

## VICOM LTD

Company Registration No. : 198100320K

### Financial Statement and Dividend Announcement for 1<sup>st</sup> Quarter 2006

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR RESULTS AND FULL YEAR RESULTS

##### 1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding periods of the immediately preceding financial year

The Board of Directors announces the unaudited results of the Group for the 1st quarter ended 31 March 2006.

	Group		
	1st Qtr 2006	1st Qtr 2005	Incr/ (Decr)
	\$'000	\$'000	%
<b>Turnover</b>	12,866	11,092	16.0
Other operating income	349	216	61.6
<b>Revenue</b>	13,215	11,308	16.9
Staff costs	(6,099)	(5,592)	9.1
Depreciation & amortisation expenses	(1,083)	(933)	16.1
Repair and maintenance	(173)	(169)	2.4
Raw materials and consumables used	(1,141)	(827)	38.0
Premise costs	(534)	(476)	12.2
Insurance	(73)	(43)	69.8
Other operating expenses	(995)	(854)	16.5
Total operating expenses	(10,098)	(8,894)	13.5
<b>Operating profit</b>	3,117	2,414	29.1
Interest income	57	24	137.5
Finance cost	0	(10)	(100.0)
Share of profit in associate	0	109	(100.0)
<b>Profit before taxation</b>	3,174	2,537	25.1
Taxation	(828)	(668)	24.0
<b>Profit after taxation</b>	2,346	1,869	25.5
Attributable to:			
Shareholders of the Company	2,358	1,818	29.7
Minority interests	(12)	51	(123.5)
	2,346	1,869	25.5

**1(a)(ii) Adjustment for (over)/under provision of taxation in respect of prior years:**

	<b>Group</b>	
	<b>1st Qtr 2006</b>	<b>1st Qtr 2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Adjustment for under provision of taxation in respect of prior years	2	65

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2006</b>	<b>31 Dec 2005</b>	<b>31 Mar 2006</b>	<b>31 Dec 2005</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and bank balances	12,187	9,526	10,770	7,635
Trade receivables	8,253	7,384	873	855
Other receivables and prepayments	465	218	294	300
Inventories	4	3	0	0
<b>Total current assets</b>	<b>20,909</b>	<b>17,131</b>	<b>11,937</b>	<b>8,790</b>
<b>Non-current assets:</b>				
Subsidiaries	0	0	26,196	26,196
Associates	454	454	0	0
Staff loans	26	28	0	0
Club memberships	315	315	315	315
Vehicles, premises and equipment	43,549	44,208	29,958	30,328
Goodwill	11,389	11,389	0	0
<b>Total non-current assets</b>	<b>55,733</b>	<b>56,394</b>	<b>56,469</b>	<b>56,839</b>
<b>Total assets</b>	<b>76,642</b>	<b>73,525</b>	<b>68,406</b>	<b>65,629</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Trade payables	2,029	2,127	348	396
Other payables	7,178	7,313	17,395	16,061
Income tax payable	3,798	2,987	1,851	1,489
<b>Total current liabilities</b>	<b>13,005</b>	<b>12,427</b>	<b>19,594</b>	<b>17,946</b>

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liability :</b>				
Deferred tax liabilities	1,009	1,009	94	94
<b>Capital reserves and minority interests:</b>				
Share capital	28,203	20,805	28,203	20,805
Capital reserves	3,099	10,304	3,107	10,306
Accumulated profits	29,180	26,822	17,408	16,478
Equity attributable to shareholders of the Company	60,482	57,931	48,718	47,589
Minority interests	2,146	2,158	0	0
Total equity	62,628	60,089	48,718	47,589
<b>Total liabilities &amp; equity</b>	<b>76,642</b>	<b>73,525</b>	<b>68,406</b>	<b>65,629</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

NIL

**Details of any collateral**

NIL

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Cash Flow Statement for the 1st quarter ended 31 March 2006:

	<b>Group</b>	
	<b>1st Qtr</b>	<b>1st Qtr</b>
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit before taxation	3,174	2,537
Adjustments for:		
Depreciation & amortisation expenses	1,083	933
Interest expense	0	10
Interest income	(57)	(24)
Loss on disposal of vehicles, premises and equipment	30	0
Share-based payment expense	6	8
Share of profit in associate	0	(109)
Operating profit before working capital changes	4,236	3,355
Trade receivables	(869)	467
Other receivables and prepayments	(245)	(151)
Inventories	(1)	0
Trade payables	(98)	(500)
Other payables	(135)	(1,976)
Cash generated from operations	2,888	1,195
Interest paid	0	(10)
Income tax paid	(17)	(863)
Net cash flow from operating activities	2,871	322
<b>Cash flows (used in) from investing activities:</b>		
Purchase of vehicles, premises and equipment	(454)	(223)
Interest received	57	24
Net cash used in investing activities	(397)	(199)
<b>Cash flows (used in) from financing activities:</b>		
Proceeds from issue of shares	193	165
Bank loan repaid	0	(1,083)
Net cash used in financing activities	193	(918)
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	(6)	0
Net increase/(decrease) in cash and cash equivalents	2,661	(795)
Cash and cash equivalents at beginning of period	9,526	8,068
<b>Cash and cash equivalents at end of period</b>	<b>12,187</b>	<b>7,273</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Statement of Changes in Equity for the 1st quarter ended 31 March 2006:

Group	Attributable to shareholders of the Company				Minority Interests	Total equity
	Share capital	Capital reserves	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2006	20,805	10,304	26,822	57,931	2,158	60,089
Exchange differences arising on translation of foreign operations	0	(6)	0	(6)	0	(6)
Net expense recognised directly in equity	20,805	10,298	26,822	57,925	2,158	60,083
Profit after taxation	0	0	2,358	2,358	(12)	2,346
Total recognised income and expense for the period	20,805	10,298	29,180	60,283	2,146	62,429
Recognition of share-based payments	0	6	0	6	0	6
Exercise of share options	198	(5)	0	193	0	193
Adjustment arising from abolition of par value of shares (Note 1)	7,200	(7,200)	0	0	0	0
Balance at 31 March 2006	28,203	3,099	29,180	60,482	2,146	62,628

Consolidated Statement of Changes in Equity for the 1st quarter ended 31 March 2005 :

Group	Attributable to shareholders of the Company				Minority Interests	Total equity
	Share capital	Capital reserves	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2005 as previously stated	20,719	10,145	21,999	52,863	1,148	54,011
Effect of adoption of FRS 102	0	7	(7)	0	0	0
As restated	20,719	10,152	21,992	52,863	1,148	54,011
Exchange differences arising on translation of foreign operations	0	(2)	0	(2)	0	(2)
Net expense recognised directly in equity	20,719	10,150	21,992	52,861	1,148	54,009
Profit after taxation	0	0	1,818	1,818	51	1,869
Total recognised income and expense for the period	20,719	10,150	23,810	54,679	1,199	55,878
Recognition of share-based payments	0	8	0	8	0	8
Exercise of share options	70	95	0	165	0	165
Balance at 31 March 2005	20,789	10,253	23,810	54,852	1,199	56,051

Statement of Changes in Equity of the Company for the 1st quarter ended 31 March 2006:

**Company**

	<b>Share capital</b>	<b>Capital reserves</b>	<b>Accumulated profits</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January 2006	20,805	10,306	16,478	47,589
Profit after taxation	0	0	930	930
Total recognised income and expense for the period	20,805	10,306	17,408	48,519
Recognition of share-based payments	0	6	0	6
Exercise of share options	198	(5)	0	193
Adjustment arising from abolition of par value of shares (Note 1)	7,200	(7,200)	0	0
Balance at 31 March 2006	<u>28,203</u>	<u>3,107</u>	<u>17,408</u>	<u>48,718</u>

Statement of Changes in Equity of the Company for the 1st quarter ended 31 March 2005 :

**Company**

	<b>Share capital</b>	<b>Capital reserves</b>	<b>Accumulated profits</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January 2005 as previously stated	20,719	10,148	9,678	40,545
Effect of adoption of FRS 102	0	7	(7)	0
As restated	20,719	10,155	9,671	40,545
Profit after taxation	0	0	661	661
Total recognised income and expense for the period	20,719	10,155	10,332	41,206
Recognition of share-based payments	0	8	0	8
Exercise of share options	70	95	0	165
Balance at 31 March 2005	<u>20,789</u>	<u>10,258</u>	<u>10,332</u>	<u>41,379</u>

**Note 1**

As a result of the Companies (Amendment) Act 2005 which became effective on 30 January 2006, the concept of authorized share capital and par value has been abolished. Consequently, any amount standing to the credit of the Company's share premium account as at 30 January 2006 were transferred to the Company's share capital as at that date.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Since the last financial period ended 31 December 2005, the Company issued 253,500 new ordinary shares upon the exercise of options granted under the 2001 VICOM Share Option Scheme by option holders.

As at 31 March 2006, there were 1,982,500 (2005 : 1,758,000) ordinary shares under the 2001 VICOM Share Option Scheme not exercised.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard):**

The financial statements have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2005.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>1st Qtr 2006</b>	<b>1st Qtr 2005</b>
(i) Based on the weighted average number of ordinary shares in issue - cents	2.83	2.19
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	2.82	2.18

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year:**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2006</b>	<b>31 Dec 2005</b>	<b>31 Mar 2006</b>	<b>31 Dec 2005</b>
Net asset value per ordinary share based on issued share capital - cents	72.46	69.61	58.36	57.19

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**PERFORMANCE REVIEW**

The Group's total revenue for the first quarter 2006 increased by about \$1.9 million or 17% to \$13.2 million against the corresponding period last year.

Operating expenses for the quarter were \$10.1 million or \$1.2 million (14%) higher, compared with the same period last year. This increase was due mainly to the higher expenses in Setsco of \$0.9 million to support the increase in revenue of \$1 million and the full absorption of the \$0.6 million costs for JIC which became a subsidiary with effect from 1 May 2005.

Consequently, Group profit before tax in the quarter increased by \$0.6 million or 25% to \$3.2 million.

A segmented turnover and result for the Group is provided under item 13.



Revenue and operating profit for vehicle inspection business in the quarter increased by \$1.1 million and \$0.6 million respectively compared to the same quarter in 2005 with contribution from JIC as a subsidiary and the higher number of vehicles inspected.

Revenue in the vehicle assessment business fell by \$0.5 million against the corresponding period last year as it is no longer compulsory for claimants to report at Independent Damage Assessment Centres (Idacs). It also incurred an operating loss of \$0.1 million for the quarter.

Revenue and operating profit from the test and inspection services were higher by \$1 million and \$0.1 million respectively.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast or prospect statement was previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

For the next quarter and the next twelve months, the vehicle inspection volume is expected to stabilise as a result of fewer deregistrations. The vehicle assessment business will however continue to decline as the Idac Scheme is no longer compulsory. Testing and inspection business is expected to continue its upward trend in line with the strong economic outlook. However, prices will remain competitive.

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**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend proposed for the current financial period reported on?

No.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

***(c) Date payable***

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Group segmental information for the 1st quarter ended 31 March 2006 and 31 March 2005.

<b>Group</b>	<b>Vehicle Inspection business</b>	<b>Vehicle Assessment</b>	<b>Test &amp; Inspection services</b>	<b>Rental Income</b>	<b>Other related business</b>	<b>Elimination</b>	<b>Total</b>
<b>First quarter ended 31 Mar 2006</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>TURNOVER</b>							
External sales	4,151	837	7,185	299	743	0	13,215
Inter-segment sales	0	0	0	1,285	150	(1,435)	0
Revenue	<u>4,151</u>	<u>837</u>	<u>7,185</u>	<u>1,584</u>	<u>893</u>	<u>(1,435)</u>	<u>13,215</u>
<b>RESULT</b>							
Segment result	1,102	(110)	860	885	380	0	3,117
Interest income							<u>57</u>
Profit before taxation							3,174
Taxation							<u>(828)</u>
Profit after taxation							2,346
Minority interests							<u>12</u>
Profit attributable to shareholders of the Company							<u>2,358</u>

Group First quarter ended 31 Mar 2005	Vehicle Inspection <u>business</u> \$'000	Vehicle <u>Assessment</u> \$'000	Test & Inspection <u>services</u> \$'000	Rental <u>Income</u> \$'000	Other related <u>business</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
<b>TURNOVER</b>							
External sales	3,013	1,304	6,199	144	648	0	11,308
Inter-segment sales	0	0	21	1339	90	(1,450)	0
Revenue	<u>3,013</u>	<u>1,304</u>	<u>6,220</u>	<u>1483</u>	<u>738</u>	<u>(1,450)</u>	<u>11,308</u>
<b>RESULT</b>							
Segment result	535	124	784	739	232	0	2,414
Interest income							24
Finance cost							(10)
Share of profit in associate							109
Profit before taxation							<u>2,537</u>
Taxation							(668)
Profit after taxation							1,869
Minority interests							(51)
Profit attributable to shareholders of the Company							<u><u>1,818</u></u>

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

The Group operates predominantly in Singapore.

**15. A breakdown of sales**

Not applicable.

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

**BY ORDER OF THE BOARD**

Linda Wong Yew Lin  
Company Secretary  
10/05/2006