

VICOM LTD

Company Registration No. : 198100320K

Financial Statement and Dividend Announcement for the Financial year 2008

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 audited results of the Group for the financial year (“FY”) 2008.

	Group		
	FY 2008	FY 2007	Incr/ (Decr)
	\$'000	\$'000	%
Turnover	73,711	64,612	14.1
Other operating income	134	135	(0.7)
Revenue	73,845	64,747	14.1
Staff costs	(33,217)	(29,263)	13.5
Depreciation expense	(5,072)	(4,673)	8.5
Repair and maintenance	(1,293)	(1,189)	8.7
Materials and consumables	(2,530)	(2,200)	15.0
Payments for contract services	(4,147)	(4,038)	2.7
Premise costs	(2,438)	(2,310)	5.5
Insurance	(153)	(154)	(0.6)
Other operating expenses	(5,167)	(4,158)	24.3
Total operating expenses	(54,017)	(47,985)	12.6
Operating profit	19,828	16,762	18.3
Interest income	190	258	(26.4)
Profit before taxation	20,018	17,020	17.6
Taxation	(3,833)	(3,212)	19.3
Profit after taxation	16,185	13,808	17.2
Attributable to:			
Shareholders of the Company	15,794	13,500	17.0
Minority interests	391	308	26.9
	16,185	13,808	17.2

1(a)(ii) Included in the determination of profit before taxation is:

	Group	
	FY 2008	FY 2007
	\$'000	\$'000
After crediting (charging):		
Write-back of allowance for doubtful trade receivables	105	161

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

	Group	
	FY 2008	FY 2007
	\$'000	\$'000
Adjustment for over provision of taxation in respect of prior years	106	172

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

	Group		Company	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	27,691	14,015	25,041	11,567
Trade receivables	7,641	8,763	1,315	934
Other receivables and prepayments	921	597	238	269
Inventories	52	41	0	0
Total current assets	36,305	23,416	26,594	12,770
Non-current assets				
Subsidiaries	0	0	26,196	26,196
Staff loans	18	42	0	0
Club memberships	315	315	315	315
Vehicles, premises and equipment	42,464	43,098	26,658	28,102
Goodwill	11,325	11,325	0	0
Total non-current assets	54,122	54,780	53,169	54,613
Total assets	90,427	78,196	79,763	67,383

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	2,979	3,093	583	390
Other payables	13,166	10,742	27,293	19,743
Income tax payable	3,965	3,479	1,561	1,437
Total current liabilities	20,110	17,314	29,437	21,570
Non-current liability				
Deferred tax liabilities	1,050	928	0	0
Capital, reserves and minority interests				
Share capital	30,056	29,874	30,056	29,874
Capital reserves	3,096	3,088	3,126	3,098
Accumulated profits	34,366	25,194	17,144	12,841
Equity attributable to shareholders of the Company	67,518	58,156	50,326	45,813
Minority interests	1,749	1,798	0	0
Total equity	69,267	59,954	50,326	45,813
Total liabilities & equity	90,427	78,196	79,763	67,383

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 FY 2008:

	Group	
	FY 2008	FY 2007
	\$'000	\$'000
Operating activities		
Profit before taxation	20,018	17,020
Adjustments for:		
Depreciation expense	5,072	4,673
Interest income	(190)	(258)
Loss on disposal of vehicles, premises and equipment	1	18
Share-based payment expense	31	19
Write-back of allowance for doubtful trade receivables	(105)	(161)
Operating cash flows before movements in working capital	24,827	21,311
Trade receivables	1,227	(1,338)
Other receivables and prepayments	(301)	(65)
Inventories	(11)	(39)
Trade payables	(114)	493
Other payables	2,424	2,530
Cash generated from operations	28,052	22,892
Income tax paid	(3,225)	(3,222)
Net cash from operating activities	24,827	19,670
Investing activities		
Purchase of vehicles, premises and equipment	(4,452)	(2,372)
Proceeds from disposal of vehicles, premises and equipment	8	116
Interest received	191	256
Net cash used in investing activities	(4,253)	(2,000)
Financing activities		
Proceeds from exercise of share options	179	1,295
Payment to minority interests	(440)	(440)
Dividend paid	(6,622)	(18,217)
Net cash used in financing activities	(6,883)	(17,362)
Net effect of exchange rate changes in consolidating subsidiaries		
	(15)	(3)
Net increase in cash and cash equivalents	13,676	305
Cash and cash equivalents at beginning of year	14,015	13,710
Cash and cash equivalents at end of year	27,691	14,015

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 FY 2008:

Group	<u>Attributable to shareholders of the Company</u>					
	Share capital	Capital Reserve	Accumulated profits	Total	Minority interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	28,552	3,099	29,911	61,562	1,930	63,492
Exchange differences arising on translation of foreign operations	0	(3)	0	(3)	0	(3)
Net expense recognised directly in equity	0	(3)	0	(3)	0	(3)
Profit after taxation	0	0	13,500	13,500	308	13,808
Total recognised income and expense for the year	0	(3)	13,500	13,497	308	13,805
Exercise of share options	1,322	(27)	0	1,295	0	1,295
Recognition of share-based payments	0	19	0	19	0	19
Dividend paid	0	0	(18,217)	(18,217)	0	(18,217)
Dividend paid to minority interests	0	0	0	0	(440)	(440)
Balance at 31 December 2007	29,874	3,088	25,194	58,156	1,798	59,954
Exchange differences arising on translation of foreign operations	0	(20)	0	(20)	0	(20)
Net expense recognised directly in equity	0	(20)	0	(20)	0	(20)
Profit after taxation	0	0	15,794	15,794	391	16,185
Total recognised income and expense for the year	0	(20)	15,794	15,774	391	16,165
Exercise of share options	182	(3)	0	179	0	179
Recognition of share-based payments	0	31	0	31	0	31
Dividend paid	0	0	(6,622)	(6,622)	0	(6,622)
Dividend paid to minority interests	0	0	0	0	(440)	(440)
Balance at 31 December 2008	30,056	3,096	34,366	67,518	1,749	69,267

Statement of Changes in Equity of the Company for FY 2008:

Company

	Share capital	Capital Reserves	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	28,552	3,106	19,013	50,671
Profit after taxation	0	0	12,045	12,045
Total recognised income for the year	0	0	12,045	12,045
Exercise of share options	1,322	(27)	0	1,295
Recognition of share-based payments	0	19	0	19
Dividend paid	0	0	(18,217)	(18,217)
Balance at 31 December 2007	29,874	3,098	12,841	45,813
Profit after taxation	0	0	10,925	10,925
Total recognised income for the year	0	0	10,925	10,925
Exercise of share options	182	(3)	0	179
Recognition of share-based payments	0	31	0	31
Dividend paid	0	0	(6,622)	(6,622)
Balance at 31 December 2008	30,056	3,126	17,144	50,326

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 30 September 2008, the Company issued 15,000 new ordinary shares amounting to \$15,000 upon the exercise of options granted under the 2001 VICOM Share Option Scheme by option holders.

As at 31 December 2008, options to subscribe for 1,670,000 ordinary shares (2007: 1,202,000) remained outstanding under the 2001 VICOM Share Option Scheme.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 31 December 2008, the total number of issued shares was 85,498,000 (2007 : 85,307,000).

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The financial statements have been audited in accordance with the Singapore Standards on Auditing.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VICOM LTD**

We have audited the financial statements of VICOM Ltd (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

DELOITTE & TOUCHE LLP
Public Accountants and
Certified Public Accountants

KEE CHENG KONG, MICHAEL
Partner

Singapore
11 February 2009

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 2007.

The new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs"), which became effective for annual periods beginning on 1 January 2008, are not applicable to the operations of the Group and the Company and hence has no effect on the amounts reported for the current or prior years.

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 and EBITDA 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

	Group	
	FY 2008	FY 2007
<u>Earnings per ordinary share</u>		
(i) Based on the weighted average number of ordinary shares in issue – cents	18.61	15.93
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	18.56	15.87

Earnings per share is calculated on the Group profit for the financial periods attributed to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share is calculated on the same basis as earnings per share by applying the weighted average number of ordinary shares and adjusted to include the outstanding exercisable share options deemed exercised up to 31 December of the reporting periods.

	Group	
	FY 2008	FY 2007
<u>Earnings before interest, tax, depreciation and amortisation (EBITDA)</u>		
(i) EBITDA (\$'000)	24,900	21,435
(ii) EBITDA margin (%)	33.7	33.1

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:

	Group		Company	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Net asset value per ordinary share based on issued share capital – cents	78.97	68.17	58.86	53.70

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

Revenue

The Group's total revenue for 2008 was \$73.8 million. This was \$9.1 million or 14.1% more than the year before due mainly to higher revenue from the core businesses of vehicle inspection and testing and inspection services. The significant increase in the testing and inspection services was from the construction sector, marine & offshore and oil & gas.

Operating Expenses

Operating expenses rose by \$6.0 million or 12.6 % in 2008 to \$54.0 million, compared to a year ago. This increase was due mainly to the higher expenses in the testing and inspection services to support the increase in business activities.

Operating Profit

Operating profits for vehicle inspection business, test and inspection services and other related businesses in 2008 were higher than 2007 by \$1.2 million, \$0.9 million and \$0.4 million respectively, the result of improved business volumes.

Interest income decreased due to lower deposit interest rates.

Group profit before tax increased by \$3.0 million or 17.6% in 2008.

Profit after tax attributable to members of the Company for 2008 was \$15.8 million, which was 17.0% higher than the year before.

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

Balance Sheet

Total equity increased by \$9.3 million from \$60.0 million as at 31 December 2007 to \$69.3 million as at 31 December 2008 due mainly to profits generated from operations, partially offset by dividend payments.

Total assets increased by \$12.2 million to \$90.4 million due mainly to the increase in cash by \$13.7 million partially offset by the decreases in trade receivables of \$1.1 million.

Total liabilities increased by \$2.9 million to \$21.2 million due mainly to the increases in other payables by \$2.4 million and income tax payable by \$0.5 million.

Cash Flow

The net cash inflow in 2008 was \$13.7 million after dividend payments.

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**

With the severe economic downturn, and the trend of lower private vehicle scrap rates, the number of private vehicles due for inspection is expected to remain high. On the other hand, the number of goods and commercial vehicles to be laid up is expected to increase.

Demand for the services provided by our testing and inspection business is expected to be maintained for the next quarter, but this will become less certain for the rest of the year.

11. **Dividend**

(a) Current Financial Period Reported On

Proposed final dividend

Name of Dividend	One-tier tax-exempt final
Dividend Type	Cash
Dividend Amount per ordinary share	4.25 cents
Tax Rate	-

Declared interim dividend

Name of Dividend	One-tier tax-exempt interim
Dividend Type	Cash
Dividend Amount per ordinary share	5.00 cents
Tax Rate	-

(b) Corresponding Period of the Immediately Preceding Financial Year

Declared final dividend

Name of Dividend	One-tier tax-exempt final
Dividend Type	Cash
Dividend Amount per ordinary share	2.75 cents
Tax Rate	-

Declared interim dividend

Name of Dividend	Normal interim	Special interim
Dividend Type	Cash	Cash
Dividend Amount per ordinary share	3.00 cents	12.50 cents
Tax Rate	18%	18%

(c) Date payable

The Directors have proposed a one-tier tax-exempt final dividend of 4.25 cents per ordinary share. The final dividend, if approved by the shareholders at the Twenty-Eighth Annual General Meeting of the Company to be held on 27 April 2009, will be payable on 15 May 2009.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 6 May 2009 for the purposes of determining shareholders' entitlements to the proposed final dividend.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 5 May 2009 will be registered before shareholders' entitlements to the final dividend are determined.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 5 May 2009 will be entitled to the proposed final dividend.

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 2008	Vehicle Inspection Business \$'000	Vehicle Assessment \$'000	Test & Inspection Services \$'000	Rental Income \$'000	Other Related Business \$'000	Elimination \$'000	Total \$'000
TURNOVER							
External sales	22,527	2,601	43,684	1,612	3,287	0	73,711
Inter-segment sales	1	0	3	6,303	0	(6,307)	0
Total	<u>22,528</u>	<u>2,601</u>	<u>43,687</u>	<u>7,915</u>	<u>3,287</u>	<u>(6,307)</u>	<u>73,711</u>
RESULT							
Segment result	7,061	56	5,572	4,882	2,257	0	19,828
Interest income							<u>190</u>
Profit before taxation							20,018
Taxation							<u>(3,833)</u>
Profit after taxation							16,185
Minority interests							<u>(391)</u>
Profit attributable to shareholders of the Company							<u>15,794</u>
OTHER INFORMATION							
Additions to vehicles, premises and equipment	245	4	4,027	0	176	0	4,452
Depreciation expense	1,324	42	2,086	0	1,620	0	<u>5,072</u>
BALANCE SHEET							
ASSETS							
Segment assets	7,166	510	18,744	0	52,367	0	78,787
Goodwill	2,057	0	9,268	0	0	0	11,325
Unallocated corporate assets							<u>315</u>
Consolidated total assets							<u>90,427</u>
LIABILITIES							
Segment liabilities	2,351	141	11,894	0	1,759	0	16,145
Unallocated corporate liabilities							<u>5,015</u>
Consolidated total liabilities							<u>21,160</u>

Group 2007	Vehicle Inspection Business \$'000	Vehicle Assessment \$'000	Test & Inspection Services \$'000	Rental Income \$'000	Other Related Business \$'000	Elimination \$'000	Total \$'000
TURNOVER							
External sales	20,276	2,577	37,334	1,491	2,934	0	64,612
Inter-segment sales	1	0	2	5,837	0	(5,840)	0
Total	<u>20,277</u>	<u>2,577</u>	<u>37,336</u>	<u>7,328</u>	<u>2,934</u>	<u>(5,840)</u>	<u>64,612</u>
RESULT							
Segment result	5,834	(30)	4,722	4,404	1,832	0	16,762
Interest income							<u>258</u>
Profit before taxation							17,020
Taxation							<u>(3,212)</u>
Profit after taxation							13,808
Minority interests							<u>(308)</u>
Profit attributable to shareholders of the Company							<u>13,500</u>
OTHER INFORMATION							
Additions to vehicles, premises and equipment	468	16	1,550	0	338	0	2,372
Depreciation expense	1,361	82	1,598	0	1,632	0	<u>4,673</u>
BALANCE SHEET							
ASSETS							
Segment assets	8,399	689	17,168	0	40,300	0	66,556
Goodwill	2,057	0	9,268	0	0	0	11,325
Unallocated corporate assets							<u>315</u>
Consolidated total assets							<u>78,196</u>
LIABILITIES							
Segment liabilities	2,372	141	9,677	0	1,645	0	13,835
Unallocated corporate liabilities							<u>4,407</u>
Consolidated total liabilities							<u>18,242</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

Please refer to item 8 for commentaries relating to changes in performance of business segments.

The Group operates predominantly in Singapore.

15. A breakdown of sales

	Group 2008 \$'000	Group 2007 \$'000	Increase/(decrease) %
Sales reported for first half year	35,445	31,960	10.9
Operating profit/(loss) after tax before deducting minority interests reported for first half year	8,759	8,175	7.1
Sales reported for second half year	38,266	32,652	17.2
Operating profit/(loss) after tax before deducting minority interests reported for second half year	7,426	5,633	31.8

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (2008) \$'000	Previous Full Year (2007) \$'000
Ordinary (net of tax)		
- normal interim	0	2,097
- special interim	0	8,740
Ordinary (one-tier tax-exempt)		
- interim	4,274	0
- final (proposed)	3,634	2,348
Total:	7,908	13,185

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

11 February 2009