	6,929
Net Profit for the period attributable to members	Down	41%	To	4,081	6,929

	Amount per security
Interim dividend (unfranked)	A\$0.0045
Final dividend (unfranked)	A\$0.0045

Record date for determining entitlements to the dividend 14 November 2014

Date the dividend is payable 28 November 2014

Review of Operations

Results

The Group's consolidated revenue for the full year is S\$113.95m as compared with S\$119.85m in the previous year, a decrease of 4.9%. The Group's full year net consolidated profits after tax attributable to members to 30 June 2014 are S\$4.08m as compared with S\$6.93m in the previous year, a decrease of 41.1%.

The net profit margin achieved for the full year is 3.6% as compared with 5.8% in the previous year, a drop of 2.2%.

Earnings per share dropped from Singapore 3.24 cents to 1.90 cents per share, a decrease of Singapore 1.34 cents.

Net tangible assets per share decreased slightly from Singapore 35.05 cents to 34.80 cents per share due mainly to translation loss on consolidation arising from the depreciation in Thai Baht.

Return on equity, based on average of the opening and closing equity, for the year was 4.6% as compared to 8.1% in 2013.

The average rates for currency translation for revenue and expenses are A\$1 to S\$1.1521 (2013: S\$1.2664) and for balance sheet items A\$1 to S\$1.1739 (2013: S\$1.1699).

The results for the full year have been adversely affected by extended gestation costs of the Group's start-up technologies, restructuring costs, delays in project awards and losses suffered in the precision engineering sector caused by the protracted slump in the electronic sector which has since recovered.

Notwithstanding set-backs during the year, the Group's businesses remain resilient. Restructuring of the Group's businesses will continue in line with the Group's focus on new directions to address an inflection point in the Group's business structure so as to achieve long term sustainable growth.

Although the economy in the United States continues to strengthen, global economic growth appears to be patchy in other parts of the world. Some major economies show signs of inertia and appear fragile. The Group's focus is to develop businesses and directions that are capable of weathering any potential deceleration of the global economy caused by a loss in growth momentum that may be compounded by a reduction in monetary quantitative easing.

Strategic Repositioning

Although the precision engineering sector suffered a set-back in the year just ended, the first in 8 years, the Group's repositioning is aimed to strengthen its business structure. The Group's investment in technology is expected to generate a new and broader revenue stream for this sector.

At the same time, the Group is undertaking a strategic review of its existing businesses on their long term growth sustainability. Innovation capability to move up the value chain and scalability are factors for long term sustainability. In pursuit of this objective the Board may consider structural changes that may result in unlocking some values to employ on opportunities that align with the Group's long term objective.

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

Key Financials	Change (%)	12 months ended 30 Jun 14 (S\$ million)	12 months ended 30 Jun 13 (S\$ million)
Revenue	- 4.9	113.95	119.85
Net profits after tax (NPAT)	- 41.1	4.08	6.93

The Group's cash balances remain strong. As at 30 June 2014, the group's total cash and bank balances were S\$22.33m as compared with S\$21.36m as at 30 June 2013.

Segmental Revenue

The following is an analysis of the segmental results :-

Revenue by Business Segments	Change (%)	12 months ended 30 Jun 14 (\$ million)	12 months ended 30 Jun 13 (\$ million)
Offshore Marine, Oil and Gas Machinery	+ 14.2	48.08	42.11
Construction Equipment	+ 30.2	51.72	39.72
Precision Engineering & Technologies	- 66.8	11.68	35.21
Industrial & Mobile Hydraulics	- 9.9	3.09	3.43

Offshore Marine, Oil & Gas Machinery

Demand in deck machinery by offshore vessels had been strong and is expected to remain robust in the coming year. The oil and gas sector is recovering and we are confident of significant orders in the year. Management of such projects has been strengthened.

Orders for offshore structures for remote operated vehicles in sub-seas operations had been strong and are expected to remain so in the year.

We are confident that the demand momentum will be maintained in the next few years.

As at the end of the financial year just ended, total confirmed orders in hand to be delivered in the financial year 2015 for this cluster were S\$46.5m.

Construction Equipment

Revenue from construction equipment had increased by 30.2% in the current year from that of the previous year. The increase was due to a substantial order held back at the end of the previous financial year caused by customers' delay that was shipped in the current year.

The concrete mixer business in Australia, Thailand and China had been profitable for the current year although growth had been marginal. We expect order prospects for the year to be maintained with some improvements.

Demand for foundation equipment in Singapore and Malaysia is expected to strengthen in the coming years due to the increase in infrastructure programs that have been rolled out.

As at the end of the financial year just ended, total confirmed orders in hand to be delivered in the financial year 2015 for this cluster were S\$6.3m.

Precision Engineering & Technologies

The precision engineering sector experienced a significant set-back in a 66.8% drop in revenue as compared to the previous year mainly due to a protracted slump in the electronic sector. In the previous year the launch of new hand-held mobile devices generated a huge demand for machines supplied by the Group. This had been the sector's first set-back in 8 years. The slump in the electronic sector had been broad-based. The sector has recovered and we expect to return to growth and profits next year.

The Group's foray into medical technologies is to balance the sector's over-reliance on the electronic industry which is volatile and at the same time enables it to climb up the value chain.

This sector achieved an average of 46% compound annual growth in the last 5 years to 2013. With a balanced revenue stream, we believe that compound growth is more sustainable.

The global semi-conductor industry is expected to grow by more than 4% in the next 5 years propelled by demand in hand-held devices such as smart phones and tablet computers. Advances in medical information communication technology that helps to accelerate advances in molecular sciences and surgical techniques are creating capability to meet the unmet needs of better healthcare and personalized medicine. A global aging population together with growing affluence in developed countries underscore demand in healthcare technology. These push factors are expected to maintain the momentum in demand for medical technology and medical devices in the coming years.

As at the end of the financial year just ended, total confirmed orders in hand to be delivered in the financial year 2015 for this cluster were S\$11.7m.

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\$0.48m as compared with an exchange loss of S\$2.69m in the previous year.

Accounting Standards AASB 139 obliges us to fair value our outstanding foreign currency derivatives at the rates ruling on 30 June 2014. The net loss of S\$0.48m included the imputed unrealised loss in the valuation of these derivatives as at 30 June 2014 amounting to S\$0.17m (2013: S\$2.41m).

Financial Position

The group's financial position remains strong:-

Classification	Increase (+) / Decrease (-) S\$ million	As at 30 Jun 14 S\$ million	As at 30 Jun 13 S\$ million
Net Assets	+ 0.97	89.46	88.49
Net Working Capital	+ 0.14	45.09	44.95
Cash in Hand and at Bank	+ 0.97	22.33	21.36

Gearing Ratios

The Group gearing ratio is 0% at the same ratio for the year ended 30 June 2013. Gearing ratio has been arrived at by dividing our net interest bearing debts over total capital.

Return per Share

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

Classification	Increase (+)/ Decrease (-) Singapore Cents	2014 Singapore Cents	2013 Singapore Cents
Earnings per share	- 1.34	1.90	3.24

The weighted average shares used to compute basic earnings per share are 214,881,267 for this year and 213,798,187 shares for the previous year.

Classification	Decrease Singapore Cents	As at 30 June 14 Singapore Cents	As at 30 June 13 Singapore Cents
NTA per share	- 0.25	34.80	35.05

NTA per share has dropped due to translation loss on consolidation arising from the depreciation in Thai Baht.

Capital Expenditure

For the year ending 30 June 2015, the Group plans to invest up to S\$1.0m in equipment for a wholly owned subsidiary iPtec Pte Ltd engaged in medical technology translation activities. Part of the investment is covered by a government grant.

Confirmed Orders

We have a total of S\$64.8m (30 June 2013: S\$56.0m) outstanding confirmed orders in hand as at 30 June 2014. A breakdown of these outstanding confirmed orders is as follows:-

	S\$ m
Offshore Marine, Oil & Gas Machinery	46.5
Construction Equipment	6.3
Precision Engineering & Technologies	11.7
Industrial & Mobile Hydraulics	<u>0.3</u>
Total	<u>64.8</u>

These outstanding orders are scheduled for delivery in the financial year 2015. Prospects for on-going orders continue to be strong.

Development of PET

The Group's precision engineering technology (PET) cluster has been strengthened by a medical technology translation engineering subsidiary that is being supported by S\$4.5m government grant. The Group intends to build up this subsidiary into a core multi-discipline specialist engineering company to support the Group's development into the medtech industry. Apart from this the Group is considering venturing into accelerator funding of growth medtech start-ups supported by its current internally developed capability in medtech technology incubation, translation and commercialisation expertise as well as manufacturing capability. The Group is seeking government support in this direction.

Progress on Technology Investments

The Group's experiences in disruptive technologies have been a learning curve. Gestation for such technologies can be protracted. However these initial experiences have accumulated into developed expertise in this field. Going forward we would expect that the learning curve would be much shortened.

The Group made a prudent decision in not seeking bank borrowings for such investments. As a result the extended gestation has not impacted on its financial strength or business operations. It will continue to remain prudent.

While gestation has been generally protracted, definitive progress towards commercialisation is gaining traction.

Orion Systems Integration Pte Ltd (Orion)

Orion's Thermal Bonder for fine pitch flip chips has been accepted by the industry and is in the final evaluation by 2 of the world's leading chip assembly plants. The dynamic development in chip design has imposed on bonding machines to meet very exacting demand in the trade. Evaluation by the industry accordingly calls for compliance to stringent and exacting standards which the Orion's Bonder is able to meet but at the expense of protracted gestation.

We expect to be able to launch full scale commercialisation of the Orion Thermal Bonder towards the 4th quarter of calendar year 2014.

Biobot Surgical Pte Ltd (Biobot)

Biobot Surgical has set up its first Center of Excellence (COE) in USA in collaboration with New York University Langone Cancer Center in May 2014. The robot has obtained FDA approval. The COE is now focused to clinically validate, in collaboration with the Singapore General Hospital, our latest software in MRI-US fusion which fuses MRI (Magnetic Resonance Imaging) with Ultra-sound images to enable targeted biopsies that reduce the number of biopsy samples currently being taken to diagnose prostate cancer. We aim to complete validation about end of 2014.

The robot is pending CE Mark approval which is imminent. A COE is planned to be set up in Germany with a partnering University Hospital as soon as the CE Mark is obtained. A COE in the UK is also being considered with a partnering University Hospital.

Following the CE Mark we would apply for Therapeutic Goods Administration (TGA)'s approval in Australia, Biobot plans to set up 3 COEs in the eastern states of Australia.

Biobot aims to set up all the above COEs by the first quarter of 2015.

The COEs will partner Biobot in training and developing the robot's applications in the various areas in which they are located to support the robot's use in those countries. The COEs will potentially partner Biobot in further research and development.

Biobot has obtained regulatory approvals for its older version of the robot. Regulatory authorities require the current version of the robot for commercialisation which embodies several improvements and advance features to apply for new approvals. This has caused a protracted gestation in the commercialisation of the product. We expect to fully commercialise our product in the second quarter of calendar year 2015, after completion of the MRI-US fusion software validation by key opinion leaders in the first quarter of 2015. This will position Biobot to launch a product with the latest integrated state-of-the art features that meet contemporary clinical demands.

Curiox Biosystems Pte Ltd (Curiox)

Although the Curiox's DropArray (DA) technology has achieved break-through and has been accepted by 10 of the top 25 pharmaceutical companies in the USA and Europe, adoption has been slow. The DA technology has proven to the industry that it can achieve considerable costs savings in drug development costs as well as solving complex assay problems for the industry which existing technology finds difficulty to achieve or to do so at much higher costs. However, this has raised the bar for adoption of our technology as the industry continues to seek more optimization from our technology which only extends our gestation. This demand is driven by the disruptive nature of our technology which, on adoption, would require significant changes to existing processes.

In view of the situation, we have re-strategised our approach and focused on areas where cost savings create more immediate impactful value to the customers with minimum disruption to existing processes, whereby adoption is quicker although volume is relatively lower. Break-through in this area has shown good promises. We aim to first achieve break-even and growth even if it is at a slower pace in the next 6 months.

Curiox's engagement with major pharmaceutical companies continues. It is confident that adoption will gain traction as its user population increases. There is an established wide cross network of out-sourcing in research in the pharmaceutical industry. Although the pharmaceutical industry is very conservative, as the DA technology permeates the industry, there will be less psychological barrier to adoption and more willingness to change existing processes to embrace our technology. We aim to achieve this break-through in the next 12 months while aiming to break-even in the next 6 months.

Prospects

The global economic environment for the year just ended has continued to be one of uncertainty. Although economic growth in the United States appears sustainable, some major economies continue to splutter and showing signs of inertia in the face of potential winding down of the monetary quantitative easing.

The Group aims to position itself to address such uncertainties and potential economic deceleration that may arise if adverse factors converge.

Order prospects remain strong. As such, the Group continues to be confident of a profitable year in 2015.

Dividends

The Group has decided to pay a final dividend of Australian cents 0.45 per share (2013: Australian cents 0.55) making the full year dividends to 0.90 Australian cent per share. 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 14 November 2014 and is payable on 28 November 2014.

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 2014

	Note	2014 S\$'000	2013 S\$'000
Revenue from continuing operations	3	112,083	118,733
Other operating income	4	1,870	1,116
Total revenue		<u>113,953</u>	<u>119,849</u>
Cost of materials		(58,895)	(61,265)
Employee, contract labour and related costs		(29,102)	(29,374)
Depreciation and amortisation		(5,211)	(5,256)
Property related expenses		(2,578)	(2,595)
Other operating expenses		(13,166)	(13,367)
Finance costs		(378)	(474)
Share of results of associates		(739)	(613)
Profit before income tax expense		<u>3,884</u>	<u>6,905</u>
Tax benefit	5	31	303
Profit for the year from continuing operations after income tax expense		<u><u>3,915</u></u>	<u><u>7,208</u></u>
Other comprehensive income:			
- Items that may be subsequently reclassified to profit and loss			
Foreign currency translation on consolidation		(515)	(326)
Effect of tax on other comprehensive income		-	-
Other comprehensive (loss)/income for the period, net of tax		<u>(515)</u>	<u>(326)</u>
Total comprehensive income		<u><u>3,400</u></u>	<u><u>6,882</u></u>
Profit/(loss) attributable to :			
Owners of parent		4,081	6,929
Non-controlling interest		(166)	279
Profit for the year		<u><u>3,915</u></u>	<u><u>7,208</u></u>
Total comprehensive income/(loss) attributable to:			
Owners of parent		3,566	6,603
Non-controlling interest		(166)	279
		<u><u>3,400</u></u>	<u><u>6,882</u></u>
Earnings per share (cents)			
Basic earnings per share	6	1.90	3.24
Diluted earnings per share	6	1.89	3.23

Preliminary Consolidated Balance Sheet

as at 30 June 2014

	Note	2014 S\$'000	2013 S\$'000
Non-current assets			
Property, plant and equipment		30,784	33,101
Intangible assets		14,792	13,212
Deferred tax assets		2,418	1,943
Loan receivable from an associate	10	459	919
Investment in an associate	10	1,804	2,578
Others		1	1
		50,258	51,754
Current assets			
Cash and bank balances	9	22,328	21,355
Inventories		27,758	21,829
Trade and other receivables		39,061	34,832
Prepayments		626	546
Tax recoverable		-	109
Assets held for sale		-	524
		89,773	79,195
Less : Current liabilities			
Payables		30,701	20,747
Interest-bearing liabilities		12,105	9,459
Provisions		966	1,138
Provision for taxation		336	431
Unearned income		400	64
Unrealised loss on derivatives		173	2,411
		44,681	34,250
Net current assets		45,092	44,945
Non-current liabilities			
Interest-bearing liabilities		2,758	5,147
Deferred tax liabilities		2,745	2,622
Provisions		390	443
		5,893	8,212
Net assets		89,457	88,487
Equity attributable to equity holders of the Company			
Contributed equity	11	37,593	37,623
Reserves		(703)	(251)
Retained earnings		51,703	50,099
		88,593	87,471
Non-controlling interest		864	1,016
Total equity		89,457	88,487

Preliminary Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

Note	Attributable to equity holders of the Company						Non-controlling interest	Total equity
	Share capital	Share capital – exercise of share options	Foreign currency translation reserve	Share based payments reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1.7.2012	36,929	154	(631)	741	45,955	83,148	1,470	84,618
Other comprehensive income/(loss)	–	–	(326)	–	–	(326)	–	(326)
Profit for the year	–	–	–	–	6,929	6,929	279	7,208
Total comprehensive income for the year	–	–	(326)	–	6,929	6,603	279	6,882
Exercise of employee share options	11	117	72	–	(72)	117	–	117
Share issued, net of expenses	11	351	–	–	–	351	–	351
Cost of share-based payments	–	–	–	–	173	173	–	173
Expiry of employee share options	–	–	–	–	(136)	136	–	–
Acquisition of non-controlling interest	–	–	–	–	(167)	(167)	(728)	(895)
Change of interest in subsidiary company	–	–	–	–	(12)	(12)	55	43
Contribution of capital by non-controlling interest	–	–	–	–	–	–	37	37
Dividends paid on ordinary shares	7	–	–	–	(2,742)	(2,742)	–	(2,742)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(97)	(97)
Balance at 30.6.2013	37,397	226	(957)	706	50,099	87,471	1,016	88,487
Other comprehensive income/(loss)	–	–	(515)	–	–	(515)	–	(515)
Profit for the year	–	–	–	–	4,081	4,081	(166)	3,915
Total comprehensive income for the year	–	–	(515)	–	4,081	3,566	(166)	3,400
Exercise of employee share options	11	39	21	–	(21)	39	–	39
Minimum holding share buy-back	11	(90)	–	–	–	(90)	–	(90)
Cost of share-based payments	–	–	–	–	110	110	–	110
Expiry of employee share options	–	–	–	–	(26)	26	–	–
Acquisition of non-controlling interest	–	–	–	–	(11)	(11)	11	–
Change of interest in subsidiary company	–	–	–	–	(3)	(3)	3	–
Dividends paid on ordinary shares	7	–	–	–	(2,489)	(2,489)	–	(2,489)
Balance at 30.6.2014	37,346	247	(1,472)	769	51,703	88,593	864	89,457

Preliminary Consolidated Statement of Cash Flows

for the year ended 30 June 2014

(In Singapore dollars)

	Note	2014 S\$'000	2013 S\$'000
Operating profit before taxation		3,884	6,905
Adjustments for :			
Depreciation of property, plant and equipment		4,477	4,406
Amortisation of intangible assets		734	850
Bad debts written off		16	–
Allowance for doubtful debts, net		5	–
Allowance for inventory obsolescence		123	19
Inventories written off		30	3
Interest expenses		378	474
Interest income	4	(179)	(152)
Property, plant and equipment written off		9	133
Intangible assets written off		5	5
Loss/ (gain) on disposal of property, plant and equipment, net		13	(54)
Gain on disposal of assets held for sale	4	(260)	–
Trade payables written back		(50)	–
Provisions made, net		77	152
Cost of share-based payments		102	157
Share of results of associates		739	613
Unrealised loss on derivatives		173	2,411
Unrealised exchange difference		21	(8)
Operating profit before reinvestment in working capital		10,297	15,914
(Increase)/ decrease in stocks and work- in-progress		(4,998)	7,591
Decrease/ (increase) in projects-in-progress		76	(5,024)
(Increase)/ decrease in debtors		(1,287)	2,790
Increase/ (decrease) in creditors		9,625	(12,167)
Cash generated from operations		13,713	9,104
Interest received		179	152
Interest paid		(374)	(477)
Income taxes paid		(413)	(1,032)
Net cash provided by operating activities		13,105	7,747

Preliminary Consolidated Statement of Cash Flows (Cont'd)

	Note	2014 S\$'000	2013 S\$'000
Cash flows from investing activities :			
Purchase of property, plant and equipment		(2,007)	(2,320)
Proceeds from disposal of property, plant and equipment		14	83
Proceeds from disposal of assets held for sale		784	–
Increase in software development		(227)	(530)
Increase in development expenditure		(2,007)	(1,390)
Increase in patented technology		(86)	(34)
Investment in associate	10	–	(453)
(Increase)/ decrease in amount due from associate		(1,140)	193
Subscription of convertible loan stocks	10	–	(919)
Acquisition of non-controlling interest		–	(595)
Net cash used in investing activities		<u>(4,669)</u>	<u>(5,965)</u>
Cash flows from financing activities :			
(Decrease)/ increase in amount due to directors		(3)	22
Repayment of bank borrowings		(2,956)	(1,188)
Dividends paid on ordinary shares	7	(2,489)	(2,742)
Dividends paid to non-controlling shareholders		–	(97)
Proceeds from exercise of employee share options		39	117
Proceeds from issue of shares			
- by the Company to shareholders	11	–	351
- by subsidiary company to non-controlling interest		–	37
Proceeds from disposal of equity interest to non-controlling interest		–	43
Payment for minimum holding share buy-back	11	(90)	–
Repayment of hire purchase creditors		(2,250)	(1,263)
Net cash used in financing activities		<u>(7,749)</u>	<u>(4,720)</u>
Net increase/ (decrease) in cash and cash equivalents		687	(2,938)
Net foreign exchange differences		(87)	(101)
Cash and cash equivalents at beginning of year		<u>21,202</u>	<u>24,241</u>
Cash and cash equivalents at end of year	9	<u><u>21,802</u></u>	<u><u>21,202</u></u>

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 2013, the interim financial report for the half-year ended 31 December 2013 and considered together with any public announcements made by Zicom Group Limited during the year ended 30 June 2014 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 Operating 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:

- Offshore Marine, Oil and Gas Machinery – manufacture and supply of deck machinery, gas metering stations, 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 and Technologies – manufacture of precision and automation equipment, medtech equipment and products, medtech translation and engineering services.
- Industrial and Mobile Hydraulics – supply of hydraulic drive systems, parts and services.

Corporate charges

Unallocated expenses comprise mainly non-segmental expenses such as head office expenses which are not allocated to operating segments.

	Offshore Marine, Oil and Gas Machinery S\$'000	Construction Equipment S\$'000	Precision Engineering and Technologies S\$'000	Industrial & Mobile Hydraulics S\$'000	Consolidated S\$'000
For year ended 30 June 2014					
Revenue					
Sales to external customers	48,063	51,278	10,634	2,108	112,083
Other revenue	14	444	1,041	3	1,502
Inter-segment sales	–	2	4	978	984
Total segment revenue	48,077	51,724	11,679	3,089	114,569
Inter-segment elimination					(984)
Unallocated revenue					189
Interest income					179
Total consolidated revenue					113,953
Results					
Segment results	6,097	4,810	(4,761)	555	6,701
Unallocated revenue					189
Unallocated expenses					(2,068)
Share of results of associates					(739)
Profit before tax and finance cost					4,083
Finance costs					(378)
Interest income					179
Profit before taxation					3,884
Income tax benefit					31
Profit after taxation					3,915
For year ended 30 June 2013					
Revenue					
Sales to external customers	41,963	39,461	34,725	2,584	118,733
Other revenue	9	252	455	5	721
Inter-segment sales	137	7	31	839	1,014
Total segment revenue	42,109	39,720	35,211	3,428	120,468
Inter-segment elimination					(1,014)
Unallocated revenue					243
Interest income					152
Total consolidated revenue					119,849
Results					
Segment results	4,540	2,759	2,187	859	10,345
Unallocated revenue					243
Unallocated expenses					(2,748)
Share of results of associates					(613)
Profit before tax and finance cost					7,227
Finance costs					(474)
Interest income					152
Profit before taxation					6,905
Income tax benefit					303
Profit after taxation					7,208

Note 3 Revenue

	2014	2013
	S\$'000	S\$'000
Sale of goods	63,923	76,094
Rendering of services	6,614	6,860
Rental revenue	5,927	6,335
Revenue recognised on projects	35,619	29,444
	<u>112,083</u>	<u>118,733</u>

Note 4 Other operating income

	2014	2013
	S\$'000	S\$'000
Interest income	179	152
Commission income	–	26
Gain on disposal of property, plant and equipment	–	59
Gain on disposal of asset held for resale	260	–
Services rendered	261	398
Government grants	1,078	230
Bad debts recovered	–	4
Other revenue	92	247
	<u>1,870</u>	<u>1,116</u>

Note 5 Taxation

The major components of income tax expense for the years ended 30 June are:

	2014	2013
	S\$'000	S\$'000
<i>Current income tax</i>		
Current income tax charge	1,065	1,392
Loss transferred under Group Relief Scheme	(736)	(848)
Adjustments in respect of previous years	(11)	(96)
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	(496)	(1,258)
Adjustments in respect of previous years	147	507
	<u>(31)</u>	<u>(303)</u>
Income tax benefit	<u>(31)</u>	<u>(303)</u>

Note 6 Earnings per share

Earnings per share are calculated by dividing the Group's profit attributable to members of the Company by the weighted average number of shares on issue during the year.

(a) Earnings used in calculating basic and diluted earnings per share	2014	2013
	S\$'000	S\$'000
Net profit attributable to equity holders of the parent	4,081	6,929
	No. of shares (Thousands)	
(b) Weighted average number of shares for basic earnings per share	214,881	213,798
Effect of dilution:		
Share options	1,268	849
Adjusted weighted average number of shares	216,149	214,647
	Singapore cents	
(c) Earnings per share		
Basic	1.90	3.24
Diluted	1.89	3.23

Note 7 Dividends paid and proposed

	2014	2013
	S\$'000	S\$'000
(a) Dividends per share paid or provided for		
Final unfranked dividend for 2013 : Australian 0.55 cents	1,377	–
Interim unfranked dividend for 2014 : Australian 0.45 cents	1,112	–
Final unfranked dividend for 2012 : Australian 0.55 cents	–	1,488
Interim unfranked dividend for 2013 : Australian 0.45 cents	–	1,254
	2,489	2,742
(b) Dividends declared per share		
Final unfranked dividend for 2014 : Australian 0.45 cents	1,115	–
Final unfranked dividend for 2013 : Australian 0.55 cents	–	1,358
	1,115	1,358

The final dividends for financial year ended 30 June 2014 were approved by the Board on 27 August 2014. These amounts have not been recognised as a liability in the financial statements for the current year. They will be accounted for in the next financial year.

Note 8 Net tangible assets per security

	30 Jun 2014	30 Jun 2013
Net tangible asset backing per ordinary share (Singapore cents)	34.80	35.05

Note 9 Cash and cash equivalents

	2014 S\$'000	2013 S\$'000
Cash at bank and in hand	18,895	19,956
Short-term fixed deposits	3,433	1,399
	<u>22,328</u>	<u>21,355</u>
For the purpose of the cash flow statement, cash and cash equivalents comprised the following:		
Cash and short-term deposits	22,328	21,355
Bank overdrafts	(526)	(153)
Cash and cash equivalents	<u>21,802</u>	<u>21,202</u>

Note 10 Investment in an associate

(a) Investment details	30 Jun 14 S\$'000	30 Jun 13 S\$'000
Curiox Biosystems Pte Ltd	<u>1,804</u>	<u>2,578</u>
(b) Movements in the carrying amount of the Group's investment in an associate		
Curiox Biosystems Pte Ltd ("Curiox")	30 Jun 14	30 Jun 13
Shareholdings held: 46.49%	S\$'000	S\$'000
At beginning of year	2,578	2,768
Additional investment	-	453
Share of losses after income tax	(739)	(613)
Unrealised profits	(35)	(30)
At end of year	<u>1,804</u>	<u>2,578</u>

On 18 January 2013, Curiox issued 919,000 convertible loan stocks with cumulative interest at 5% per annum to Zicom Holdings Pte Ltd for a cash consideration of S\$919,000. These will be either repaid or redeemed by Curiox equally on 2 maturity dates, 31 December 2014 and 31 December 2015. The holder of these convertible loan stocks holds the right to convert these into preference shares in Curiox on these 2 maturity dates.

Note 11 Contributed equity(a) *Share capital*

	2014 No. of shares (Thousands)	2013 No. of shares (Thousands)	2014 S\$'000	2013 S\$'000
Ordinary fully paid shares	214,547	214,752	37,593	37,623

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.

(b) *Movements in ordinary share capital*

		Company Number of shares (Thousands)	Group S\$'000
At 1 July 2012		212,452	37,083
Issue of shares under Zicom Employee Share and Option Plan	<i>(i)</i>	517	189
Issue of shares in lieu of cash performance bonus	<i>(ii)</i>	1,783	351
At 30 June 2013		214,752	37,623
Issue of shares under Zicom Employee Share and Option Plan	<i>(i)</i>	195	60
Minimum holding share buy-back	<i>(ii)</i>	(400)	(90)
At 30 June 2014		214,547	37,593

(i) Issue of shares under Zicom Employee Share and Option Plan ("ZESOP")

On 8 October 2012, 24 October 2012 and 4 March 2013, the Company issued and allotted a total of 517,000 ordinary shares, fully paid at A\$0.18 per share, under the ZESOP. Such shares ranked *pari passu* with the existing ordinary shares of the Company.

On 1 October 2013, the Company issued and allotted 155,000 and 40,000 ordinary shares, fully paid at A\$0.17 and A\$0.18 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

On 21 November 2012, the board approved the issue and allotment of 430,000 shares to executives, fully paid at A\$0.155 per share, as part payment of their performance bonus for the year ended 30 June 2012. Such shares ranked *pari passu* with existing ordinary shares of the Company.

Pursuant to the shareholders' meeting on 13 November 2012, 888,000, 195,000 and 270,000 shares were allotted to Messrs Giok Lak Sim, Kok Hwee Sim and Kok Yew Sim respectively, fully paid at A\$0.155 per share as part payment of their performance bonus for the year ended 30 June 2012. Such shares ranked *pari passu* with the existing ordinary shares of the Company.

(iii) Minimum holding share buy-back

ZGL completed a share buy-back exercise for holders of unmarketable parcels. A total of 399,367 ordinary shares were bought back by the Company at 19.2 Australian cents per share and cancelled.

Note 12 Subsequent events

Incorporation of Zicom Medtacc Private Limited

On 10 August 2014, Zicom Holdings Pte Ltd incorporated a wholly-owned investment holding subsidiary, Zicom Medtacc Private Limited, with a paid up capital of \$100,000.

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

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



Signed **Date:** 28 August 2014
(Director/ Company Secretary)

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