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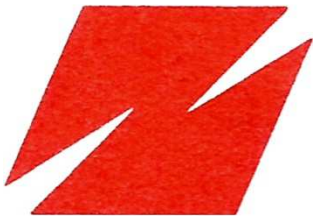

ZICOM GROUP LIMITED

Appendix 4E

ASX Preliminary Final Report

30 June 2013

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Name of entity: **ZICOM GROUP LIMITED**

ABN: 62 009 816 871

Reporting Period: **Year Ended 30 June 2013**

Previous corresponding period: Year Ended 30 June 2012

Results for announcement to the market

				2013 S$'000	**2012** S$'000
Revenues from ordinary activities	Down	8%	To	118,733	128,959
Net Profit from ordinary activities after tax attributable to members	Down	12%	To	6,929	7,836
Net Profit for the period attributable to members	Down	12%	To	6,929	7,836

	Amount per security
Interim dividend (unfranked)	A$0.0045
Final dividend (unfranked)	A$0.0055

Record date for determining entitlements to the dividend 15 November 2013

Date the dividend is payable 29 November 2013

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Review of Operations

Results

The Group's consolidated revenue for the full year is S$119.85m as compared with S$130.65m in the previous year, a decrease of 8.3%. The Group's full year net consolidated profits after tax attributable to members to 30 June 2013 are S$6.93m as compared with S$7.84m in the previous year, a decrease of 11.6%.

The net profit margin achieved for the full year is 5.8% as compared with 6.1% in the previous year. The 0.3% decrease is mainly attributable to unrealised mark-to-market exchange losses and the extended gestation costs of the start-up investments.

Earnings per share dropped from Singapore 3.69 cents to 3.24 cents per share, a decrease of Singapore 0.45 cents.

Net tangible assets per share increased from Singapore 34.22 cents to 35.05 cents per share.

Return on equity, based on average of the opening and closing equity, for the year was 8.1% as compared to 9.7% in 2012.

The average rates for currency translation for revenue and expenses are A$1 to S$1.2664 (2012: S$1.3031) and for balance sheet items A$1 to S$1.1699 (2012: S$1.2917).

The results for the full year have been impacted by unrealised mark-to-market exchange losses on hedging instruments, delayed shipments in 2 significant orders of construction equipment at the end of the financial year, delay in order confirmation in our oil and gas projects and losses from extended gestation of our various technology investments.

The Group's businesses are expected to continue to be resilient in the midst of structural changes in the global economies. China, under a new leadership, has been focusing to improve the efficiency of its economy starting with restructuring its banking systems. This has resulted in tightening of money supply and highly geared inefficient enterprises are expected to fall or be merged and development is expected to slow down. The Indian economy likewise has been slowing down. The impact against resource-based economies such as Australia is being felt. The European Union's economy is expected to remain flat and possibly weaken further. The USA and Japanese economies appear to show recovery and recent economic data show that the Chinese economy appears to be on the mend. However, the general global recovery remains fragile.

At an Inflection Point

Although the Group's core businesses are built on strong foundation, your Board has recognized that the Group has reached an inflection point. Group's annual revenue in the last 5 years from 2009 to 2013 show an average negative compound annual growth rate (CAGR) of 3%. The precision engineering segment, however, shows a positive CAGR of 46%.

To transit this inflection point, 3 years ago, the Group commenced to invest in new disruptive technologies focused on medical and semi-conductor technologies that the Group can contribute synergistic support in engineering and manufacturing in our precision engineering segment. The start-ups which the Group has invested have commenced commercialisation and are expected to generate revenue in 2014.

The Group will strategise its revenue into 2 main streams viz. heavy equipment and precision engineering and technologies. The heavy equipment stream will comprise the marine offshore and oil and gas, construction equipment and hydraulic services. The precision engineering and technologies stream will comprise precision engineering, automation and investments in new technologies.

The main drivers to strengthen and grow the heavy equipment stream will be focused innovation and product development, productivity improvements, leadership development and market expansion. The main drivers to grow the precision engineering and technologies stream are the expansion and strengthening of the existing infrastructure with a strong pool of specialist engineers and managers. This will strengthen our expertise in supporting the growth of our existing investments in technologies and to embrace new technologies that are synergistic and possessing strong potentials that may or may not necessarily integrate into our core activities. Towards this direction, the Group

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has been fortuitous in being awarded "private sector translator" status by a government agency in charge of enterprise development in Singapore with a cash grant of up to S$4.5m. The grant is to assist the Group to set up a business, the first of its kind in Singapore, to be run as a commercial entity for profit, to translate medical technology intellectual properties from research institutions in Singapore. Adding impetus to the drive, the Group will consider seed-funding of start-ups which possess strong potentials and will consider exiting these investments for profits when they have realized their potentials.

Judicious Risk Management

Investments in new technologies carry high risks and rewards. The market for new technologies is generally green field providing opportunities for exponential growth as compared with established products. As such it has been the Group's policy to invest in new technologies from its internal cash reserves without external borrowings. The Group will consider gearing for a new technology business only after it has achieved commercialisation and is generating revenue.

The Group will fund the paid up capital of S$2m of iPtec Pte Ltd, our new intellectual property translation engineering company from its internal cash reserves.

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

Key Financials	Change (%)	12 months ended 30 Jun 13 (S$ million)	12 months ended 30 Jun 12 (S$ million)
Revenue	- 8.3	119.85	130.65
Net profits after tax (NPAT)	- 11.6	6.93	7.84

The Group's cash balances remain strong. As at 30 June 2013, the group's total cash and bank balances were S$21.36m as compared with S$24.45m as at 30 June 2012.

Segmental Revenue

The following is an analysis of the segmental results :-

Revenue by Business Segments	Change (%)	12 months ended 30 Jun 13 (S$ million)	12 months ended 30 Jun 12 (S$ million)
Offshore Marine, Oil and Gas Machinery	+ 22.6	42.11	34.35
Construction Equipment	- 30.8	39.72	57.39
Precision Engineering & Automation	+ 0.9	35.21	34.90
Industrial & Mobile Hydraulics	+ 7.5	3.43	3.19

Offshore Marine, Oil & Gas Machinery

Following the huge oil rig orders placed in the last few years and being delivered, demand for offshore vessels to support their operations has resurged. Orders for our deck machinery had been strong offsetting delays in orders from oil and gas. Orders for our oil and gas projects had been delayed a result of our earlier problems in two previous projects which have now been rectified and the projects successfully handed over. Our timely and successful delivery of our first deep sea deck machinery for water depth exceeding 500m has strengthened our reputation in the industry. We are confident of strengthening our positioning in the industry to gain more orders. Prospects for securing orders for oil and gas projects are strong.

Offshore structures for operations of remote operated vehicles in sub-seas operations, in parallel with deck machinery, experienced increased demand. Such demand remains robust.

As at the end of the financial year just ended, we have secured confirmed orders of S$37.0m in the marine offshore, oil and gas and offshore structure segment to be delivered in the financial year 2014.

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Construction Equipment
Revenue for construction equipment decreased by 30.8% in the current year as compared with the previous year primarily due to orders amounting to S$10.8m being held back at the end of the financial year caused by customers' delay. These were shipped after the financial year.

The orders for concrete mixer in Thailand have, otherwise, been very strong and these are expected to continue into the next financial year. China's mixer business has been quite flat due to a slow-down in infrastructure developments in China and Hong Kong. The China operation, however, has become profitable. The Australian market slowed down considerably during the year and we do not expect any significant recovery in the coming year. We expect marginal losses in the Australian market.

Foundation equipment demand in South East Asia has been taking a breather. Several customers have equipped themselves in recent years. Demand for construction works requiring foundation equipment continue to be strong, in particular Singapore, due to the huge backlog in infrastructure projects that are expected to last several years. Hence, rental of equipment has been on the rise and the rate of increase is expected to be higher than new equipment sales. The Group has penetrated into Malaysia whose infrastructural developments are also growing. We expect to grow the Malaysian market. Demand in Australia remains subdued.

Precision Engineering & Automation
The precision engineering sector has shown a marginal 0.9% increase in revenue over the previous year. This is in spite of the slow-down in the global economy leading to a contraction of 2.2% in the global semi-conductor industry and the extended gestation of our start-up investments.

This segment achieves an average of 46% compound annual growth in the last 5 years. With forecast of compound growth in the global semi-conductor industry exceeding 4% in the next 5 years driven by growth in demand in hand-held devices such as smart phones and tablet computers, signs of recovery are evident. Medical devices are forecast to equally enjoy good compound growth in the coming years. Riding on the growth of these sectors and the commercialisation of our start-up investments, whose products are manufactured by our precision engineering sector, we are confident of achieving sustainable growth in our precision engineering sector.

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 sector 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$2.69m as compared with an exchange gain of S$0.16m 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 2013. The net loss of S$2.69m included the imputed unrealised loss in the valuation of these derivatives as at 30 June 2013 amounting to S$2.41m (2012: S$0.50m).

Financial Position
The group's financial position has generally strengthened:-

Classification	Increase (+) / Decrease (-) S$ million	As at 30 Jun 13 S$ million	As at 30 Jun 12 S$ million
Net Assets	+ 3.87	88.49	84.62
Net Working Capital	+ 2.46	44.95	42.49
Cash in Hand and at Bank	- 3.09	21.36	24.45

Gearing Ratios
The Group gearing ratio is 0% at the same ratio for the year ended 30 June 2012. Gearing ratio has been arrived at by dividing our net interest bearing debts over total capital.

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

Classification	Increase (+)/ Decrease (-) Singapore Cents	2013 Singapore Cents	2012 Singapore Cents
Earnings per share	- 0.45	3.24	3.69

The weighted average shares used to compute basic earnings per share are 213,798,187 for this year and 212,375,665 shares for the previous year.

Classification	Increase Singapore Cents	As at 30 June 13 Singapore Cents	As at 30 June 12 Singapore Cents
NTA per share	+ 0.83	35.05	34.22

Capital Expenditure
For the year ending 30 June 2014, the Group plans to invest up to S$2.5m for prototyping, precision and testing equipment and the setting up of our new wholly owned subsidiary iPtec Pte Ltd. Part of the costs is covered by a grant.

Confirmed Orders
We have a total of S$56.0m (30 Jun 2012: S$51.5m) outstanding confirmed orders in hand as at 30 June 2013. A breakdown of these outstanding confirmed orders is as follows:-

	S$ m
Offshore Marine, Oil & Gas Machinery	37.0
Construction Equipment	12.3
Precision Engineering & Automation	6.5
Industrial & Mobile Hydraulics	0.2
Total	56.0

These outstanding orders are scheduled for delivery in the financial year 2014. Prospects for on-going orders continue to be robust.

The Precision Engineering Technology Cluster
Going forward into 2014, we aim to group the technology cluster comprising our start-up investments and the precision engineering and automation sector together under "Precision Engineering & Technologies"

A Strategic Catalyst
The Group's success in translating its start-ups' technologies into products that have now progressed to commercialisation globally has earned it the award of a "private sector translator" that comes with a cash grant of up to S$4.5m for the first 3 years. This amount is to be disbursed based on the Group's achieving key performance milestones. A wholly owned subsidiary iPtec Pte Ltd has been formed to carry out this activity and will be run as a commercial entity for profit. It is the intention of the Group and the grantor for iPtec to achieve a global outreach.

iPtec is an acronym for intellectual property ("IP") translation engineering company. iPtec will focus on medical technology translation for local research institutes in Singapore in both the government and private sector and may extend to include overseas IPs. iPtec will be the first company of its kind in Singapore to bridge an eco-system in the medical technology landscape in Singapore. The company will invest in the latest state-of-the-art advanced prototyping equipment and testing facilities and employ specialist engineers in equipment design, clinical trials, regulatory approvals and industrial design to render a comprehensive suite of services to customers from the IP's proof of concept stage to commercialisation.

Seed Funding Potentials
Translated IPs are owned by customers who pay for the translation services. However the Group will consider investing in and co-own IPs that possess strong potentials and to provide seed-funding to start-ups with strong promises. Seed-funded investments may be disposed of for profit if their potentials have been realized and they do not form a strategic fit with the Group's core business.

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Technologies translated by iPtec may be seamlessly supported by Sys-Mac Automation Engineering Pte Ltd's manufacturing expertise as it has done so for the Group's various start-up investments.

Progress on Start-Up Investments

The Group's various start-ups possess disruptive technologies. The nature of the technologies invariably takes a longer phased gestation period. The most encouraging signs are that each of the technologies invested has been accepted by the relevant end users as disruptive. As the technologies are validated at various phases for proof of value to the customers, gradual adoption is gaining pace. Once customers have fully adopted the technologies, exponential sales are expected to break-out.

Orion Systems Integration Pte Ltd (Orion)

Orion's commercial Thermal Bonder for fine pitch flip chips has been accepted by industry. We are finalising the sale of significant batch orders with the first batch of 6 units aimed to be shipped within the first half of 2014 subject to no delay in customer's expansion plans. The expanding global demand for hand-held devices and tablet computers will use fine pitch flip chips as opposed to conventional chips. This is expected to accelerate the process for chip manufacturers to retool into manufacturing and packaging fine pitch flip chips. Fine pitch flip chips are high power computing chips that meet present days' requirement for small but powerful chips for increased multi-functional computing needs in the industry.

Orion is emerging from its gestation to be revenue generating.

Biobot Surgical Pte Ltd (Biobot)

The commercial version of the Mona Lisa iSR'obot surgical robot for prostate biopsy was launched in the AUA 2013, a conference of the American Urology Association in San Diego in May 2013. The surgical robot was well received and we are finalising partnerships with two university hospitals to set up centers of excellence in Europe and USA. One of these will be based in Germany and the other one in New York City. We aim to have these centers set up before December 2013. The centers of excellence will facilitate training of customers in the region on the use of our surgical robot and facilitate further development on the applications of our robot, including therapy.

The commercial unit has undergone various technical improvements in accuracy, enhanced safety and ergonomic features facilitating one-man operation and local anaesthesia. Approval from the Food and Drug Administration (FDA) in USA for the updated unit has been received. We expect to receive CE Mark (Eurozone) in the next 2 months. Updates to regulatory approval in Australia and Taiwan have been filed. We plan to file for regulatory approval in China in the first half of calendar year 2014.

Biobot aims to realise its first sales of the robot in the first half of the next financial year.

Curiox Biosystems Pte Ltd (Curiox)

Curiox's DropArray technology has achieved break-through acceptance by 10 of the top 25 pharmaceutical companies in the USA and Europe. The DropArray technology, whose application research findings were published in "Blood" a prestigious journal of the American Society of Hematology in December 2012, is now well accepted as the leading unique technology for high throughput screening in drug discovery processes that use both suspension and adherent cells in the preparation of complex assays.

The DropArray technology which employs wall-less microplates has proven to achieve a higher retention of suspension cells during washing and uses less disease markers and reagents which are expensive compounds. The technology is now at a critical stage of validation by various pharmaceutical companies applying it in their respective proprietary assays in developing new drugs. Significant progress has been achieved in us adapting our features to suit their needs. We are confident that our progress towards full adoption is gaining pace. Although their standards are stringent, making the level of entry high, we are hopeful of industry's adoption within the next 12 months. A full adoption of our technology will potentially escalate from its current validation with high end complex assays to simpler assays widening the scope of applications across the industry.

In the interim, revenue from applications in simpler assays is being generated. This is expected to pick up.

Prospects
The year just ended has been volatile. Our full year's results have been impacted by such volatility.

The global recovery is expected to remain fragile with uncertainties continuing to prevail. The Group charts its course on the basis that these global uncertainties whether arising from economic imbalances or political changes will always underscore the global economic landscape. As such, the Group has been positioning itself to transit the inflection point in its growth path, in order to create a platform for sustainable growth.

Prospects for the Group in 2014 remain strong. The Group is confident of sustainable growth into the future.

Dividends
The Group has decided to pay a final dividend of Australian cents 0.55 per share (2012: Australian cents 0.55) making the full year dividends to 1 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 15 November 2013 and is payable on 29 November 2013.

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

GL Sim
Chairman

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Preliminary Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

	Note	2013 S$'000	2012 S$'000
Revenue from continuing operations	3	118,733	128,959
Other operating income	4	1,116	1,689
Total revenue		119,849	130,648
Cost of materials		(61,265)	(73,776)
Employee, contract labour and related costs		(29,374)	(27,318)
Depreciation and amortisation		(5,256)	(4,931)
Property related expenses		(2,595)	(2,528)
Other operating expenses		(13,367)	(12,081)
Finance costs		(474)	(878)
Share of results of associates		(613)	(1,357)
Profit before income tax expense		6,905	7,779
Tax benefit /(expense)	5	303	(553)
Profit for the year from continuing operations after income tax expense		7,208	7,226
Other comprehensive income:			
- **Items that may be subsequently reclassified to profit and loss**			
Foreign currency translation on consolidation		(326)	(135)
Effect of tax on other comprehensive income		–	–
Other comprehensive (loss)/income for the period, net of tax		(326)	(135)
Total comprehensive income		6,882	7,091
Profit/(loss) attributable to :			
Owners of parent		6,929	7,836
Non-controlling interest		279	(610)
Profit for the year		7,208	7,226
Total comprehensive income/(loss) attributable to:			
Owners of parent		6,603	7,701
Non-controlling interest		279	(610)
		6,882	7,091
Earnings per share (cents)			
Basic earnings per share	6	3.24	3.69
Diluted earnings per share	6	3.23	3.67

Preliminary Consolidated Balance Sheet

as at 30 June 2013

	Note	**2013** S$'000	**2012** S$'000
Non-current assets			
Property, plant and equipment		33,101	35,833
Intangible assets		13,212	11,918
Deferred tax assets		1,943	754
Loan receivable from an associate	10	919	–
Investment in an associate	10	2,578	2,768
Others		1	1
		51,754	51,274
Current assets			
Cash and bank balances	9	21,355	24,446
Inventories		21,829	28,255
Trade and other receivables		34,832	33,169
Prepayments		546	908
Tax recoverable		109	205
Assets held for sale		524	–
Financial asset at fair value through profit or loss		–	300
		79,195	87,283
Less : Current liabilities			
Payables		20,747	31,547
Interest-bearing liabilities		9,459	10,425
Provisions		1,138	1,248
Provision for taxation		431	1,015
Unearned income		64	64
Unrealised loss on derivatives		2,411	497
		34,250	44,796
Net current assets		44,945	42,487
Non-current liabilities			
Interest-bearing liabilities		5,147	6,535
Deferred tax liabilities		2,622	2,161
Provisions		443	384
Unearned income		–	63
		8,212	9,143
Net assets		88,487	84,618
Equity attributable to equity holders of the Company			
Contributed equity	12	37,623	37,083
Reserves		(251)	110
Retained earnings		50,099	45,955
		87,471	83,148
Non-controlling interest		1,016	1,470
Total equity		88,487	84,618

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Preliminary Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

		Attributable to equity holders of the Company							
	Note	**Share capital**	**Share capital – exercise of share options**	**Foreign currency translation reserve**	**Share based payments reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1.7.2011		36,863	120	(496)	537	41,340	78,364	1,902	80,266
Other comprehensive income		–	–	(135)	–	–	(135)	–	(135)
Profit/(loss) for the year		–	–	–	–	7,836	7,836	(610)	7,226
Total comprehensive income for the year		–	–	(135)	–	7,836	7,701	(610)	7,091
Exercise of employee share options	12	66	34	–	(34)	–	66	–	66
Cost of share-based payments		–	–	–	238	–	238	–	238
Acquisition of subsidiary companies		–	–	–	–	–	–	578	578
Acquisition of non-controlling interest		–	–	–	–	(515)	(515)	(370)	(885)
Dividends paid on ordinary shares	7	–	–	–	–	(2,706)	(2,706)	–	(2,706)
Disposal of subsidiary		–	–	–	–	–	–	68	68
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	(98)	(98)
Balance at 30.6.2012		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	12	117	72	–	(72)	–	117	–	117
Share issued, net of expenses	12	351	–	–	–	–	351	–	351
Cost of share-based payments		–	–	–	173	–	173	–	173
Expiry of employee share options		–	–	–	(136)	136	–	–	–
Acquisition of non-controlling interest	11	–	–	–	–	(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

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Preliminary Consolidated Statement of Cash Flows

for the year ended 30 June 2013

(In Singapore dollars)

	Note	2013 S$'000	2012 S$'000
Operating profit before taxation		6,905	7,779
Adjustments for :			
Depreciation of property, plant and equipment		4,406	4,225
Amortisation of intangible assets		850	706
Bad debts written off		–	2
Allowance for doubtful debts, net		–	297
Allowance for inventory obsolescence		19	45
Inventories written off		3	3
Interest expenses		474	878
Interest income	4	(152)	(220)
Property, plant and equipment written off		133	4
Intangible assets written off		5	–
Gain on disposal of property, plant and equipment	4	(59)	(100)
Loss on disposal of property, plant and equipment		5	13
Loss on disposal of equity interest in subsidiary		–	87
Loss on remeasurement of investment in an associate company		–	874
Provisions made, net		516	214
Cost of share-based payments		156	238
Fair value adjustment for financial asset through profit and loss		–	(800)
Share of results of associates		613	1,357
Unrealised loss on derivatives		2,411	497
Unrealised exchange difference		(7)	(75)
Operating profit before reinvestment in working capital		16,278	16,024
Decrease in stocks and work- in-progress		7,591	4,727
(Increase)/ decrease in projects-in-progress		(5,023)	2,421
Decrease/ (increase) in debtors		2,790	(778)
Decrease in creditors		(12,531)	(1,284)
Cash generated from operations		9,105	21,110
Interest received		152	220
Interest paid		(477)	(885)
Income taxes paid		(1,032)	(2,274)
Net cash provided by operating activities		7,748	18,171

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Preliminary Consolidated Statement of Cash Flows (Cont'd)

	Note	2013	2012
		S$'000	S$'000
Cash flows from investing activities :			
Purchase of property, plant and equipment		(2,402)	(5,740)
Proceeds from disposal of property, plant and equipment		84	131
Increase in software development		(531)	(83)
Increase in development expenditure		(1,389)	(37)
Increase in patented technology		(34)	(31)
Investment in associate	10	(453)	(1,451)
Decrease /(increase) in amount due from associate		193	(924)
Subscription of convertible loan stocks	10	(919)	–
Acquisition of subsidiary		–	157
Disposal of subsidiary		–	(77)
Acquisition of non-controlling interest	11	(595)	(385)
Net cash used in investing activities		(6,046)	(8,440)
Cash flows from financing activities :			
Net increase in amount due to directors		20	30
Repayment of bank borrowings		(1,137)	(3,289)
Dividends paid on ordinary shares	7	(2,742)	(2,706)
Dividends paid to non-controlling shareholders		(97)	(98)
Proceeds from exercise of employee share options		117	66
Proceeds from issue of shares			
- by the Company to shareholders	12	351	–
- by subsidiary company to non-controlling interest		37	–
Proceeds from disposal of equity interest to non-controlling interest		43	–
Repayment of hire purchase creditors		(1,232)	(2,684)
Net cash used in financing activities		(4,640)	(8,681)
Net (decrease)/increase in cash and cash equivalents		(2,938)	1,050
Net foreign exchange differences		(101)	11
Cash and cash equivalents at beginning of year		24,241	23,180
Cash and cash equivalents at end of year	9	21,202	24,241

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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 2012, the interim financial report for the half-year ended 31 December 2012 and considered together with any public announcements made by Zicom Group Limited during the year ended 30 June 2013 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 Automation – manufacture of precision and automation equipment, including equipment related parts 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.

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	Offshore Marine, Oil and Gas Machinery S$'000	Construction Equipment S$'000	Precision Engineering and Automation S$'000	Industrial & Mobile Hydraulics S$'000	Consolidated S$'000
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/(expense)					303
Profit after taxation					7,208

	Offshore Marine, Oil and Gas Machinery S$'000	Construction Equipment S$'000	Precision Engineering and Automation S$'000	Industrial & Mobile Hydraulics S$'000	Consolidated S$'000
For year ended 30 June 2012					
Revenue					
Sales to external customers	34,302	57,167	34,721	2,769	128,959
Other revenue	52	207	171	5	435
Inter-segment sales	–	15	4	414	433
Total segment revenue	34,354	57,389	34,896	3,188	129,827
Inter-segment elimination					(433)
Unallocated revenue					1,034
Interest income					220
Total consolidated revenue					130,648
Results					
Segment results	1,916	6,394	2,722	668	11,700
Unallocated revenue					1,034
Unallocated expenses					(2,940)
Share of results of associates					(1,357)
Profit before tax and finance cost					8,437
Finance costs					(878)
Interest income					220
Profit before taxation					7,779
Income tax benefit/(expense)					(553)
Profit after taxation					7,226

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Note 3 Revenue

	2013 S$'000	2012 S$'000
Sale of goods	76,094	93,764
Rendering of services	6,860	7,684
Rental revenue	6,335	6,326
Revenue recognised on projects	29,444	21,185
	118,733	128,959

Note 4 Other operating income

	2013 S$'000	2012 S$'000
Interest income	152	220
Commission income	26	66
Gain on disposal of property, plant and equipment	59	100
Services rendered	398	193
Government grants	230	140
Fair value adjustment for financial asset through profit or loss	–	800
Bad debts recovered	4	2
Other revenue	247	168
	1,116	1,689

Note 5 Taxation

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

	2013 S$'000	2012 S$'000
Current income tax		
Current income tax charge	567	1,073
Adjustments in respect of previous years	(118)	(30)
Deferred income tax		
Relating to the origination and reversal of temporary differences	(1,243)	(186)
Adjustments in respect of previous years	491	(304)
Income tax (benefit)/expense	(303)	553

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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

	2013	2012
	S$'000	S$'000
Net profit attributable to equity holders of the parent	6,929	7,836
	No. of shares (Thousands)	
(b) Weighted average number of shares for basic earnings per share	213,798	212,376
Effect of dilution:		
Share options	849	1,406
Adjusted weighted average number of shares	214,647	213,782
	Singapore cents	
(c) Earnings per share		
Basic	3.24	3.69
Diluted	3.23	3.67

Note 7 Dividends paid and proposed

	2013	2012
	S$'000	S$'000
(a) Dividends per share paid or provided for		
Final unfranked dividend for 2011 : Australian 0.55 cents	–	1,471
Interim unfranked dividend for 2012 : Australian 0.45 cents	–	1,235
Final unfranked dividend for 2012 : Australian 0.55 cents	1,488	–
Interim unfranked dividend for 2013 : Australian 0.45 cents	1,254	–
	2,742	2,706
(b) Dividends declared per share		
Final unfranked dividend for 2012 : Australian 0.55 cents	–	1,519
Final unfranked dividend for 2013 : Australian 0.55 cents	1,358	–
	1,358	1,519

The final dividends for financial year ended 30 June 2013 were approved by the Board on 14 August 2013. 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 2013	30 Jun 2012
Net tangible asset backing per ordinary share (Singapore cents)	35.05	34.22

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Note 9 Cash and cash equivalents

	2013 S$'000	2012 S$'000
Cash at bank and in hand	19,956	21,455
Short-term fixed deposits	1,399	2,991
	21,355	24,446
For the purpose of the cash flow statement, cash and cash equivalents comprised the following:		
Cash and short-term deposits	21,355	24,446
Bank overdrafts	(153)	(205)
Cash and cash equivalents	21,202	24,241

Note 10 Investment in an associate

(a) Investment details

	30 Jun 13 S$'000	30 Jun 12 S$'000
Curiox Biosystems Pte Ltd	2,578	2,768

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

Curiox Biosystems Pte Ltd ("Curiox") Shareholdings held: 46.49% (30/6/2012:44.06%)	30 Jun 13 S$'000	30 Jun 12 S$'000
At beginning of year	2,768	2,007
Additional investment	453	1,451
Share of losses after income tax	(643)	(690)
At end of year	2,578	2,768

In the last financial year, Zicom Holdings Pte Ltd ("ZHPL") subscribed for 171,586 Rights Shares pursuant to the renounceable Rights Issue of Curiox, at an issue price of S$5.28 per Right Share payable in 2 equal tranches. Consideration for the two tranches amounting to S$453,000 each had been paid in April 2012 and September 2012 respectively.

With the additional investment, ZHPL's equity interest in Curiox Biosystems Pte Ltd has increased to 46.49% as at 30 June 2013.

On 18 January 2013, Curiox issued 919,000 convertible loan stocks with cumulative interest at 5% per annum to ZHPL 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.

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Note 11 Investment in subsidiaries

(a) Orion Systems Integration Pte Ltd ("Orion")
On 3 July 2012, Zicom Holdings Pte Ltd acquired an additional 29.74% equity interest in Orion from its non-controlling interest for a cash consideration of S$595,000 thereby increasing the Group's interest in Orion to 84%. The difference between the carrying value of the additional interest acquired of S$624,000 and the cash consideration amounting to S$29,000 has been recognized within equity.

ii) Biobot Surgical Pte Ltd ("BBS")
On 31 December 2012, the shareholders of BBS approved the transfer of 1,200,000 Profit Guarantee Shares valued at S$300,000 to Zicom Holdings Pte Ltd as the minimum agreed profits could not be achieved by BBS under the Shareholders' Agreement. This has resulted in an increase in the Group's interest in BBS to 92% and the difference between the carrying amount of additional interest acquired and the value of Profit Guarantee Shares transferred amounting to S$196,000 has been recognized as premium paid on acquisition within equity.

Note 12 Contributed equity

(a) *Share capital*

	2013 No. of shares (Thousands)	**2012** No. of shares (Thousands)	**2013** S$'000	**2012** S$'000
Ordinary fully paid shares	214,752	212,452	37,623	37,083

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 2011		212,159	36,983
Issue of shares under Zicom Employee Share and Option Plan	*(i)*	293	100
At 30 June 2012		212,452	37,083
Issue of shares under Zicom Employee Share and Option Plan	*(i)*	517	189
Issue of shares in lieu of cash performance bonus	*(ii)*	1,783	351
At 30 June 2013		214,752	37,623

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Note 12 Contributed equity (cont'd)

(i) *Issue of shares under Zicom Employee Share and Option Plan ("ZESOP")*
On 4 October 2011, the Company issued and allotted 293,000 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 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.

(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.

Note 13 Subsequent events

(a) Redemption of redeemable loans stocks
On 1 July 2013, 3,016,772 redeemable loan stocks in Biobot Surgical Pte Ltd ("Biobot") held by Zicom Holdings Pte Ltd has been fully redeemed by Biobot via the issue of 1 ordinary share fully paid for every loan stock held. As a result, the Group's equity interest in Biobot was adjusted to 91.8%.

(b) Incorporation of iPtec Pte Ltd
On 2 July 2013, Sys-Mac Automation Engineering Pte Ltd incorporated a wholly-owned subsidiary, iPtec Pte Ltd, which will be principally engaged in medical technology translation services.

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:** 16 August 2013
(Director/ Company Secretary)

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