ZICOM GROUP LIMITED

Appendix 4D

For the six months ended

31 December 2011

ZICOM GROUP LIMITED

ABN 62 009 816 871

HALF-YEAR REPORT – 31 DECEMBER 2011

Name of entity:	**ZICOM GROUP LIMITED**
ABN:	62 009 816 871
Reporting Period:	**Six Months Ended 31 December 2011**
Previous corresponding period:	Six Months Ended 31 December 2010

Results for announcement to the market

Revenues from ordinary activities	down	8.9% to	S$64,569,712
Net Profit from ordinary activities after tax attributable to members	down	54.9% to	S$3,923,780

Dividends

	Amount per security	Unfranked amount per security
Interim dividend	Australian cents 0.45	Australian cents 0.45

Record date for determining entitlements to dividends	19 March 2012
Date the dividend is payable	30 March 2012

Net tangible assets per security

	Dec 31, 2011	June 30, 2011
Net tangible asset backing per ordinary share	Singapore cents 34.19	Singapore cents 32.76

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**.**

This half yearly report is to be read in conjunction with the half year financial report and the most recent annual financial report.

Signed

GL Sim
Chairman
Date: 27 February 2012

ZICOM GROUP LIMITED

Half-Year Financial Report

For the six months ended

31 December 2011

Contents

Corporate Information

This half-year report covers the consolidated entity comprising Zicom Group Limited and its subsidiaries (the Group). The Group's presentation currency is Singapore Dollars (S$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on page 2.

Directors

Giok Lak Sim	(Chairman and Managing Director)
Kok Hwee Sim	(Executive Director)
Frank Leong Yee Yew	(Independent)
Yian Poh Lim	(Independent)
Ian Robert Millard	(Independent)
Shaw Pao Sze	(Independent)
Kok Yew Sim	(Alternate Director to Kok Hwee Sim)

Joint Company Secretaries

Jenny Lim Bee Chun
Surendra Kumar

Registered Office

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Murarrie QLD 4172
Telephone: +61 7 3908 6088
Facsimile: +61 7 3390 6898
Website: www.zicomgroup.com

Auditors

Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane, QLD 4000

Solicitors

Thomsons Lawyers
Level 16, Waterfront Place
1 Eagle Street
Brisbane, QLD 4000

Share Registry

Link Market Services Limited
Level 15
324 Queen Street
Brisbane, Queensland 4000
Facsimile: +61 2 9287 0309

Bankers

Australia
Westpac Banking Corporation

Singapore
United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Westpac Banking Corporation

Thailand
United Overseas Bank (Thai) Public Company Limited
Siam Commercial Bank

China
Industrial and Commercial Bank of China
China Merchants Bank

Report of the Directors

Your directors present the consolidated financial report for the half-year ended 31 December 2011.

Directors
The following persons held office as directors of Zicom Group Limited at the date of this report and for the whole of the period since 1 July 2011:

Giok Lak Sim	(Chairman and Managing Director)
Kok Hwee Sim	(Executive Director)
Frank Leong Yee Yew	(Independent)
Yian Poh Lim	(Independent)
Ian Robert Millard	(Independent)
Shaw Pao Sze	(Independent)
Kok Yew Sim	(Alternate Director to Kok Hwee Sim)

Secretaries
Ms Jenny Lim Bee Chun
Mr Surendra Kumar

Review of Operations

The Group's consolidated revenue for the half year is S$64.57m as compared with S$70.91m in the previous year corresponding period, a decrease of 8.9%. The Group's half year net consolidated profit after tax to 31 December 2011 is S$3.92m as compared with S$8.69m in the previous year corresponding period, a decrease of 54.9%.

Results for this half year have largely been affected by the decrease in revenue from the offshore marine, unforeseen losses in oil and gas sector due to initial difficulties experienced in integration of various expertise involved, and also gestation costs incurred for the various start-up companies that we have invested in since 2010.

The set-backs in the offshore marine reflected the effects of the last global financial crisis from 2007-2009. In recent months demand for offshore vessels in the offshore marine sector has resurged on the back of the record number of oil rigs being awarded world-wide. The gestation losses in the oil and gas sector are not likely to be repeated. Gestation costs for the start-ups are tapering off as all these start-ups are expected to achieve commercialization this year so as to begin generating income and to contribute to the Group within the next financial year.

The Group's finances remain strong and its cash balances of S$19.36m remain healthy.

Notwithstanding the uncertain global economic environment and the challenges presented, the Group is confident of being able to sustain its growth. Our healthy financial position continues to enable us to take advantage of business opportunities as they arise so as to continue strengthening our organic businesses and to support commercialization of the disruptive technology companies in our stable. The Group expects to continue to be profitable for the full year.

A comparison of the current half year results with those of the previous year corresponding period is as follows:-

Key Financials	Change (%)	6 months ended 31 Dec 11 (S$ million)	6 months ended 31 Dec 10 (S$ million)
Revenue	-8.9	64.57	70.91
Earnings before interest, tax, depreciation, & amortisation (EBITDA)	-46.0	7.06	13.07
Net profit after tax (NPAT)	-54.9	3.92	8.69

During the half year, the average exchange rate for the A$ against the S$ was A$1.00 to S$1.3038. As at 31 December 2011, the exchange rate was A$1.00 to S$1.3170 (At 30 June 2011: A$1 to S$1.3245)

The Group's cash balances remain strong at S$19.36m as at 31 December 2011 as compared with S$23.67m as at 30 June 2011.

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

Revenue by Business Segments	Change (%)	6 months ended 31 Dec 11 (S$ million)	6 months ended 31 Dec 10 (S$ million)
Offshore Marine, Oil and Gas Machinery	-37.79	18.39	29.56
Construction Equipment	+3.11	29.14	28.26
Precision Engineering & Automation	+33.60	15.19	11.37
Industrial & Mobile Hydraulics	-1.62	1.82	1.85

Offshore Marine, Oil & Gas
Demand for offshore marine, oil and gas equipment decreased by 37.79% in the half year as compared with the previous year corresponding period.

The Group's orders for deck machinery had slackened this year as demand in offshore supply and work vessels has shrunk since the last global financial crisis. However in recent months there has been a record award on construction contracts for offshore rigs for deep seas exploration world-wide. This momentum will likely be maintained and create increased demand for the building of new offshore vessels for which we supply our deck machinery. Orders for offshore vessels typically lag behind that of the offshore rigs by about 1 to 2 years. We have, in recent months, successfully broken into the deep seas operations sector having secured a significant single order of US$3.6m for one ship-set of deep-seas deck machinery. Future demand is likely to be focused on deep seas operations.

We are confident that from the next financial year, such demand will be translated into improved results for us in this sector.

We had hoped that the slack in our offshore marine business to be taken up by the substantial orders for oil and gas turnkey projects in hand. However, initial difficulties in the integration of the diverse expertise involved in this area caused delays to the initial projects resulting in losses.

The Group is confident that such problems have been controlled and that the offshore marine and oil and gas sector would perform better for the ensuing financial year ending 30 June 2013.

The Group is confident of securing higher value projects in turn-key gas processing plants in the near future. After the initial setbacks in integrating its oil and gas expertise, the oil and gas sector is now well positioned to perform better to increase its contribution to the Group in the next financial year.

Construction
Demand for construction equipment increased by 3.11% in the half year as compared with the previous year corresponding period.

Our foundation equipment in Asia consistently continues to be a key contributor to the Group. This sector has also been strongly supported by a huge increase in demand in concrete mixers in Thailand resulted from the construction demand following the unprecedented floods.

Demand in concrete mixers in Australia remained subdued. The use of bigger concrete mixers on the road augmented by better utilization of fleets has reduced the annual demand for concrete mixers in Australia in recent years. The Group's Australian subsidiary, recognizing the on-going trend started to collaborate with its Singapore subsidiary that specialized in foundation equipment, 18 months ago, to rent and sell foundation equipment in the east coast of Australia. Our foray into this direction is gaining traction leading us to expand our business in foundation equipment business into both the east and west coasts of Australia. We are confident that the diversification embarked on by our Australian subsidiary has strengthened its sustainability and reduced its vulnerablility in the industry. We expect our Australian subsidiary to be profitable this financial year.

Precision Engineering
The precision engineering sector has shown a 33.60% increase in revenue over the previous year corresponding period.

The first half experienced a strong recovery in demand from the consumer electronics industry and increase in demand in automation services. These mitigated the weakness in demand from the semi-conductor industry. In addition, we have now established ourselves as a preferred vendor in the manufacture of medical devices with our ISO 13485 accreditation and the availability of a clean room facility to meet such needs as they arise. With our well diversified base of customers, we expect to improve on our performance this financial year.

Our precision engineering subsidiary, Sys-Mac Automation Engineering Pte Ltd ("Sys-Mac"), is well equipped to render engineering and manufacturing support to the Group's investments in medical devices and fine pitch flip chip technologies. It will manufacture the surgical robots, drug discovery instrumentation and thermal flip chip bonder for the 3 start-up investments. We are confident that the Group's support given for the commercialization efforts for these start-ups will accelerate results.

Sys-Mac has started a new business this month in optics and vision systems under a new subsidiary SAEdge Vision Solutions Pte Ltd. This subsidiary will further strengthen and add impetus to Sys-Mac's core competency in automation as optics and vision systems are employed for efficient and reliable fast through-put inspection, product alignment and measurements in manufacturing industries. Such expertise could also support the design and production of medical equipment involving imaging.

Toward the end of 2010, we doubled the production facilities of Sys-Mac from 3,303sq m to 6,624sq m. This increased capacity is expected to be fully utilized in the coming months as the demand for products and services in the precision engineering automation and medical device sectors converge.

Industrial & Mobile Equipment
This sector is made up mainly 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 generally small and not significant.

Foreign Exchange Exposure
The Group generally prices its sales in foreign currencies on forward rates. During the half year, we hedged the rates to ensure our margins were maintained. The net gain attributable to foreign exchange during the current half year is S$848,434 compared with an exchange gain of S$537,466 in the previous corresponding period.

Accounting Standard AASB 139 obliges us to fair value our outstanding foreign currency derivatives at the rates ruling on 31 December 2011. The net gain of S$848,434 included the imputed gain/loss in the valuation of these derivatives as at 31 December 2011.

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

Classification	Increase (+) Decrease (-) S$ million	As at 31 Dec 11 S$ million	As at 30 June 11 S$ million
Net Assets	+ 2.82	83.09	80.27
Net Working Capital	+ 0.54	42.66	42.12
Cash in hand and at bank	-4.31	19.36	23.67

Gearing Ratios
The Group's gearing ratio is 3.11% as at 31 December 2011 as compared to nil for the year ended 30 June 2011. Gearing ratio has been arrived at by dividing our interest bearing debts net of cash and cash equivalents over total capital and reserves.

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

Classification	Decrease (-) Singapore Cents	6 months ended 31 Dec 11 Singapore Cents	6 months ended 31 Dec 10 Singapore Cents
Earnings per share	-2.24	1.85	4.09

The weighted average shares used to compute earnings per share are 212,375,665 for this half year and 212,737,203 shares for the previous year corresponding period.

Classification	Increase (+) Singapore Cents	As at 31 Dec 11 Singapore Cents	As at 30 June 11 Singapore Cents
NTA per share	+1.43	34.19	32.76

Capital Expenditure
The Group incurred an amount of S$380,000 of its planned capital expenditure of S$1m to expand our precision engineering facilities leaving a balance of S$620,000 which is expected to be incurred partly in this financial year or the next. We do not foresee spending more than the amount planned for. We have commenced automating part of our production jigs in Thailand. Although we had planned to spend S$1m, we are expecting to complete the project within S$400,000. Apart from these we do not foresee any other significant capital investments.

Confirmed Orders
We have a total of S$41.6m (31 Dec 2010: S$83.2m) outstanding confirmed orders in hand as at 31 December 2011. A break-down of these outstanding orders secured is as follows:-

	S$ m
Offshore Marine, Oil & Gas Machinery	21.6
Construction Equipment	5.7
Precision Engineering & Automation	14.2
Industrial & Mobile Hydraulics	0.1
Total	S$ 41.6m

Out of the above outstanding orders, S$32.4m are scheduled for delivery in the second half of this financial year 2012 and the balance after June 2012. Prospects for ongoing orders are improving.

Investments In Start-Ups
The progress of our investments in start-up companies is as follows:-

a) Biobot Surgical Pte Ltd (Biobot)
Biobot's surgical robot, the iSR'obot Mona Lisa (patent pending) has secured regulatory approvals from FDA (Food and Drug Administration, USA), TGA (Therapeutic Goods Administration Australia), CE Mark (European Union), DOH (Department of Health, Taiwan) and HSA (Health Sciences Authority, Singapore) to market its products in these territories.

The Board of Biobot has, however, decided to withhold commercialisation until a complete restructuring of its operations has been completed. This has resulted in the replacement of the Chief Executive Officer 3 months ago so as to enable the Company to focus on the directions set by the Board in order to achieve the milestones set. Biobot has since strengthened the partnership with our long-standing local clinical partners the Singapore General Hospital, Singapore's largest government hospital and executed a new Licence Agreement in January 2012. It has partnered Sys-Mac to provide expertise in both design and production engineering including manufacturing support. The Company has regained its focus and progress has since accelerated. We are confident of being positioned to initiate a concrete commercialization launch towards the last quarter of calendar year 2012.

Biobot is planning a rights issue next month for loan stocks redeemable by shares in the Company in July 2013, to secure additional capital to fund its commercialization. The Group is prepared to inject another S$1m into the Company that would also cover any rights not taken up by other shareholders. The additional capital will be fully funded internally by the Group. Biobot's technology is still leading edge. We are confident that once the product is ready for full commercialization, exponential growth can be expected to gain traction in a short time.

b) Curiox Biosystems Pte Ltd (Curiox)
Curiox's DropArray technology (patent pending) has been validated by an USA based drug company, known as a "pioneer in biotechnology" and one of the world's biggest protein therapeutic medicine manufacturers and Japan's biggest pharmaceutical company. The technology has proven to be able to achieve cost savings in drug discovery processes by 50-60%.

The validation has been documented in papers submitted to numerous international conferences. This has positioned the Company to commence launching its products and technology.

Curiox has set up a marketing subsidiary in San Francisco. Curiox has based the Chief Executive Officer supported by two Biologists and a Marketing Manager in the USA to cover the USA and European markets. Curiox has also appointed two distributors in Japan.

Curiox's marketing efforts are expected to gain traction towards the middle of 2012 and the Group is confident of Curiox's contribution in the next financial year.

Curiox is planning a rights issue to its shareholders in the next 2 months to raise S$1m to S$1.5m to support and accelerate its commercialisation efforts. The Group will take up its share of allocation and any rights not taken up by other shareholders. The additional capital will be fully funded internally by the Group.

c) Orion Systems Integration Pte Ltd (Orion)
Orion's state of the art Thermal Bonder for packaging of fine pitch flip chips (patents pending) has been validated by its potential key customers who are leading chip assembly plants in Asia and USA.

A fully commercialized unit is expected to be completed in March 2012. Upon successful run-in, we expect to make a commercial sale in the second quarter of 2012. Numerous enquiries have been received. We are confident that some of these will crystallize into firm orders for the next financial year.

Orion's Thermal Bonder does not only bond faster but with better accuracy due to its unique patented technology of maintaining constant temperature during bonding.

Orion is concurrently seeking alliances with established international companies whose products align with its technology so as to accelerate its entry into the global market.

Prospects
Notwithstanding the half year's disappointing results, the Group is confident that its growth platform remains sustainable.

The Group maintains a long term view on its growth strategies. It is confident that the full year's results remain profitable although it is expected to fall short of the previous financial year.

We are confident of maintaining our organic growth and with gestation tapering off in our start-ups and full commercialization of their technologies are in the offing, the Group is confident of better results in the years ahead.

Dividends
The Group has decided to pay an interim dividend of Australian cents 0.45 per share for this half year (2010: Australian cents 0.45), the same as the previous corresponding period. This interim dividend will be paid out of Conduit Foreign Income under the Australian Income Tax Act. Accordingly, withholding tax will not apply to non-Australian residents.

The interim dividend of Australian cents 0.45 per share will be payable on 30 March 2012.

Auditor Independence
A copy of the auditor's signed independence declaration is attached to this report.

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

GL Sim
Chairman

27 February 2012

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Zicom Group Limited

In relation to our review of the financial report of Zicom Group Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Ric Roach
Partner
Brisbane
Date: 27 February 2012

Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2011

	Note	31-Dec-11 S$	31-Dec-10 S$
Revenue from continuing operations	4	64,179,284	70,492,678
Other revenue	4	390,428	418,864
Total revenue		64,569,712	70,911,542
Expenses			
Cost of materials		(37,825,803)	(38,201,528)
Employee, contract labour and related costs		(12,953,986)	(11,820,119)
Depreciation and amortisation expense		(2,443,684)	(2,146,018)
Premises rental and outgoings		(1,253,039)	(949,430)
Finance costs		(473,409)	(601,926)
Other expenses		(4,468,035)	(6,380,840)
Share of results of associates		(868,092)	(386,421)
Profit before income tax expense		4,283,664	10,425,260
Income tax expense	5	(451,754)	(1,758,959)
Profit after income tax expense		3,831,910	8,666,301
Other comprehensive income:			
Foreign currency translation on consolidation		326,737	351,876
Effect of tax on other comprehensive income		–	–
Other comprehensive income for the period, net of tax		326,737	351,876
Total comprehensive income		4,158,647	9,018,177
Profit attributable to:			
Owners of parent		3,923,780	8,693,675
Non-controlling interest		(91,870)	(27,374)
		3,831,910	8,666,301
Total comprehensive income attributable to:			
Owners of parent		4,250,517	9,045,551
Non-controlling interest		(91,870)	(27,374)
		4,158,647	9,018,177
Earnings per share (Singapore cents)			
Basic earnings per share		1.85	4.09
Diluted earnings per share		1.83	4.09

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 31 December 2011

	Note	31-Dec-11 S$	30-Jun-11 S$
Non-current assets			
Property, plant and equipment		35,659,368	35,342,535
Intangible assets		10,452,495	10,757,248
Deferred tax assets		1,007,604	839,863
Finance lease receivable		–	26,310
Investment in associates	8	4,975,766	4,845,458
Others		520	520
		52,095,753	51,811,934
Current assets			
Cash and bank balances	6	19,355,207	23,674,855
Inventories		28,904,087	30,306,155
Trade and other receivables		36,136,803	34,154,576
Prepayments		790,870	689,654
		85,186,967	88,825,240
Less : Current liabilities			
Payables		26,870,455	31,611,395
Interest-bearing liabilities		13,135,427	11,211,139
Provisions		1,184,558	1,401,097
Provision for taxation		1,255,692	2,245,601
Unearned income		63,515	124,546
Unrealised loss on derivatives		19,996	110,148
		42,529,643	46,703,926
Net current assets		42,657,324	42,121,314
Non-current liabilities			
Interest-bearing liabilities		8,749,422	10,637,528
Deferred tax liabilities		2,480,083	2,618,870
Provisions		340,834	283,302
Unearned income		95,274	127,030
		11,665,613	13,666,730
Net assets		83,087,464	80,266,518
Equity attributable to equity holders of the Company			
Contributed equity	9	37,082,444	36,982,943
Reserves		500,288	41,418
Retained earnings		43,792,363	41,339,938
		81,375,095	78,364,299
Non-controlling interest		1,712,369	1,902,219
Total equity		83,087,464	80,266,518

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2011

		Attributable to equity holders of the Company							
	Note	**Share capital**	**Share capital – exercise of share option**	**Foreign currency translation reserve**	**Share based payments reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1.7.2011		36,863,585	119,358	(495,896)	537,314	41,339,938	78,364,299	1,902,219	80,266,518
Profit for the period		–	–	–	–	3,923,780	3,923,780	(91,870)	3,831,910
Other comprehensive income		–	–	326,737	–	–	326,737	–	326,737
Total comprehensive income for the period		–	–	326,737	–	3,923,780	4,250,517	(91,870)	4,158,647
Exercise of employee share options	9	65,653	33,848	–	(33,848)	–	65,653	–	65,653
Dividend paid on ordinary shares	7	–	–	–	–	(1,471,355)	(1,471,355)	–	(1,471,355)
Dividend paid to non-controlling shareholders		–	–	–	–	–	–	(97,980)	(97,980)
Cost of share-based payments		–	–	–	165,981	–	165,981	–	165,981
Balance at 31.12.2011		36,929,238	153,206	(169,159)	669,447	43,792,363	81,375,095	1,712,369	83,087,464
Balance at 1.7.2010		36,987,132	3,679	(473,761)	206,793	29,745,923	66,469,766	291,656	66,761,422
Profit for the period		–	–	–	–	8,693,675	8,693,675	(27,374)	8,666,301
Other comprehensive income		–	–	351,876	–	–	351,876	–	351,876
Total comprehensive income for the period		–	–	351,876	–	8,693,675	9,045,551	(27,374)	9,018,177
Share issued, net of expense	9	561,110	–	–	–	–	561,110	–	561,110
Share buy-back	9	(1,107,012)	–	–	–	–	(1,107,012)	–	(1,107,012)
Acquisition of non-controlling interest		–	–	–	–	–	–	1,820,048	1,820,048
Dividend paid on ordinary shares	7	–	–	–	–	(1,309,490)	(1,309,490)	–	(1,309,490)
Dividend paid to non-controlling shareholders		–	–	–	–	–	–	(146,970)	(146,970)
Cost of share-based payments		–	–	–	170,969	–	170,969	–	170,969
Balance at 31.12.2010		36,441,230	3,679	(121,885)	377,762	37,130,108	73,830,894	1,937,360	75,768,254

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2011

	Note	31 Dec 2011 S$	31 Dec 2010 S$
Cash flows from operating activities :			
Operating profit before taxation		4,283,664	10,425,260
Adjustments for :			
Depreciation of property, plant and equipment		2,101,657	1,891,846
Amortisation of intangible assets		342,027	254,172
Bad debts written off	4	2,020	8,862
(Write back of)/ provision for doubtful debts, net	4	(5,826)	7,383
(Write back of)/ provision for inventory obsolescence	4	(43,027)	22,735
Interest expenses		473,409	601,926
Interest income		(144,107)	(104,312)
Property, plant and equipment written off	4	206	1,542
Gain on disposal of property, plant and equipment, net	4	(72,500)	(16,518)
Cost of share-based payments		165,981	170,969
Development expenditure written off	4	–	315,672
Investment in joint venture written off	4	–	80,001
Goodwill written off		–	307
(Write back of)/ provision for warranty	4	(121,015)	248,183
Provision for long service leave		33,885	2,310
Share of results of associates		868,092	386,421
Unrealised loss on derivatives		19,996	11,912
Unrealised exchange differences		(357,857)	(408,984)
Operating profit before reinvestment in working capital		7,546,605	13,899,687
Decrease/ (increase) in stocks and work-in-progress		2,419,294	(6,700,138)
Decrease/ (increase) in projects-in-progress		310,278	(3,914,467)
Increase in debtors		(3,779,715)	(6,511,323)
(Decrease)/ increase in creditors		(1,903,203)	7,163,610
Cash generated from operations		4,593,259	3,937,369
Interest received		144,107	104,312
Interest paid		(464,002)	(564,065)
Income taxes paid		(1,734,198)	(970,023)
Net cash provided by operating activities		2,539,166	2,507,593
Cash flows from investing activities :			
Purchase of property, plant and equipment		(2,254,004)	(1,792,219)
Proceeds from disposal of property, plant and equipment		98,254	19,400
Increase in software development		(32,690)	(325,956)
Increase in patented technologies		(25,483)	–
Decrease in amount due from joint venture		–	144,278
Investment in associates		(998,400)	(3,706,227)
Increase in amount due from associate		(122,803)	(99,017)
Acquisition of subsidiary – Orion Systems		–	(1,516,188)
Acquisition of subsidiary – SS Subsea Pte Ltd		–	8,170
Net cash used in investing activities		(3,335,126)	(7,267,759)

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2011

	Note	31 Dec 2011	31 Dec 2010
		S$	S$
Cash flows from financing activities :			
Net increase in amount due from directors		(6,270)	(20,132)
(Payments) / proceeds from bank borrowings		(1,482,685)	3,931,503
Dividends paid on ordinary shares by the Company	7	(1,471,355)	(1,309,490)
Dividends paid to non-controlling shareholders		(97,980)	(146,970)
Proceeds from issue of shares	9	−	561,110
Share buy back	9	−	(1,107,012)
Proceeds from exercise of employee share options		65,653	−
Repayment to hire purchase creditors		(1,182,421)	(409,840)
Net cash (used in)/ provided by financing activities		(4,175,058)	1,499,169
Net decrease in cash and cash equivalents		(4,971,018)	(3,260,997)
Net foreign exchange differences		406,018	479,005
Cash and cash equivalents at beginning of period		23,180,006	24,538,092
Cash and cash equivalents at end of period	6	18,615,006	21,756,100

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Note 1 Corporate Information

The financial report of Zicom Group Limited ("ZGL") for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 27 February 2012. Zicom Group Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

Note 2 Summary of significant accounting policies

This general purpose financial report for the half year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The half-year financial 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 the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by Zicom Group Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies applied by the consolidated entity in this interim financial report are consistent with those applied by the consolidated entity in the annual financial report for the year ended 30 June 2011.

New and revised Accounting Standards and Interpretations
In the half-year ended 31 December 2011, the consolidated entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011. It has been determined by the consolidated entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change was made to the existing accounting policies.

The consolidated entity has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2011. As a result of this review, the Directors do not expect these new Standards and Interpretations to result in any significant impact upon reported results.

The consolidated entity has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

Impact of Clean Energy Bill 2011 (the 'Bill')
During the period, the Federal Government enacted the Bill with a proposed commencement date of 1 July 2012. For the purposes of impairment testing, the Directors do not expect any adverse impact resulting from this Bill.

Note 3 Segment information

Identification of reportable segments
The group has identified its operating segments based on internal reports that are reviewed and used by the Managing Director 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 and interest which are not allocated to operating segments.

Note 3 Segment information (cont'd)

Segment results

	Offshore marine, oil and gas machinery S$	Construction equipment S$	Precision engineering and automation S$	Industrial and mobile hydraulics S$	Consolidated S$
Half-year ended 31 Dec 2011					
Revenue					
Sales to external customers	18,364,723	29,045,457	15,135,284	1,633,820	64,179,284
Other revenue	26,595	81,684	58,859	-	167,138
Inter-segment sales	-	14,958	640	181,637	197,235
Total segment revenue	18,391,318	29,142,099	15,194,783	1,815,457	64,543,657
Inter-segment elimination					(197,235)
Unallocated revenue					79,183
Interest Income					144,107
Total consolidated revenue					64,569,712
Results					
Segment results	844,228	3,892,845	974,842	551,374	6,263,289
Other revenue					79,183
Unallocated expenses					(861,414)
Profit before tax and finance cost					5,481,058
Finance costs					(473,409)
Interest income					144,107
Share of results of associates					(868,092)
Profit before taxation					4,283,664
Income Tax					(451,754)
Profit after taxation					3,831,910

	Offshore marine, oil and gas machinery S$	Construction equipment S$	Precision engineering and automation S$	Industrial and mobile hydraulics S$	Consolidated S$
Half-year ended 31 Dec 2010					
Revenue					
Sales to external customers	29,544,215	27,952,854	11,249,773	1,745,836	70,492,678
Other revenue	19,079	224,374	71,099	-	314,552
Inter-segment sales	-	84,374	49,810	100,878	235,062
Total segment revenue	29,563,294	28,261,602	11,370,682	1,846,714	71,042,292
Inter-segment elimination					(235,062)
Unallocated revenue					-
Interest Income					104,312
Total consolidated revenue					70,911,542
Results					
Segment results	7,207,480	4,278,260	601,388	499,323	12,586,451
Other revenue					-
Unallocated expenses					(1,277,156)
Profit before tax and finance cost					11,309,295
Finance costs					(601,926)
Interest income					104,312
Share of results of associates					(386,421)
Profit before taxation					10,425,260
Income Tax					(1,758,959)
Profit after taxation					8,666,301

Note 4 Revenue, income and expenses from continuing operations

	Consolidated	
	31-Dec-11	**31-Dec-10**
	S$	S$
(i) Revenue		
Sale of goods	45,722,824	39,818,704
Rendering of services	3,707,190	4,387,569
Rental revenue	2,804,249	2,614,267
Revenue recognised on projects	11,945,021	23,672,138
	64,179,284	70,492,678
(ii) Other revenue		
Interest income	144,107	104,312
Commission income	14	110,913
Gain on disposal of property, plant and equipment	72,500	19,000
Dividend income	50	40
Sale of scrap	1,279	43,916
Services rendered	67,184	51,000
Government grants	35,017	–
Other revenue	70,277	89,683
	390,428	418,864
(iii) Other expenses included the following		
(Write-back)/ provision for warranty, net	(121,015)	248,183
Foreign exchange gain	(848,434)	(537,466)
Property, plant and equipment written off	206	1,542
(Write-back)/ provision for doubtful debts, net	(5,826)	7,383
(Write-back)/ provision for stock obsolescence	(43,027)	22,735
Bad debts written off	2,020	8,862
Development expenditure written off	–	315,672
Investment in joint venture written off	–	80,001
Loss on disposal of property, plant and machinery	–	2,482

Note 5 Income tax

The major components of income tax expense for the half-year ended 31 December 2011 and 31 December 2010 are:

	Consolidated	
	31-Dec-11	**31-Dec-10**
	S$	S$
Current income tax		
Current income tax charge	738,549	1,599,234
Adjustments in respect of current income tax of previous years	5,740	(20,647)
Deferred income tax		
Relating to origination and reversal of temporary differences	(292,535)	470,053
Adjustments in respect of deferred tax of previous years	–	(289,681)
Income tax expense reported in the consolidated statement of comprehensive income	451,754	1,758,959

Note 6 Cash and cash equivalents

	Consolidated	
	31-Dec-11	**30-Jun-11**
	S$	S$
Cash at bank and in hand	17,071,012	19,871,350
Short-term fixed deposits	2,284,195	3,803,505
	19,355,207	23,674,855

For the purpose of cash flow statements, cash and cash equivalents comprise the following:		
Cash and short-term deposits	19,355,207	23,674,855
Bank overdrafts	(740,201)	(494,849)
	18,615,006	23,180,006

Note 7 Dividends paid and proposed

	Consolidated	
	31-Dec-11	**31-Dec-10**
	S$	S$
(a) Dividends paid or provided for		
Final unfranked dividend for 2011: Australian cents 0.55	1,471,355	–
Final unfranked dividend for 2010: Australian cents 0.50	–	1,309,490
(b) Dividends declared		
Interim unfranked dividend for the half year ended 31 December 2011: Australian cents 0.45 (2010: Australian cents 0.45)	1,261,962	1,183,509

The interim dividend was approved by the Board of Directors on 27 February 2012. This has not been recognised as a liability in the financial statements for the half year ended 31 December 2011. It will be accounted for in the second half of the financial year.

Note 8 Investment in associates

(a) Investment details

	31-Dec-11	30-Jun-11
	S$	S$
Biobot Surgical Pte Ltd	2,264,158	2,838,595
Curiox Biosystems Pte Ltd	2,711,608	2,006,863
	4,975,766	4,845,458

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

Biobot Surgical Pte Ltd	**31-Dec-11**	**30-Jun-11**
Shareholdings held: 46.67% (30/6/2011: 46.67%)	S$	S$
At beginning of period	2,838,595	3,500,000
Share of losses after income tax	(574,437)	(661,405)
At end of period	2,264,158	2,838,595

Curiox Biosystems Pte Ltd ("Curiox")	**31-Dec-11**	**30-Jun-11**
Shareholdings held: 41.36% (30/6/2011: 32.78%)	S$	S$
At beginning of period or date of acquisition, if later	2,006,863	1,706,227
Additional investment in the period	998,400	531,730
Share of losses after income tax	(293,655)	(231,094)
At end of period	2,711,608	2,006,863

The additional investment in the period relates to the exercise of the remaining two call options granted by Curiox to Zicom Holdings Pte Ltd ("ZHPL") where each option entitles ZHPL to subscribe for 104,000 preference shares at S$4.80 per share. The exercise of both call options has increased its equity interest held in Curiox to 41.36% as at 31 December 2011.

Note 9 Contributed equity

(a) Share Capital

	31 Dec 11	**30 Jun 11**	**31 Dec 11**	**30 Jun 11**
	Shares	Shares	S$	S$
Ordinary fully paid shares	212,451,587	212,159,087	37,082,444	36,982,943

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 9 Contributed equity (cont'd)

(b) Movements in ordinary share capital

		Company Number of ordinary shares	Group S$
At 1 July 2010		211,697,660	36,990,811
Issue of shares in lieu of cash performance bonus	(i)	3,357,908	561,110
Share buy-back	(ii)	(4,058,981)	(1,107,012)
Issue of shares under Zicom Employee Share and Option Plan	(iii)	1,162,500	538,034
At 30 June 2011		212,159,087	36,982,943
Issue of shares under Zicom Employee Share and Option Plan	(iv)	292,500	99,501
As at 31 December 2011		212,451,587	37,082,444

i. Issue of shares in lieu of cash performance bonus

On 6 October 2010, the board approved the issue and allotment of a total 1,453,797 shares to Messrs Juat Lim Sim, Hung Seah Tang and Hong Jun Zhang fully paid at A$0.13 per share as part payment of their performance bonus for the year ended 30 June 2010. Such shares ranked pari passu with the existing ordinary shares of the Company.

Pursuant to the shareholders' meeting on 12 November 2010, 1,574,265 and 329,846 shares were allotted to Mr Giok Lak Sim and Mr Kok Hwee Sim respectively, fully paid at A$0.13 per share as part payment of their performance bonus for the year ended 30 June 2010. Such shares ranked pari passu with the existing ordinary shares of the Company.

ii. Share buy-back

On 30 May 2010, the Board approved an on-market share buy back within the 10/12 limit as part of the Group's capital management program. The share buy-back scheme which commenced on 1 September 2010 bought back 4.06 million shares up to 30 June 2011.

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

From February 2011 to June 2011, the Company issued and allotted 1,162,500 ordinary shares, fully paid at A$0.28 per share, under the ZESOP. Such shares ranked pari passu with the existing ordinary shares of the Company.

iv. Issue of shares under ZESOP

On 4 October 2011, the Company issued and allotted 292,500 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.

Directors' Declaration

In accordance with a resolution of the directors of Zicom Group Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) give a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

G L Sim
Chairman

Brisbane
Date: 27 February 2012

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Independent review report to members of Zicom Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Zicom Group Limited, which comprises the consolidated balance sheet as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act* 2001 and for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Zicom Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zicom Group Limited is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

Ernst & Young

Ernst & Young

Ric Roach
Partner
Brisbane
Date: 27 February 2012