

VICOM LTD

Company Registration No. : 198100320K

Financial Statement and Dividend Announcement for the Second Quarter and Half Year ended 30 June 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 unaudited results of the Group for the 2nd quarter and half year ended 30 June 2008.

	Group					
	2nd Qtr 2008 \$'000	2nd Qtr 2007 \$'000	Incr/ (Decr) %	1st Half 2008 \$'000	1st Half 2007 \$'000	Incr/ (Decr) %
Turnover	18,225	17,012	7.1	35,445	31,960	10.9
Other operating income	17	6	183.3	28	14	100.0
Revenue	18,242	17,018	7.2	35,473	31,974	10.9
Staff costs	(7,481)	(6,714)	11.4	(15,126)	(13,011)	16.3
Depreciation expense	(1,267)	(1,157)	9.5	(2,486)	(2,329)	6.7
Repair and maintenance	(373)	(350)	6.6	(602)	(599)	0.5
Materials and consumables	(567)	(639)	(11.3)	(1,105)	(1,114)	(0.8)
Payment for contract services	(1,028)	(988)	4.0	(2,002)	(1,642)	21.9
Premise costs	(556)	(602)	(7.6)	(1,142)	(1,137)	0.4
Insurance	(37)	(25)	48.0	(76)	(94)	(19.1)
Other operating expenses	(1,239)	(944)	31.3	(2,273)	(2,042)	11.3
Total operating expenses	(12,548)	(11,419)	9.9	(24,812)	(21,968)	12.9
Operating profit	5,694	5,599	1.7	10,661	10,006	6.5
Interest income	42	70	(40.0)	92	157	(41.4)
Profit before taxation	5,736	5,669	1.2	10,753	10,163	5.8
Taxation	(1,151)	(1,040)	10.7	(1,994)	(1,988)	(0.3)
Profit after taxation	4,585	4,629	(1.0)	8,759	8,175	7.1
Attributable to:						
Shareholders of the Company	4,477	4,557	(1.8)	8,577	8,055	6.5
Minority interests	108	72	50.0	182	120	51.7
	4,585	4,629	(1.0)	8,759	8,175	7.1

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

	Group			
	2nd Qtr 2008	2nd Qtr 2007	1st Half 2008	1st Half 2007
	\$'000	\$'000	\$'000	\$'000
After crediting (charging):				
Write-back for doubtful trade receivables	57	98	139	56

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

	Group			
	2nd Qtr 2008	2nd Qtr 2007	1st Half 2008	1st Half 2007
	\$'000	\$'000	\$'000	\$'000
Adjustment for (under) over provision of taxation in respect of prior years	-	(9)	134	(9)

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	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	17,946	14,015	16,264	11,567
Trade receivables	11,804	8,763	922	934
Other receivables and prepayments	748	597	306	269
Inventories	76	41	0	0
Total current assets	30,574	23,416	17,492	12,770
Non-current assets				
Subsidiaries	0	0	26,196	26,196
Staff loans	37	42	0	0
Club memberships	315	315	315	315
Vehicles, premises and equipment	43,250	43,098	27,327	28,102
Goodwill	11,325	11,325	0	0
Total non-current assets	54,927	54,780	53,838	54,613
Total assets	85,501	78,196	71,330	67,383

	Group		Company	
	30 Jun	31 Dec	30 Jun	31 Dec
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	3,530	3,093	662	390
Other payables	10,902	10,742	20,553	19,743
Income tax payable	3,903	3,479	1,510	1,437
Total current liabilities	18,335	17,314	22,725	21,570
Non-current liability				
Deferred tax liabilities	941	928	8	0
Capital reserves and minority interests				
Share capital	29,956	29,874	29,956	29,874
Capital reserves	3,086	3,088	3,112	3,098
Accumulated profits	31,423	25,194	15,529	12,841
Equity attributable to shareholders of the Company	64,465	58,156	48,597	45,813
Minority interests	1,760	1,798	0	0
Total equity	66,225	59,954	48,597	45,813
Total liabilities & equity	85,501	78,196	71,330	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 the 2nd quarter and half year ended 30 June 2008:

	Group			
	2nd Qtr	2nd Qtr	1st Half	1st Half
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	5,736	5,669	10,753	10,163
Adjustments for:				
Depreciation expense	1,267	1,157	2,486	2,329
Interest income	(42)	(70)	(92)	(157)
(Gain)/Loss on disposal of vehicles, premises and equipment	(6)	(23)	(4)	4
Share-based payment expense	8	2	15	3
Write-back for doubtful trade receivables	(57)	(98)	(139)	(56)
Operating cash flows before movements in working capital	6,906	6,637	13,019	12,286
Trade receivables	(589)	343	(2,902)	(1,880)
Other receivables and prepayments	(51)	237	(135)	3
Inventories	(18)	(14)	(35)	(14)
Trade payables	938	(146)	437	(740)
Other payables	(1,068)	(1,975)	160	(1,308)
Cash generated from operations	6,118	5,082	10,544	8,347
Income tax paid	(1,680)	(1,150)	(1,557)	(1,646)
Net cash from operating activities	4,438	3,932	8,987	6,701
Investing activities				
Purchase of vehicles, premises and equipment	(1,928)	(531)	(2,640)	(1,293)
Proceeds from disposal of vehicles, premises and equipment	6	100	6	169
Interest received	37	63	80	144
Net cash used in investing activities	(1,885)	(368)	(2,554)	(980)
Financing activities				
Proceeds from exercise of share options	82	321	82	564
Payment to minority interest	(220)	(330)	(220)	(330)
Dividend paid	(2,348)	(7,380)	(2,348)	(7,380)
Net cash used in financing activities	(2,486)	(7,389)	(2,486)	(7,146)
Net effect of exchange rate changes in consolidating subsidiaries				
	(11)	4	(16)	4
Net increase (decrease) in cash and cash equivalents	56	(3,821)	3,931	(1,421)
Cash and cash equivalents at beginning of period	17,890	16,110	14,015	13,710
Cash and cash equivalents at end of period	17,946	12,289	17,946	12,289

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 2nd quarter and half year ended 30 June 2008:

Group	<u>Attributable to shareholders of the Company</u>					Total equity
	Share capital	Capital reserves	Accumulated profits	Total	Minority interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2008	29,874	3,088	25,194	58,156	1,798	59,954
Exchange differences arising on translation of foreign operations	0	(5)	0	(5)	0	(5)
Net expense recognised directly in equity	0	(5)	0	(5)	0	(5)
Profit after taxation	0	0	4,100	4,100	74	4,174
Total recognised income and expense for the period	0	(5)	4,100	4,095	74	4,169
Recognition of share-based payments	0	7	0	7	0	7
Balance at 31 March 2008	29,874	3,090	29,294	62,258	1,872	64,130
Exchange differences arising on translation of foreign operations	0	(11)	0	(11)	0	(11)
Net expense recognised directly in equity	0	(11)	0	(11)	0	(11)
Profit after taxation	0	0	4,477	4,477	108	4,585
Total recognised income and expense for the period	0	(11)	4,477	4,466	108	4,574
Exercise of share options	82	(1)	0	81	0	81
Recognition of share-based payments	0	8	0	8	0	8
Payment of dividend	0	0	(2,348)	(2,348)	(220)	(2,568)
Balance at 30 June 2008	29,956	3,086	31,423	64,465	1,760	66,225

Consolidated Statement of Changes in Equity for the 2nd quarter and half year ended 30 June 2007:

Group	Attributable to shareholders of the Company					Total equity
	Share capital	Capital reserves	Accumulated profits	Total	Minority interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2007	28,552	3,099	29,911	61,562	1,930	63,492
Profit after taxation	0	0	3,498	3,498	48	3,546
Total recognised income and expense for the period	0	0	3,498	3,498	48	3,546
Exercise of share options	251	(8)	0	243	0	243
Recognition of share-based payments	0	1	0	1	0	1
Balance at 31 March 2007	28,803	3,092	33,409	65,304	1,978	67,282
Exchange differences arising on translation of foreign operations	0	4	0	4	0	4
Net expense recognised directly in equity	0	4	0	4	0	4
Profit after taxation	0	0	4,557	4,557	72	4,629
Total recognised income and expense for the period	0	4	4,557	4,561	72	4,633
Exercise of share options	328	(7)	0	321	0	321
Recognition of share-based payments	0	2	0	2	0	2
Payment of dividend	0	0	(7,380)	(7,380)	(330)	(7,710)
Balance at 30 June 2007	29,131	3,091	30,586	62,808	1,720	64,528

Statement of Changes in Equity of the Company for the 2nd quarter and half year ended 30 June 2008:

Company	Share capital	Capital reserves	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
	Balance at 1 January 2008	29,874	3,098	12,841
Profit after taxation	0	0	1,266	1,266
Total recognised income for the period	0	0	1,266	1,266
Recognition of share-based payments	0	7	0	7
Balance at 31 March 2008	29,874	3,105	14,107	47,086
Profit after taxation	0	0	3,770	3,770
Total recognised income and expense for the period	0	0	3,770	3,770
Exercise of share options	82	(1)	0	81
Recognition of share-based payments	0	8	0	8
Payment of dividend	0	0	(2,348)	(2,348)
Balance at 30 June 2008	29,956	3,112	15,529	48,597

Statement of Changes in Equity of the Company for the 2nd quarter and half year ended 30 June 2007:

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	971	971
Total recognised income and expense for the period	0	0	971	971
Exercise of share options	251	(8)	0	243
Recognition of share-based payments	0	1	0	1
Balance at 31 March 2007	28,803	3,099	19,984	51,886
Profit after taxation	0	0	5,562	5,562
Total recognised income and expense for the period	0	0	5,562	5,562
Exercise of share options	328	(7)	0	321
Recognition of share-based payments	0	2	0	2
Payment of dividend	0	0	(7,380)	(7,380)
Balance at 30 June 2007	29,131	3,094	18,166	50,391

- 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 March 2008, the Company issued 97,000 new ordinary shares upon the exercise of options granted under the 2001 VICOM Share Option Scheme by option holders.

As at 30 June 2008, options to subscribe for 1,105,000 ordinary shares (2007: 1,398,000) remained outstanding under the 2001 VICOM Share Option Scheme.

- 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 2007.

In the current financial year, the Group and the Company have adopted all the new and revised Financial Reporting Standards (“FRSs”) and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and the Company’s accounting policies and has no material 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 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			
	2nd Qtr 2008	2nd Qtr 2007	1st Half 2008	1st Half 2007
(i) Based on the weighted average number of ordinary shares in issue – cents	5.26	5.40	10.11	9.54
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	5.24	5.36	10.08	9.48

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	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Net asset value per ordinary share based on issued share capital - cents	75.48	68.17	56.90	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

The Group's total revenue for Q2 2008 was \$18.2 million. This is \$1.2 million or 7.2% more than the same quarter last year.

Operating expenses was \$12.5 million in Q2 2008. This is \$1.1 million or 9.9% more compared with the corresponding quarter last year. The increase was due mainly to the higher expenses in Setsco to support the increase in revenue.

Interest income decreased due to lower deposit rates.

Group profit before tax decreased marginally to \$5.7 million in Q2 2008. This was due to the profit margin in the test and inspection services having decreased compared to the same period last year. Last year there was a surge in demand in certain test areas and the completion of higher margin projects.

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

Revenue for the vehicle inspection business in Q2 2008 increased by \$0.6 million to \$5.6 million against the same quarter last year due mainly to the higher number of vehicles inspected. However, operating profit in this quarter decreased by \$0.1 million against the same quarter last year due mainly to higher rental expenses arising from the charge out based on market rates for space usage at the various operating locations. Correspondingly, operating profit for the rental business increased by \$0.5 million against the same quarter last year.

Both revenue and operating profit in the vehicle assessment business increased by \$0.1 million against the corresponding quarter last year. This was due to the increase for survey services and accident reporting.

Revenue of \$10.7 million for the test and inspection services was higher than the corresponding quarter last year by \$0.4 million due to higher business volume. However, as there were higher margin projects in the corresponding period in 2007, operating profit at \$2.0 million in 2008 was \$0.6 million lower.

BALANCE SHEET

Total shareholders' funds increased by \$6.3 million from \$58.2 million as at 31 December 2007 to \$64.5 million as at 30 June 2008 mainly from the profits earned for the first half 2008.

Total assets increased by \$7.3 million to \$85.5 million from the increases in cash by \$3.9 million, trade receivables by \$3.0 million, fixed assets and other receivables and prepayment by \$0.4 million.

Total liabilities increased by \$1.0 million to \$19.3 million due mainly to the increases in trade payables and income tax payable by \$0.4 million each and other payables by \$0.2 million.

CASHFLOW

The net cash inflow in Q2 2008 was \$0.1 million after payment of dividend.

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

The number of vehicles due for inspection is expected to increase due to the high number of vehicles registered in 2005 and lower number of vehicles scrapped.

The motor insurance industry recently revised accident reporting and claims procedures to mitigate inflated claims. This has presented new challenges for our vehicle assessment business.

The demand for the services provided by our testing and inspection business is expected to be sustained though competition will remain keen.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on?

Yes.

Name of Dividend	One-tier tax-exempt interim
Dividend Type	Cash
Dividend Amount per ordinary share	5.0 cents
Tax rate	-

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend Amount per ordinary share	3.0 cents	12.5 cents
Tax rate	18%	18%

(c) Date payable

8 September 2008

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from 28 August 2008 to 29 August 2008 (both dates inclusive) for the purposes of determining shareholders' entitlements to the interim 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 27 August 2008 will be registered before shareholders' entitlements to the interim 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 27 August 2008 will be entitled to the interim 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 segmental information for the 2nd quarter and half year ended 30 June 2008 and 30 June 2007.

<u>Group</u> <u>Second quarter ended</u> <u>30 Jun 2008</u>	<u>Vehicle</u> <u>Inspection</u> <u>Business</u> \$'000	<u>Vehicle</u> <u>Assessment</u> \$'000	<u>Test &</u> <u>Inspection</u> <u>Services</u> \$'000	<u>Rental</u> <u>Income</u> \$'000	<u>Other</u> <u>Related</u> <u>Business</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
TURNOVER							
External sales	5,602	691	10,704	383	862	0	18,242
Inter-segment sales	0	0	24	1,610	186	(1,820)	0
Revenue	<u>5,602</u>	<u>691</u>	<u>10,728</u>	<u>1,993</u>	<u>1,048</u>	<u>(1,820)</u>	<u>18,242</u>
RESULT							
Segment result	1,718	47	2,035	1,269	625	0	5,694
Interest income							42
Profit before taxation							<u>5,736</u>
Taxation							<u>(1,151)</u>
Profit after taxation							<u>4,585</u>
Minority interests							<u>(108)</u>
Profit attributable to shareholders of the Company							<u>4,477</u>

Group	Vehicle		Test &		Other		
Second quarter ended	Inspection	Vehicle	Inspection	Rental	Related	Elimination	Total
30 Jun 2007	Business	Assessment	Services	Income	Business	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
TURNOVER							
External sales	5,000	632	10,317	364	705	0	17,018
Inter-segment sales	0	0	26	1,163	164	(1,353)	0
Revenue	5,000	632	10,343	1,527	869	(1,353)	17,018

RESULT

Segment result	1,769	(27)	2,609	807	441	0	5,599
Interest income							70
Profit before taxation							5,669
Taxation							(1,040)
Profit after taxation							4,629
Minority interests							(72)
Profit attributable to shareholders of the Company							4,557

Group	Vehicle		Test &		Other		
Half year ended	Inspection	Vehicle	Inspection	Rental	Related	Elimination	Total
30 Jun 2008	Business	Assessment	Services	Income	Business	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
External sales	11,173	1,299	20,630	764	1,607	0	35,473
Inter-segment sales	0	0	49	3,082	365	(3,496)	0
Total	11,173	1,299	20,679	3,846	1,972	(3,496)	35,473

RESULT

Segment result	3,541	12	3,609	2,384	1,115	0	10,661
Interest income							92
Profit before taxation							10,753
Taxation							(1,994)
Profit after taxation							8,759
Minority interests							(182)
Profit attributable to shareholders of the Company							8,577

<u>Group</u> <u>Half year ended</u> <u>30 Jun 2007</u>	<u>Vehicle</u> <u>Inspection</u> <u>Business</u> \$'000	<u>Vehicle</u> <u>Assessment</u> \$'000	<u>Test &</u> <u>Inspection</u> <u>Services</u> \$'000	<u>Rental</u> <u>Income</u> \$'000	<u>Other</u> <u>Related</u> <u>Business</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
REVENUE							
External sales	10,113	1,291	18,389	709	1,472	0	31,974
Inter-segment sales	0	0	59	2,331	323	(2,713)	0
Total	<u>10,113</u>	<u>1,291</u>	<u>18,448</u>	<u>3,040</u>	<u>1,795</u>	<u>(2,713)</u>	<u>31,974</u>
RESULT							
Segment result	3,676	(79)	3,868	1,598	943	0	10,006
Interest income							<u>157</u>
Profit before taxation							10,163
Taxation							<u>(1,988)</u>
Profit after taxation							8,175
Minority interests							<u>(120)</u>
Profit attributable to shareholders of the Company							<u>8,055</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

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.

17. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(4) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the second quarter 2008 financial results to be false or misleading.

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

HENG CHYE KIOU
Chief Executive Officer

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

13 August 2008