



**VICOM LTD**

Company Registration No. : 198100320K

**Second Quarter 2017 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 2017.

**1 GROUP INCOME STATEMENT**

	<b>Group</b>					
	<b>2nd Qtr</b>	<b>2nd Qtr</b>	<b>Incr/</b>	<b>1st Half</b>	<b>1st Half</b>	<b>Incr/</b>
	<b>2017</b>	<b>2016</b>	<b>(Decr)</b>	<b>2017</b>	<b>2016</b>	<b>(Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	24,077	25,403	(5.2)	48,203	50,761	(5.0)
Staff costs	11,417	11,674	(2.2)	21,803	22,648	(3.7)
Depreciation and amortisation	1,564	1,621	(3.5)	3,172	3,206	(1.1)
Premises costs	908	914	(0.7)	1,800	1,810	(0.6)
Contract services	881	955	(7.7)	1,780	1,850	(3.8)
Materials and consumables	609	629	(3.2)	1,235	1,237	(0.2)
Repairs and maintenance costs	380	383	(0.8)	739	743	(0.5)
Utilities and communication costs	355	382	(7.1)	702	815	(13.9)
Other operating costs	968	1,311	(26.2)	2,034	2,395	(15.1)
Total operating costs	<u>17,082</u>	<u>17,869</u>	(4.4)	<u>33,265</u>	<u>34,704</u>	(4.1)
<b>Operating profit</b>	6,995	7,534	(7.2)	14,938	16,057	(7.0)
Interest income	377	383	(1.6)	788	769	2.5
<b>Profit before taxation</b>	7,372	7,917	(6.9)	15,726	16,826	(6.5)
Taxation	<u>(1,207)</u>	<u>(1,192)</u>	1.3	<u>(2,613)</u>	<u>(2,681)</u>	(2.5)
<b>Profit after taxation</b>	<u>6,165</u>	<u>6,725</u>	(8.3)	<u>13,113</u>	<u>14,145</u>	(7.3)
Attributable to:						
<b>Shareholders of the Company</b>	6,071	6,624	(8.3)	12,921	13,937	(7.3)
Non-controlling interests	94	101	(6.9)	192	208	(7.7)
	<u>6,165</u>	<u>6,725</u>	(8.3)	<u>13,113</u>	<u>14,145</u>	(7.3)

2 STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	100,892	105,681	97,739	102,955
Trade receivables	13,676	13,259	2,082	2,125
Other receivables and prepayments	2,068	1,948	953	965
Inventories	21	21	-	-
<b>Total current assets</b>	<u>116,657</u>	<u>120,909</u>	<u>100,774</u>	<u>106,045</u>
<b>Non-current assets</b>				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Club memberships	187	219	187	219
Vehicles, premises and equipment	45,276	47,164	23,953	24,668
Goodwill	11,325	11,325	-	-
<b>Total non-current assets</b>	<u>56,813</u>	<u>58,733</u>	<u>50,081</u>	<u>50,828</u>
<b>Total assets</b>	<u>173,470</u>	<u>179,642</u>	<u>150,855</u>	<u>156,873</u>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	18,768	21,298	4,325	5,168
Due to subsidiaries	-	-	39,073	36,194
Income tax payable	5,741	5,752	3,057	3,029
<b>Total current liabilities</b>	<u>24,509</u>	<u>27,050</u>	<u>46,455</u>	<u>44,391</u>
<b>Non-current liability</b>				
Deferred tax liabilities	1,675	1,769	353	263
<b>Total liabilities</b>	<u>26,184</u>	<u>28,819</u>	<u>46,808</u>	<u>44,654</u>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	36,284	36,284	36,284	36,284
Other reserves	3,073	3,073	3,073	3,073
Foreign currency translation reserve	(278)	(265)	-	-
Accumulated profits	107,282	110,760	64,690	72,862
Equity attributable to shareholders of the Company	146,361	149,852	104,047	112,219
Non-controlling interests	925	971	-	-
<b>Total equity</b>	<u>147,286</u>	<u>150,823</u>	<u>104,047</u>	<u>112,219</u>
<b>Total liabilities and equity</b>	<u>173,470</u>	<u>179,642</u>	<u>150,855</u>	<u>156,873</u>

### 3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

#### Details of any collateral

NIL

### 4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2017 \$'000	2nd Qtr 2016 \$'000	1st Half 2017 \$'000	1st Half 2016 \$'000
<b>Operating activities</b>				
Profit before taxation	7,372	7,917	15,726	16,826
Adjustments for:				
Depreciation and amortisation	1,564	1,621	3,172	3,206
Interest income	(377)	(383)	(788)	(769)
Gain on disposal of vehicles, premises and equipment	-	(4)	-	(9)
Allowance for expected credit losses	36	343	110	455
Operating cash flows before movements in working capital	8,595	9,494	18,220	19,709
Changes in working capital	(487)	163	(3,222)	(2,053)
Cash generated from operations	8,108	9,657	14,998	17,656
Income tax paid	(2,126)	(3,121)	(2,718)	(3,133)
Net cash from operating activities	5,982	6,536	12,280	14,523
<b>Investing activities</b>				
Purchase of vehicles, premises and equipment	(746)	(1,075)	(1,259)	(1,731)
Proceeds from disposal of vehicles, premises and equipment	-	10	-	15
Interest received	524	353	833	607
Net cash used in investing activities	(222)	(712)	(426)	(1,109)

	<b>Group</b>			
	<b>2nd Qtr</b>	<b>2nd Qtr</b>	<b>1st Half</b>	<b>1st Half</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financing activities</b>				
Proceeds from exercise of share options	-	-	-	54
Dividends paid to non-controlling interests	-	-	(238)	(265)
Dividends paid	(16,399)	(17,507)	(16,399)	(17,507)
Net cash used in financing activities	<u>(16,399)</u>	<u>(17,507)</u>	<u>(16,637)</u>	<u>(17,718)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<u>(1)</u>	<u>(4)</u>	<u>(6)</u>	<u>2</u>
Net decrease in cash and cash equivalents	(10,640)	(11,687)	(4,789)	(4,302)
Cash and cash equivalents at beginning of period	111,532	107,449	105,681	100,064
<b>Cash and cash equivalents at end of period</b>	<u>100,892</u>	<u>95,762</u>	<u>100,892</u>	<u>95,762</u>

## 5 GROUP COMPREHENSIVE INCOME STATEMENT

	<b>Group</b>			
	<b>2nd Qtr</b>	<b>2nd Qtr</b>	<b>1st Half</b>	<b>1st Half</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Profit after taxation</b>	6,165	6,725	13,113	14,145
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences arising on translation of foreign operations	<u>10</u>	<u>(26)</u>	<u>(13)</u>	<u>17</u>
<b>Other comprehensive income for the period</b>	10	(26)	(13)	17
<b>Total comprehensive income for the period</b>	<u>6,175</u>	<u>6,699</u>	<u>13,100</u>	<u>14,162</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	6,081	6,598	12,908	13,954
Non-controlling interests	94	101	192	208
	<u>6,175</u>	<u>6,699</u>	<u>13,100</u>	<u>14,162</u>

## 6 STATEMENTS OF CHANGES IN EQUITY

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

	<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 2017</b>	36,284	3,073	(265)	110,760	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)
<b>Balance at 31 March 2017</b>	36,284	3,073	(288)	117,610	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)
<b>Balance at 30 June 2017</b>	36,284	3,073	(278)	107,282	146,361	925	147,286

Consolidated Statement of Changes in Equity for the Second Quarter and Half Year ended 30 June 2016:

	<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 2016</b>	36,225	3,078	(244)	107,196	146,255	997	147,252
Total comprehensive income for the period							
Profit for the period	-	-	-	7,313	7,313	107	7,420
Other comprehensive income for the period	-	-	43	-	43	-	43
<b>Total</b>	<b>-</b>	<b>-</b>	<b>43</b>	<b>7,313</b>	<b>7,356</b>	<b>107</b>	<b>7,463</b>
Transactions recognised directly in equity							
Exercise of share options	59	(5)	-	-	54	-	54
<b>Total</b>	<b>59</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>54</b>
Payments to non-controlling interests	-	-	-	-	-	(265)	(265)
<b>Balance at 31 March 2016</b>	<b>36,284</b>	<b>3,073</b>	<b>(201)</b>	<b>114,509</b>	<b>153,665</b>	<b>839</b>	<b>154,504</b>
Total comprehensive income for the period							
Profit for the period	-	-	-	6,624	6,624	101	6,725
Other comprehensive income for the period	-	-	(26)	-	(26)	-	(26)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>6,624</b>	<b>6,598</b>	<b>101</b>	<b>6,699</b>
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(17,507)	(17,507)	-	(17,507)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,507)</b>	<b>(17,507)</b>	<b>-</b>	<b>(17,507)</b>
<b>Balance at 30 June 2016</b>	<b>36,284</b>	<b>3,073</b>	<b>(227)</b>	<b>103,626</b>	<b>142,756</b>	<b>940</b>	<b>143,696</b>

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

	<b>Company</b>			
	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated profits</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2017</b>	36,284	3,073	72,862	112,219
Profit for the period, representing total comprehensive income for the period	-	-	4,493	4,493
<b>Balance at 31 March 2017</b>	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)
<b>Balance at 30 June 2017</b>	36,284	3,073	64,690	104,047

Statement of Changes in Equity of the Company for the Second Quarter and Half Year ended 30 June 2016:

	<b>Company</b>			
	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated profits</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2016</b>	36,225	3,078	68,478	107,781
Profit for the period, representing total comprehensive income for the period	-	-	4,326	4,326
Transactions recognised directly in equity				
Exercise of share options	59	(5)	-	54
Total	59	(5)	-	54
<b>Balance at 31 March 2016</b>	36,284	3,073	72,804	112,161
Profit for the period, representing total comprehensive income for the period	-	-	3,608	3,608
Transactions recognised directly in equity				
Payment of dividends	-	-	(17,507)	(17,507)
Total	-	-	(17,507)	(17,507)
<b>Balance at 30 June 2016</b>	36,284	3,073	58,905	98,262

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

### Share Capital

During the second quarter ended 30 June 2017, no new ordinary shares were issued by the Company.

As at 30 June 2017, the total number of issued shares was 88,642,000 (31 December 2016: 88,642,000).

The Company does not hold any treasury shares as at 30 June 2017.

## **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 2016.

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 1 January 2017.

The adoption of these new and revised FRSs 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 – Basic and Diluted

	<b>Group</b>			
	<b>2nd Qtr 2017</b>	<b>2nd Qtr 2016</b>	<b>1st Half 2017</b>	<b>1st Half 2016</b>
Based on weighted average number of ordinary shares in issue - cents	6.85	7.47	14.58	15.72

EBITDA

	<b>Group</b>			
	<b>2nd Qtr 2017</b>	<b>2nd Qtr 2016</b>	<b>1st Half 2017</b>	<b>1st Half 2016</b>
(i) EBITDA (\$'000)	8,559	9,155	18,110	19,263
(ii) EBITDA margin (%)	35.5	36.0	37.6	37.9

**13 NET ASSET VALUE PER ORDINARY SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30Jun 2017</b>	<b>31 Dec 2016</b>
Net asset value per ordinary share based on issued share capital - cents	165.11	169.05	117.38	126.60

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

#### Revenue

The Group's total revenue of \$24.1 million for 2Q17 was \$1.3 million or 5.2% lower than 2Q16 due to lower business volumes.

#### Operating Costs

The Group's operating costs of \$17.1 million for 2Q17 were \$0.8 million or 4.4% lower than 2Q16, in tandem with the lower business volumes.

#### Operating Profit

Consequently, the Group's operating profit of \$7.0 million for 2Q17 was \$0.5 million or 7.2% lower than 2Q16.

The Group's profit before tax of \$7.4 million for 2Q17 was \$0.5 million or 6.9% lower than 2Q16.

Taxation for the Group of \$1.21 million for 2Q17 was \$0.02 million or 1.3% higher than 2Q16 due mainly to lower enhanced capital allowance on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's Profit attributable to Shareholders of the Company of \$6.1 million for 2Q17 was \$0.6 million or 8.3% lower than 2Q16.

#### Statement of Financial Position

Total Equity decreased by \$3.5 million to \$147.3 million as at 30 June 2017 due mainly to payment of dividends offset by profits generated from operations.

Total Assets decreased by \$6.2 million to \$173.5 million as at 30 June 2017 due to the decrease in Current Assets by \$4.3 million and Non-Current Assets by \$1.9 million. The decrease in Current Assets was due mainly to the decrease of \$4.8 million in Cash and Cash Equivalent, offset by the increase of \$0.4 million in Trade Receivables and \$0.1 million in Other Receivables & Prepayments.

Total Liabilities decreased by \$2.6 million to \$26.2 million as at 30 June 2017 due mainly to the decrease in Trade and Other Payables of \$2.5 million and Income Tax Payable of \$0.1 million.

#### Cash Flow

The net cash outflow in 2Q17 was \$10.6 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**

Business conditions are expected to remain challenging for the Group. The vehicle testing business will continue to face a high de-registration rate although this will be offset partially by the increase in the number of Certificate of Entitlement (COE) revalidations. The non-vehicle testing business will continue to weaken with the general slowdown in the industries that we serve.

**17 DIVIDEND**

**(a) Current Financial Period Reported On**

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 13.12 cents (2016: 8.00 cents) per ordinary share.

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

The Directors are pleased to announce with immediate effect that the dividend policy has been revised to a payout ratio of 90% of Net Profit attributable to Shareholders from the previous policy of 50%.

**(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 23 August 2017.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 17 August 2017 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 16 August 2017 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 16 August 2017 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 2017 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

7 August 2017