



VICOM LTD

Company Registration No. : 198100320K

Second Quarter 2018 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 2018.

1 GROUP INCOME STATEMENT

	Group					
	2nd Qtr 2018	2nd Qtr 2017	Incr/ (Decr)	1st Half 2018	1st Half 2017	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	24,654	24,077	2.4	49,177	48,203	2.0
Staff costs	11,591	11,417	1.5	22,276	21,803	2.2
Depreciation and amortisation	1,547	1,564	(1.1)	3,137	3,172	(1.1)
Premises costs	957	908	5.4	1,891	1,800	5.1
Contract services	832	881	(5.6)	1,533	1,780	(13.9)
Materials and consumables	611	609	0.3	1,223	1,235	(1.0)
Utilities and communication costs	385	355	8.5	762	702	8.5
Repairs and maintenance costs	359	380	(5.5)	748	739	1.2
Other operating costs	1,017	968	5.1	2,033	2,034	-
Total operating costs	<u>17,299</u>	<u>17,082</u>	1.3	<u>33,603</u>	<u>33,265</u>	1.0
Operating profit	7,355	6,995	5.1	15,574	14,938	4.3
Interest income	364	377	(3.4)	748	788	(5.1)
Profit before taxation	7,719	7,372	4.7	16,322	15,726	3.8
Taxation	<u>(1,360)</u>	<u>(1,207)</u>	12.7	<u>(2,843)</u>	<u>(2,613)</u>	8.8
Profit after taxation	<u>6,359</u>	<u>6,165</u>	3.1	<u>13,479</u>	<u>13,113</u>	2.8
Attributable to:						
Shareholders of the Company	6,247	6,071	2.9	13,252	12,921	2.6
Non-controlling interests	112	94	19.1	227	192	18.2
	<u>6,359</u>	<u>6,165</u>	3.1	<u>13,479</u>	<u>13,113</u>	2.8

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	97,902	107,514	93,972	104,180
Trade receivables	15,565	13,417	2,122	2,294
Other receivables and prepayments	1,979	1,686	884	1,135
Inventories	24	20	-	-
Total current assets	115,470	122,637	96,978	107,609
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Club memberships	155	187	155	187
Vehicles, premises and equipment	43,746	45,373	22,714	23,162
Goodwill	11,325	11,325	-	-
Total non-current assets	55,251	56,910	48,810	49,290
Total assets	170,721	179,547	145,788	156,899
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	20,602	22,872	5,808	6,057
Due to subsidiaries	-	-	39,808	38,832
Income tax payable	5,876	5,449	3,427	3,331
Total current liabilities	26,478	28,321	49,043	48,220
Non-current liability				
Deferred tax liabilities	1,919	1,917	315	282
Total liabilities	28,397	30,238	49,358	48,502
Capital, reserves and non-controlling interests				
Share capital	36,284	36,284	36,284	36,284
Other reserves	3,073	3,073	3,073	3,073
Foreign currency translation reserve *	67	6	-	-
Accumulated profits *	101,940	108,969	57,073	69,040
Equity attributable to shareholders of the Company	141,364	148,332	96,430	108,397
Non-controlling interests	960	977	-	-
Total equity	142,324	149,309	96,430	108,397
Total liabilities and equity	170,721	179,547	145,788	156,899

* The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)1) on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 January 2017. Please refer to paragraph 11 for further details.

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

Details of any collateral

NIL

4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	7,719	7,372	16,322	15,726
Adjustments for:				
Depreciation and amortisation	1,547	1,564	3,137	3,172
Interest income	(364)	(377)	(748)	(788)
Gain on disposal of vehicles, premises and equipment	(19)	-	(20)	-
Allowance for expected credit losses	98	36	194	110
Operating cash flows before movements in working capital	8,981	8,595	18,885	18,220
Changes in working capital	(1,408)	(487)	(5,153)	(3,222)
Cash generated from operations	7,573	8,108	13,732	14,998
Income tax paid	(2,403)	(2,126)	(2,414)	(2,718)
Net cash from operating activities	5,170	5,982	11,318	12,280
Investing activities				
Purchase of vehicles, premises and equipment	(780)	(746)	(1,474)	(1,259)
Proceeds from disposal of vehicles, premises and equipment	26	-	36	-
Interest received	639	524	992	833
Net cash used in investing activities	(115)	(222)	(446)	(426)

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
	\$'000	\$'000	\$'000	\$'000
Financing activities				
Dividends paid to non-controlling interests	-	-	(244)	(238)
Dividends paid	(20,281)	(16,399)	(20,281)	(16,399)
Net cash used in financing activities	<u>(20,281)</u>	<u>(16,399)</u>	<u>(20,525)</u>	<u>(16,637)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>35</u>	<u>(1)</u>	<u>41</u>	<u>(6)</u>
Net decrease in cash and cash equivalents	(15,191)	(10,640)	(9,612)	(4,789)
Cash and cash equivalents at beginning of period	113,093	111,532	107,514	105,681
Cash and cash equivalents at end of period	<u>97,902</u>	<u>100,892</u>	<u>97,902</u>	<u>100,892</u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
	\$'000	\$'000	\$'000	\$'000
Profit after taxation	6,359	6,165	13,479	13,113
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	<u>31</u>	<u>10</u>	<u>30</u>	<u>(13)</u>
Other comprehensive income for the period	<u>31</u>	<u>10</u>	<u>30</u>	<u>(13)</u>
Total comprehensive income for the period	<u>6,390</u>	<u>6,175</u>	<u>13,509</u>	<u>13,100</u>
Total comprehensive income attributable to:				
Shareholders of the Company	6,278	6,081	13,282	12,908
Non-controlling interests	<u>112</u>	<u>94</u>	<u>227</u>	<u>192</u>
	<u>6,390</u>	<u>6,175</u>	<u>13,509</u>	<u>13,100</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Second Quarter and Half Year ended 30 June 2018:

	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 2018	36,284	3,073	(259)	109,234	148,332	977	149,309
Reclassification on adoption of SFRS(I)1 *	-	-	265	(265)	-	-	-
Balance at 1 January 2018 (restated)	36,284	3,073	6	108,969	148,332	977	149,309
Total comprehensive income for the period							
Profit for the period	-	-	-	7,005	7,005	115	7,120
Other comprehensive income for the period	-	-	30	-	30	-	30
Total	-	-	30	7,005	7,035	115	7,150
Payments to non-controlling interests	-	-	-	-	-	(244)	(244)
Balance at 31 March 2018	36,284	3,073	36	115,974	155,367	848	156,215
Total comprehensive income for the period							
Profit for the period	-	-	-	6,247	6,247	112	6,359
Other comprehensive income for the period	-	-	31	-	31	-	31
Total	-	-	31	6,247	6,278	112	6,390
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(20,281)	(20,281)	-	(20,281)
Total	-	-	-	(20,281)	(20,281)	-	(20,281)
Balance at 30 June 2018	36,284	3,073	67	101,940	141,364	960	142,324

* The Group has adopted SFRS(I)1 on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 January 2017. Please refer to paragraph 11 for further details.

Consolidated Statement of Changes in Equity for the Second Quarter and Half Year ended 30 June 2017:

	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 2017	36,284	3,073	(265)	110,760	149,852	971	150,823
Reclassification on adoption of SFRS(I)1 *	-	-	265	(265)	-	-	-
Balance at 1 January 2017 (restated)	36,284	3,073	-	110,495	149,852	971	150,823
Total comprehensive income for the period							
Profit for the period	-	-	-	6,850	6,850	98	6,948
Other comprehensive income for the period	-	-	(23)	-	(23)	-	(23)
Total	-	-	(23)	6,850	6,827	98	6,925
Payments to non-controlling interests	-	-	-	-	-	(238)	(238)
Balance at 31 March 2017 (restated)	36,284	3,073	(23)	117,345	156,679	831	157,510
Total comprehensive income for the period							
Profit for the period	-	-	-	6,071	6,071	94	6,165
Other comprehensive income for the period	-	-	10	-	10	-	10
Total	-	-	10	6,071	6,081	94	6,175
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(16,399)	(16,399)	-	(16,399)
Total	-	-	-	(16,399)	(16,399)	-	(16,399)
Balance at 30 June 2017 (restated)	36,284	3,073	(13)	107,017	146,361	925	147,286

* The Group has adopted SFRS(I)1 on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 January 2017. Please refer to paragraph 11 for further details.

Statement of Changes in Equity of the Company for the Second Quarter and Half Year ended 30 June 2018:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	36,284	3,073	69,040	108,397
Profit for the period, representing total comprehensive income for the period	-	-	4,646	4,646
Balance at 31 March 2018	36,284	3,073	73,686	113,043
Profit for the period, representing total comprehensive income for the period	-	-	3,668	3,668
Transactions recognised directly in equity				
Payment of dividends	-	-	(20,281)	(20,281)
Total	-	-	(20,281)	(20,281)
Balance at 30 June 2018	36,284	3,073	57,073	96,430

Statement of Changes in Equity of the Company for the Second Quarter and Half Year ended 30 June 2017:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	36,284	3,073	72,862	112,219
Profit for the period, representing total comprehensive income for the period	-	-	4,493	4,493
Balance at 31 March 2017	36,284	3,073	77,355	116,712
Profit for the period, representing total comprehensive income for the period	-	-	3,734	3,734
Transactions recognised directly in equity				
Payment of dividends	-	-	(16,399)	(16,399)
Total	-	-	(16,399)	(16,399)
Balance at 30 June 2017	36,284	3,073	64,690	104,047

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the second quarter ended 30 June 2018, no new ordinary shares were issued by the Company.

As at 30 June 2018, the total number of issued shares was 88,642,000 (31 December 2017: 88,642,000).

The Company does not hold any treasury shares as at 30 June 2018.

8 AUDIT

The financial statements have not been audited or reviewed.

9 AUDITORS' REPORT

Not applicable.

10 ACCOUNTING POLICIES

Except as disclosed in paragraph 11 below, 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 2017.

11 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the Singapore Financial Reporting Standards (International) (SFRS(I)s), that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the second quarter and half year ended 30 June 2018.

The Group has elected for the optional exemption to reset its foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, a cumulative foreign currency translation loss of \$265k was reclassified from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group has reclassified the revaluation reserve relating to a property to capital reserve within other reserves at the date of transition on 1 January 2017 in accordance with SFRS(I)1.

Other than as disclosed above, the adoption of SFRS(I)s will have no material impact on the Group's Financial Statements in this year of initial application.

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

Earnings per ordinary share – Basic and Diluted

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
Based on weighted average number of ordinary shares in issue - cents	7.05	6.85	14.95	14.58

EBITDA

	Group			
	2nd Qtr 2018	2nd Qtr 2017	1st Half 2018	1st Half 2017
(i) EBITDA (\$'000)	8,902	8,559	18,711	18,110
(ii) EBITDA margin (%)	36.1	35.5	38.0	37.6

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Net asset value per ordinary share based on issued share capital - cents	159.48	167.34	108.79	122.29

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Revenue

The Group's total revenue of \$24.7 million for 2Q18 was \$0.6 million or 2.4% higher than 2Q17, contributed by higher business volumes.

Operating Costs

The Group's operating costs of \$17.3 million for 2Q18 were \$0.2 million or 1.3% higher than 2Q17 due mainly to expenses incurred to generate the increase in revenue.

Operating Profit

Consequently, the Group's operating profit of \$7.4 million for 2Q18 was \$0.4 million or 5.1% higher than 2Q17.

The Group's profit before tax of \$7.7 million for 2Q18 was \$0.3 million or 4.7% higher than 2Q17.

Taxation for the Group of \$1.4 million for 2Q18 was \$0.2 million or 12.7% higher than 2Q17 due to higher profit in 2Q18 coupled with the cessation for enhanced capital allowance on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's Profit attributable to Shareholders of the Company of \$6.2 million for 2Q18 was \$0.2 million or 2.9% higher than 2Q17.

Statements of Financial Position

Total Equity decreased by \$7.0 million to \$142.3 million as at 30 June 2018 due mainly to payment of dividends offset by profits generated from operations.

Total Assets decreased by \$8.8 million to \$170.7 million as at 30 June 2018 due to the decrease in Current Assets by \$7.2 million and Non-Current Assets by \$1.6 million. The decrease in Current Assets was due mainly to the decrease in Cash and Cash Equivalents of \$9.6 million, offset by the increase of \$2.1 million in Trade Receivables and \$0.3 million in Other Receivables & Prepayments.

Total Liabilities decreased by \$1.8 million to \$28.4 million as at 30 June 2018 due mainly to the decrease in Trade and Other Payables of \$2.2 million, offset by the increase in Tax Provision of \$0.4 million.

Cash Flow

The net cash outflow in the quarter was \$15.2 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 recent fall in Certificate of Entitlement (COE) prices to their lowest levels in nearly a decade has resulted in the premature deregistration of cars with higher COEs before the 10-year mark. This is expected to affect the demand for the vehicle testing business. The non-vehicle testing business continues to face intense competition but is expected to remain stable.

17 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 13.46 cents (2017: 13.12 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	13.46 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	13.12 cents
Tax Rate	Exempt one-tier

(c) Date payable

The interim dividend will be paid on 24 August 2018.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 16 August 2018 for the purposes of determining Shareholders' entitlements to the interim dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 15 August 2018 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 15 August 2018 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 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

23 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 2018 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 / Yeo Tee Yeok, Edwin
Joint Company Secretaries

6 August 2018