



**VICOM LTD**

Company Registration No. : 198100320K

**Second Quarter 2014 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 2014.

**1 GROUP INCOME STATEMENT**

	Group					
	2nd Qtr 2014	2nd Qtr 2013	Incr/ (Decr)	1st Half 2014	1st Half 2013	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	27,264	26,621	2.4	54,161	52,657	2.9
Staff costs	12,311	11,529	6.8	23,299	22,393	4.0
Depreciation and amortisation expenses	1,497	1,456	2.8	2,996	2,946	1.7
Repairs and maintenance	357	535	(33.3)	780	996	(21.7)
Materials and consumables	768	748	2.7	1,567	1,496	4.7
Contract services	1,038	1,304	(20.4)	2,152	2,288	(5.9)
Premises costs	868	835	4.0	1,775	1,628	9.0
Utilities and communication costs	519	564	(8.0)	1,046	1,160	(9.8)
Other operating expenses	1,255	1,321	(5.0)	2,370	2,363	0.3
Total operating expenses	<u>18,613</u>	<u>18,292</u>	1.8	<u>35,985</u>	<u>35,270</u>	2.0
<b>Operating profit</b>	8,651	8,329	3.9	18,176	17,387	4.5
Interest income	137	107	28.0	281	193	45.6
<b>Profit before taxation</b>	8,788	8,436	4.2	18,457	17,580	5.0
Taxation	<u>(1,440)</u>	<u>(1,470)</u>	(2.0)	<u>(2,994)</u>	<u>(3,043)</u>	(1.6)
<b>Profit after taxation</b>	<u>7,348</u>	<u>6,966</u>	5.5	<u>15,463</u>	<u>14,537</u>	6.4
Attributable to:						
<b>Shareholders of the Company</b>	7,231	6,854	5.5	15,244	14,317	6.5
Non-controlling interests	117	112	4.5	219	220	(0.5)
	<u>7,348</u>	<u>6,966</u>	5.5	<u>15,463</u>	<u>14,537</u>	6.4

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2014 \$'000	31 Dec 2013 \$'000	30 Jun 2014 \$'000	31 Dec 2013 \$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	80,148	78,535	76,820	76,097
Trade receivables	12,541	13,790	2,513	1,697
Other receivables and prepayments	1,054	1,311	477	365
Inventories	23	20	-	-
Total current assets	93,766	93,656	79,810	78,159
<b>Non-current assets</b>				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Other receivables and prepayments	233	323	-	-
Club memberships	283	315	283	315
Vehicles, premises and equipment	52,815	52,757	28,348	29,184
Goodwill	11,325	11,325	-	-
Total non-current assets	64,681	64,745	54,572	55,440
<b>Total assets</b>	158,447	158,401	134,382	133,599
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	18,013	20,985	2,851	3,407
Due to subsidiaries	-	-	46,297	37,994
Income tax payable	6,391	5,888	2,004	1,986
Total current liabilities	24,404	26,873	51,152	43,387
<b>Non-current liability</b>				
Deferred tax liabilities	1,314	1,460	326	191
<b>Total liabilities</b>	25,718	28,333	51,478	43,578
<b>Capital, reserves and non-controlling interests</b>				
Share capital	36,225	35,912	36,225	35,912
Other reserves	3,078	3,100	3,078	3,100
Foreign currency translation reserve	(83)	(93)	-	-
Accumulated profits	92,564	90,170	43,601	51,009
Equity attributable to shareholders of the Company	131,784	129,089	82,904	90,021
Non-controlling interests	945	979	-	-
<b>Total equity</b>	132,729	130,068	82,904	90,021
<b>Total liabilities &amp; equity</b>	158,447	158,401	134,382	133,599

### 3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

#### Details of any collateral

NIL

### 4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2014 \$'000	2nd Qtr 2013 \$'000	1st Half 2014 \$'000	1st Half 2013 \$'000
<b>Operating activities</b>				
Profit before taxation	8,788	8,436	18,457	17,580
Adjustments for:				
Depreciation and amortisation expenses	1,497	1,456	2,996	2,946
Interest income	(137)	(107)	(281)	(193)
(Gain) Loss on disposal of vehicles, premises and equipment	(6)	4	(2)	-
(Write-back) Allowance for doubtful trade receivables	(27)	81	82	91
Operating cash flows before movements in working capital	10,115	9,870	21,252	20,424
Changes in working capital	1,718	(84)	(1,694)	(4,079)
Cash generated from operations	11,833	9,786	19,558	16,345
Income tax paid	(2,663)	(2,662)	(2,637)	(2,641)
Net cash from operating activities	9,170	7,124	16,921	13,704
<b>Investing activities</b>				
Purchase of vehicles, premises and equipment	(1,316)	(783)	(2,734)	(1,486)
Proceeds from disposal of vehicles, premises and equipment	11	1	12	5
Interest received	160	95	225	160
Net cash used in investing activities	(1,145)	(687)	(2,497)	(1,321)

	Group			
	2nd Qtr 2014	2nd Qtr 2013	1st Half 2014	1st Half 2013
	\$'000	\$'000	\$'000	\$'000
<b>Financing activities</b>				
Proceeds from exercise of share options	21	542	291	632
Dividends paid to non-controlling interests	-	-	(253)	(246)
Dividends paid	(12,850)	(9,448)	(12,850)	(9,448)
Net cash used in cash financing activities	<u>(12,829)</u>	<u>(8,906)</u>	<u>(12,812)</u>	<u>(9,062)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	-	(1)	1	(2)
Net (decrease) increase in cash and cash equivalents	(4,804)	(2,470)	1,613	3,319
Cash and cash equivalents at beginning of period	84,952	71,780	78,535	65,991
<b>Cash and cash equivalents at end of period</b>	<u>80,148</u>	<u>69,310</u>	<u>80,148</u>	<u>69,310</u>

## 5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Qtr 2014	2nd Qtr 2013	1st Half 2014	1st Half 2013
	\$'000	\$'000	\$'000	\$'000
<b>Profit after taxation</b>	7,348	6,966	15,463	14,537
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences arising on translation of foreign operations	11	(5)	10	(3)
<b>Other comprehensive income (expense) for the period</b>	11	(5)	10	(3)
<b>Total comprehensive income for the period</b>	<u>7,359</u>	<u>6,961</u>	<u>15,473</u>	<u>14,534</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	7,242	6,849	15,254	14,314
Non-controlling interests	117	112	219	220
	<u>7,359</u>	<u>6,961</u>	<u>15,473</u>	<u>14,534</u>

## 6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Second Quarter and Half Year ended 30 June 2014:

	<b>Group</b>						<b>Total equity</b>
	<b>Attributable to shareholders of the Company</b>						
	<b>Share capital</b>	<b>Other reserves</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated profits</b>	<b>Total</b>	<b>Non-controlling interests</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Balance at 1 January 2014</b>	35,912	3,100	(93)	90,170	129,089	979	130,068
Total comprehensive income (expense) for the period							
Profit for the period	-	-	-	8,013	8,013	102	8,115
Other comprehensive expense for the period	-	-	(1)	-	(1)	-	(1)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>8,013</b>	<b>8,012</b>	<b>102</b>	<b>8,114</b>
Transactions recognised directly in equity							
Exercise of share options	290	(20)	-	-	270	-	270
<b>Total</b>	<b>290</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>-</b>	<b>270</b>
Payments to non-controlling interests	-	-	-	-	-	(253)	(253)
<b>Balance at 31 March 2014</b>	<b>36,202</b>	<b>3,080</b>	<b>(94)</b>	<b>98,183</b>	<b>137,371</b>	<b>828</b>	<b>138,199</b>
Total comprehensive income for the period							
Profit for the period	-	-	-	7,231	7,231	117	7,348
Other comprehensive income for the period	-	-	11	-	11	-	11
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>7,231</b>	<b>7,242</b>	<b>117</b>	<b>7,359</b>
Transactions recognised directly in equity							
Exercise of share options	23	(2)	-	-	21	-	21
Payment of dividends	-	-	-	(12,850)	(12,850)	-	(12,850)
<b>Total</b>	<b>23</b>	<b>(2)</b>	<b>-</b>	<b>(12,850)</b>	<b>(12,829)</b>	<b>-</b>	<b>(12,829)</b>
<b>Balance at 30 June 2014</b>	<b>36,225</b>	<b>3,078</b>	<b>(83)</b>	<b>92,564</b>	<b>131,784</b>	<b>945</b>	<b>132,729</b>

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

	<b>Group</b>						
	<b>Attributable to shareholders of the Company</b>						
	<b>Share capital</b>	<b>Other reserves</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated profits</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Balance at 1 January 2013</b>	35,200	3,154	(57)	78,249	116,546	952	117,498
Total comprehensive income for the period							
Profit for the period	-	-	-	7,463	7,463	108	7,571
Other comprehensive income for the period	-	-	2	-	2	-	2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>7,463</b>	<b>7,465</b>	<b>108</b>	<b>7,573</b>
Transactions recognised directly in equity							
Exercise of share options	97	(7)	-	-	90	-	90
<b>Total</b>	<b>97</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>90</b>
Payments to non-controlling interests	-	-	-	-	-	(246)	(246)
<b>Balance at 31 March 2013</b>	<b>35,297</b>	<b>3,147</b>	<b>(55)</b>	<b>85,712</b>	<b>124,101</b>	<b>814</b>	<b>124,915</b>
Total comprehensive income (expense) for the period							
Profit for the period	-	-	-	6,854	6,854	112	6,966
Other comprehensive expense for the period	-	-	(5)	-	(5)	-	(5)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>6,854</b>	<b>6,849</b>	<b>112</b>	<b>6,961</b>
Transactions recognised directly in equity							
Exercise of share options	588	(46)	-	-	542	-	542
Payment of dividends	-	-	-	(9,448)	(9,448)	-	(9,448)
<b>Total</b>	<b>588</b>	<b>(46)</b>	<b>-</b>	<b>(9,448)</b>	<b>(8,906)</b>	<b>-</b>	<b>(8,906)</b>
<b>Balance at 30 June 2013</b>	<b>35,885</b>	<b>3,101</b>	<b>(60)</b>	<b>83,118</b>	<b>122,044</b>	<b>926</b>	<b>122,970</b>

Statement of Changes in Equity of the Company for the Second Quarter and Half Year ended 30 June 2014:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2014</b>	35,912	3,100	51,009	90,021
Profit for the period, representing total comprehensive income for the period	-	-	2,839	2,839
Transactions recognised directly in equity				
Exercise of share options	290	(20)	-	270
Total	290	(20)	-	270
<b>Balance at 31 March 2014</b>	36,202	3,080	53,848	93,130
Profit for the period, representing total comprehensive income for the period	-	-	2,603	2,603
Transactions recognised directly in equity				
Exercise of share options	23	(2)	-	21
Payment of dividends	-	-	(12,850)	(12,850)
Total	23	(2)	(12,850)	(12,829)
<b>Balance at 30 June 2014</b>	36,225	3,078	43,601	82,904

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
<b>Balance at 1 January 2013</b>	35,200	3,154	41,472	79,826
Profit for the period, representing total comprehensive income for the period	-	-	2,996	2,996
Transactions recognised directly in equity				
Exercise of share options	97	(7)	-	90
Total	97	(7)	-	90
<b>Balance at 31 March 2013</b>	35,297	3,147	44,468	82,912
Profit for the period, representing total comprehensive income for the period	-	-	2,030	2,030
Transactions recognised directly in equity				
Exercise of share options	588	(46)	-	542
Payment of dividends	-	-	(9,448)	(9,448)
Total	588	(46)	(9,448)	(8,906)
<b>Balance at 30 June 2013</b>	35,885	3,101	37,050	76,036

## **7 CHANGES IN COMPANY'S SHARE CAPITAL**

### Share Capital

During the 2nd quarter ended 30 June 2014, the Company issued 8,000 new ordinary shares following the exercise of share options under the 2001 VICOM Share Option Scheme.

As at 30 June 2014, the total number of issued shares was 88,622,000 (31 December 2013: 88,499,000).

### Outstanding Shares – The 2001 VICOM Share Option Scheme

The Share Option Scheme was not renewed following its expiry on 26 April 2011.

As at 30 June 2014, options to subscribe for 20,000 ordinary shares (30 June 2013: 159,000) remained outstanding under the 2001 VICOM Share Option Scheme.

As at 30 June 2014, 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 2013.

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 2014. The adoption of these new and 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

	<b>Group</b>			
	<b>2nd Qtr 2014</b>	<b>2nd Qtr 2013</b>	<b>1st Half 2014</b>	<b>1st Half 2013</b>
(i) Based on weighted average number of ordinary shares in issue - cents	8.16	7.75	17.20	16.19
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	8.16	7.74	17.20	16.18

EBITDA

	<b>Group</b>			
	<b>2nd Qtr 2014</b>	<b>2nd Qtr 2013</b>	<b>1st Half 2014</b>	<b>1st Half 2013</b>
(i) EBITDA (\$'000)	10,148	9,785	21,172	20,333
(ii) EBITDA margin (%)	37.2	36.8	39.1	38.6

**13 NET ASSET VALUE PER ORDINARY SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2014</b>	<b>31 Dec 2013</b>	<b>30 Jun 2014</b>	<b>31 Dec 2013</b>
Net asset value per ordinary share based on issued share capital - cents	148.70	145.86	93.55	101.72

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

#### Revenue

The Group's total revenue of \$27.3 million for 2Q14 was \$0.6 million or 2.4% higher than 2Q13, contributed by higher business volume.

#### Operating Expenses

The Group's operating expenses of \$18.6 million for 2Q14 was \$0.3 million or 1.8% higher than 2Q13 due mainly to the higher expenses needed to generate the increased revenue.

#### Operating Profit

Consequently, the Group's operating profit of \$8.7 million for 2Q14 was \$0.3 million or 3.9% higher than 2Q13.

The Group's profit before tax of \$8.8 million for 2Q14 was \$0.4 million or 4.2% higher than 2Q13.

Taxation for the Group of \$1.44 million for 2Q14 was \$0.03 million or 2% lower than 2Q13 due mainly to the lower taxable profits for 2Q14 arising from enhanced capital allowances on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's Profit attributable to Shareholders of the Company of \$7.2 million for 2Q14 was \$0.4 million or 5.5% higher than 2Q13.

#### Statement of Financial Position

Total Equity increased by \$2.7 million from \$130.0 million as at 31 December 2013 to \$132.7 million as at 30 June 2014 due mainly to profits generated from operations, partially offset by payment of dividends.

Total Assets increased by \$0.05 million to \$158.4 million as at 30 June 2014 due to the increase in Current Assets by \$0.11 million, partially offset by decrease in Non-Current Assets by \$0.06 million. The increase in Current Assets was due mainly to the increase in Cash and Bank Balances by \$1.61 million, partially offset by decrease in Trade Receivables by \$1.25 million and Other Receivables and Prepayments by \$0.25 million.

Total Liabilities decreased by \$2.6 million to \$25.7 million as at 30 June 2014 due mainly to decrease in Trade and Other Payables by \$3.0 million after the payment of variable bonus, partially offset by the net increase in Tax Provision of \$0.4 million.

#### Cash Flow

The net cash outflow in 2Q14 was \$4.8 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 the vehicle testing services is expected to moderate as more vehicles are expected to be deregistered in the year. The non-vehicle testing business is 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 8.75 cents (2013: 8.00 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	8.75 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	8.00 cents
Tax Rate	Exempt one-tier

**(c) Date payable**

The interim dividend will be paid on 26 August 2014.

**(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 2014 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 2014 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 2014 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 2014 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

11 August 2014