



VICOM LTD

Company Registration No. : 198100320K

Second Quarter 2013 Financial Statements and Dividend Announcement

The Board of Directors announces the unaudited results of the Group for the Second Quarter and Half Year ended 30 June 2013.

1 GROUP INCOME STATEMENT

	Group					
	2nd Qtr 2013	2nd Qtr 2012	Incr/ (Decr)	1st Half 2013	1st Half 2012	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	26,621	23,959	11.1	52,657	48,248	9.1
Staff costs	(11,529)	(10,635)	8.4	(22,393)	(20,612)	8.6
Depreciation expense	(1,456)	(1,422)	2.4	(2,946)	(2,802)	5.1
Repairs and maintenance	(535)	(441)	21.3	(996)	(819)	21.6
Materials and consumables	(748)	(684)	9.4	(1,496)	(1,338)	11.8
Contract services	(1,304)	(797)	63.6	(2,288)	(1,638)	39.7
Premises costs	(835)	(768)	8.7	(1,628)	(1,517)	7.3
Utilities and communication costs	(564)	(596)	(5.4)	(1,160)	(1,197)	(3.1)
Other operating expenses	(1,321)	(1,031)	28.1	(2,363)	(2,181)	8.3
Total operating expenses	(18,292)	(16,374)	11.7	(35,270)	(32,104)	9.9
Operating profit	8,329	7,585	9.8	17,387	16,144	7.7
Interest income	107	42	154.8	193	92	109.8
Profit before taxation	8,436	7,627	10.6	17,580	16,236	8.3
Taxation	(1,470)	(1,195)	23.0	(3,043)	(2,706)	12.5
Profit after taxation	6,966	6,432	8.3	14,537	13,530	7.4
Attributable to:						
Shareholders of the Company	6,854	6,344	8.0	14,317	13,350	7.2
Non-controlling interests	112	88	27.3	220	180	22.2
	6,966	6,432	8.3	14,537	13,530	7.4

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun	31 Dec	30 Jun	31 Dec
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	69,310	65,991	66,852	62,326
Trade receivables	12,604	11,855	1,814	2,106
Other receivables and prepayments	1,125	775	198	153
Inventories	5	2	-	-
Total current assets	83,044	78,623	68,864	64,585
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Other receivables and prepayments	4	186	-	-
Club memberships	315	315	315	315
Vehicles, premises and equipment	53,220	54,504	30,003	30,553
Goodwill	11,325	11,325	-	-
Total non-current assets	64,889	66,355	56,259	56,809
Total assets	147,933	144,978	125,123	121,394
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	17,810	20,729	2,798	2,804
Due to subsidiaries	-	-	44,080	36,589
Income tax payable	5,837	5,390	1,939	1,949
Total current liabilities	23,647	26,119	48,817	41,342
Non-current liability				
Deferred tax liabilities	1,316	1,361	270	226
Capital, reserves and non-controlling interests				
Share capital	35,885	35,200	35,885	35,200
Other reserves	3,101	3,154	3,101	3,154
Foreign currency translation reserve	(60)	(57)	-	-
Accumulated profits	83,118	78,249	37,050	41,472
Equity attributable to shareholders of the Company	122,044	116,546	76,036	79,826
Non-controlling interests	926	952	-	-
Total equity	122,970	117,498	76,036	79,826
Total liabilities & equity	147,933	144,978	125,123	121,394

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

Details of any collateral

NIL

4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2013 \$'000	2nd Qtr 2012 \$'000	1st Half 2013 \$'000	1st Half 2012 \$'000
Operating activities				
Profit before taxation	8,436	7,627	17,580	16,236
Adjustments for:				
Depreciation expense	1,456	1,422	2,946	2,802
Interest income	(107)	(42)	(193)	(92)
Loss on disposal of vehicles, premises and equipment	4	7	-	7
Allowance/ (write-back) for doubtful trade receivables	81	(21)	91	(5)
Operating cash flows before movements in working capital	9,870	8,993	20,424	18,948
Changes in working capital	(84)	(760)	(4,079)	(5,326)
Cash generated from operations	9,786	8,233	16,345	13,622
Income tax paid	(2,662)	(2,573)	(2,641)	(2,599)
Net cash from operating activities	7,124	5,660	13,704	11,023
Investing activities				
Purchase of vehicles, premises and equipment	(783)	(942)	(1,486)	(1,965)
Funding from Land Transport Authority for Vehicle Emission Test Laboratory	-	-	-	489
Proceeds from disposal of vehicles, premises and equipment	1	-	5	-
Interest received	95	62	160	106
Net cash used in investing activities	(687)	(880)	(1,321)	(1,370)

Financing activities

Proceeds from exercise of share options	542	162	632	726
Dividends paid to non-controlling interests	-	-	(246)	(281)
Dividends paid	(9,448)	(9,436)	(9,448)	(9,436)
Net cash used in financing activities	(8,906)	(9,274)	(9,062)	(8,991)

Net effect of exchange rate changes in consolidating subsidiaries

(1)	6	(2)	6
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Net (decrease) increase in cash and cash equivalents

(2,470)	(4,488)	3,319	668
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Cash and cash equivalents at beginning of period

71,780	60,166	65,991	55,010
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Cash and cash equivalents at end of period

69,310	55,678	69,310	55,678
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5 GROUP COMPREHENSIVE INCOME STATEMENT**Group**

	2nd Qtr 2013 \$'000	2nd Qtr 2012 \$'000	1st Half 2013 \$'000	1st Half 2012 \$'000
Profit after taxation	6,966	6,432	14,537	13,530
Exchange differences arising on translation of foreign operations	(5)	(18)	(3)	(18)
Other comprehensive expense for the period	(5)	(18)	(3)	(18)
Total comprehensive income for the period	6,961	6,414	14,534	13,512
Total comprehensive income attributable to:				
Shareholders of the Company	6,849	6,326	14,314	13,332
Non-controlling interests	112	88	220	180
	6,961	6,414	14,534	13,512

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Second Quarter and Half Year ended 30 June 2013:

	Group						Total equity
	Attributable to shareholders of the Company						
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2013	35,200	3,154	(57)	78,249	116,546	952	117,498
Total comprehensive income for the period	-	-	2	7,463	7,465	108	7,573
Exercise of share options	97	(7)	-	-	90	-	90
Payment of dividends to non-controlling interests	-	-	-	-	-	(246)	(246)
Balance at 31 March 2013	35,297	3,147	(55)	85,712	124,101	814	124,915
Total comprehensive (expense) income for the period	-	-	(5)	6,854	6,849	112	6,961
Exercise of share options	588	(46)	-	-	542	-	542
Payment of dividends	-	-	-	(9,448)	(9,448)	-	(9,448)
Balance at 30 June 2013	35,885	3,101	(60)	83,118	122,044	926	122,970

Consolidated Statement of Changes in Equity for the Second Quarter and Half Year ended 30 June 2012:

	Group						
	Attributable to shareholders of the Company						
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2012	34,397	3,206	(37)	67,891	105,457	1,030	106,487
Total comprehensive income for the period	-	-	-	7,006	7,006	92	7,098
Exercise of share options	605	(41)	-	-	564	-	564
Payment of dividends to non-controlling interests	-	-	-	-	-	(281)	(281)
Balance at 31 March 2012	35,002	3,165	(37)	74,897	113,027	841	113,868
Total comprehensive (expense) income for the period	-	-	(18)	6,344	6,326	88	6,414
Exercise of share options	172	(10)	-	-	162	-	162
Payment of dividends	-	-	-	(9,436)	(9,436)	-	(9,436)
Balance at 30 June 2012	35,174	3,155	(55)	71,805	110,079	929	111,008

Statement of Changes in Equity of the Company for the Second Quarter and Half Year ended 30 June 2013:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	35,200	3,154	41,472	79,826
Total comprehensive income for the period	-	-	2,996	2,996
Exercise of share options	97	(7)	-	90
Balance at 31 March 2013	35,297	3,147	44,468	82,912
Total comprehensive income for the period	-	-	2,030	2,030
Exercise of share options	588	(46)	-	542
Payment of dividends	-	-	(9,448)	(9,448)
Balance at 30 June 2013	35,885	3,101	37,050	76,036

Statement of Changes in Equity of the Company for the Second Quarter and Half Year ended 30 June 2012:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2012	34,397	3,206	36,530	74,133
Total comprehensive income for the period	-	-	2,985	2,985
Exercise of share options	605	(41)	-	564
Balance at 31 March 2012	35,002	3,165	39,515	77,682
Total comprehensive income for the period	-	-	1,711	1,711
Exercise of share options	172	(10)	-	162
Payment of dividends	-	-	(9,436)	(9,436)
Balance at 30 June 2012	35,174	3,155	31,790	70,119

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the 2nd quarter ended 30 June 2013, the Company issued 212,000 new ordinary shares following the exercise of share options under the 2001 VICOM Share Option Scheme.

As at 30 June 2013, the total number of issued shares was 88,483,000 (31 December 2012: 88,227,000).

Outstanding Shares – The 2001 VICOM Share Option Scheme

As at 30 June 2013, options to subscribe for 159,000 ordinary shares (30 June 2012: 443,000) remained outstanding under the 2001 VICOM Share Option Scheme.

As at 30 June 2013, the Company does not hold any treasury shares.

8 AUDIT

The financial statements have not been audited or reviewed.

9 AUDITORS' REPORT

Not applicable.

10 ACCOUNTING POLICIES

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 December 2012.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new/revised FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

11 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

12 GROUP EARNINGS PER ORDINARY SHARE AND GROUP EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

Earnings per ordinary share

	Group			
	2nd Qtr 2013	2nd Qtr 2012	1st Half 2013	1st Half 2012
(i) Based on weighted average number of ordinary shares in issue - cents	7.75	7.20	16.19	15.14
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	7.74	7.19	16.18	15.11

EBITDA

	Group			
	2nd Qtr 2013	2nd Qtr 2012	1st Half 2013	1st Half 2012
(i) EBITDA (\$'000)	9,785	9,007	20,333	18,946
(ii) EBITDA margin (%)	36.8	37.6	38.6	39.3

13 NET ASSET VALUE PER ORDINARY SHARE

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun</u> <u>2013</u>	<u>31 Dec</u> <u>2012</u>	<u>30 Jun</u> <u>2013</u>	<u>31 Dec</u> <u>2012</u>
Net asset value per ordinary share based on issued share capital - cents	137.93	132.10	85.93	90.48

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Revenue

The Group's total revenue of \$26.6 million for 2Q13 was \$2.7 million or 11.1% higher than 2Q12, contributed by higher business volume.

Operating Expenses

The Group's operating expenses of \$18.3 million for 2Q13 was \$1.9 million or 11.7% higher than 2Q12 due mainly to higher expenses to support the increase in revenue.

Operating Profit

Consequently, the Group's operating profit of \$8.3 million for 2Q13 was \$0.7 million or 9.8% higher than 2Q12.

The Group's profit before tax of \$8.4 million for 2Q13 was \$0.8 million or 10.6% higher than 2Q12.

Taxation for the Group of \$1.5 million for 2Q13 was \$0.3 million or 23.0% higher than 2Q12 due mainly to higher profit and lower enhanced capital allowances on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's Profit attributable to Shareholders of the Company of \$6.9 million for 2Q13 was \$0.5 million or 8.0% higher than 2Q12.

Statement of Financial Position

Total Equity increased by \$5.5 million from \$117.5 million as at 31 December 2012 to \$123.0 million as at 30 June 2013 due mainly to profits generated from operations, partially offset by the payment of dividends.

Total Assets increased by \$2.9 million to \$147.9 million as at 30 June 2013 due to the increase in Current Assets by \$4.4 million, partially offset by the decrease in Non-Current Assets by \$1.5 million. The increase in Current Assets was due mainly to the increase in Cash and Bank Balances by \$3.3 million, Trade Receivables by \$0.7 million and Other Receivables and Prepayments by \$0.4 million.

Total Liabilities decreased by \$2.5 million to \$25.0 million as at 30 June 2013 due mainly to decrease in Trade and Other Payables by \$2.9 million after payment of variable bonus in March 2013, partially offset by an increase in Income Tax Payable by \$0.4 million.

Cash Flow

The net cash outflow in 2Q13 was \$2.5 million after payment of dividends.

15 ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

The demand for our testing services is expected to remain strong. Vehicles are likely to be on the road longer and our non-vehicular testing services are expected to grow despite the keen competition.

17 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 8.00 cents (2012: 7.50 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	8.00 cents
Tax Rate	Exempt one-tier

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	7.50 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The interim dividend will be paid on 27 August 2013.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 20 August 2013 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 19 August 2013 will be registered to determine Shareholders' entitlements to the interim dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 19 August 2013 will be entitled to the interim dividend.

18 SEGMENT INFORMATION

Not applicable.

19 BREAKDOWN OF REVENUE

Not applicable.

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

Not applicable.

21 INTERESTED PERSON TRANSACTIONS

There is no Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

22 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS UNDER SGX LISTING RULE 705(5) 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 2013 financial results to be false or misleading in any material aspects.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Sim Wing Yew
Chief Executive Officer

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

7 August 2013