



VICOM LTD

Company Registration No. : 198100320K

Half Year 2020 Financial Statements and Dividend Announcement

The Board of Directors announces the unaudited results of the Group for the Half Year ended 30 June 2020.

1 GROUP INCOME STATEMENT

	1st Half 2020	1st Half 2019	Incr/ (Decr)
	\$'000	\$'000	%
Revenue	39,840	51,103	(22.0)
Staff costs	17,719	22,963	(22.8)
Depreciation and amortisation	3,642	3,776	(3.5)
Contract services	1,139	1,712	(33.5)
Materials and consumables	983	1,205	(18.4)
Premises costs	799	960	(16.8)
Repairs and maintenance costs	762	819	(7.0)
Utilities and communication costs	750	849	(11.7)
Other operating costs	2,602	2,002	30.0
Total operating costs	<u>28,396</u>	<u>34,286</u>	(17.2)
Operating Profit	11,444	16,817	(31.9)
Finance costs	(453)	(463)	(2.2)
Interest income	659	855	(22.9)
Profit before Taxation	11,650	17,209	(32.3)
Taxation	(1,749)	(3,076)	(43.1)
Profit after Taxation	<u>9,901</u>	<u>14,133</u>	(29.9)
Attributable to:			
Shareholders of the Company	9,699	13,899	(30.2)
Non-Controlling Interests	202	234	(13.7)
	<u>9,901</u>	<u>14,133</u>	(29.9)
Operating Profit before COVID-19 Government reliefs	7,633	16,817	(54.6)
COVID-19 Government reliefs	3,811	-	N.M.
Operating Profit after COVID-19 Government reliefs	<u>11,444</u>	<u>16,817</u>	(31.9)

N.M. : Not meaningful

2 STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	80,833	92,851	77,240	88,973
Trade receivables	12,130	16,181	2,152	2,244
Other receivables and prepayments	972	1,827	460	1,168
Inventories	18	21	-	-
Total current assets	93,953	110,880	79,852	92,385
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Financial assets at fair value through other comprehensive income	1,394	1,349	1,394	1,349
Vehicles, premises and equipment	59,715	55,458	19,207	20,089
Right-of-use assets	25,832	26,007	18,620	18,931
Goodwill	11,325	11,325	-	-
Total non-current assets	98,291	94,164	65,162	66,310
Total assets	192,244	205,044	145,014	158,695
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	21,642	24,180	6,760	7,465
Due to subsidiaries	-	-	45,531	46,624
Provision for relocation costs	6,576	6,589	-	-
Lease liabilities	1,180	1,210	579	566
Income tax payable	8,797	6,923	5,502	3,762
Total current liabilities	38,195	38,902	58,372	58,417
Non-current liabilities				
Deferred tax liabilities	1,403	1,548	86	193
Lease liabilities	32,155	32,304	25,191	25,476
Total non-current liabilities	33,558	33,852	25,277	25,669
Total liabilities	71,753	72,754	83,649	84,086
Capital, reserves and non-controlling interests				
Share capital	36,284	36,284	36,284	36,284
Other reserves	3,110	3,065	3,110	3,065
Foreign currency translation reserve	31	(1)	-	-
Accumulated profits	80,145	91,977	21,971	35,260
Equity attributable to shareholders of the Company	119,570	131,325	61,365	74,609
Non-controlling interests	921	965	-	-
Total equity	120,491	132,290	61,365	74,609
Total liabilities and equity	192,244	205,044	145,014	158,695

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

Secured / Unsecured Lease liabilities as at 30 June 2020

<u>Lease liabilities</u>	<u>30 June 2020</u>	<u>31 Dec 2019</u>
Secured	\$'000	\$'000
Amount repayable in one year or less, or on demand	1,180	1,210
Amount repayable after one year	32,155	32,304
	<u>33,335</u>	<u>33,514</u>

Details of any collateral

The lease liabilities of \$33.3 million relates to the leases recognized in accordance with SFRS(I) 16 Leases.

4 GROUP CASH FLOW STATEMENT

	<u>Group</u>	
	<u>1st Half</u>	<u>1st Half</u>
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Operating activities		
Profit before taxation	11,650	17,209
Adjustments for:		
Depreciation of property, plant and equipments and amortisation of club memberships	2,975	3,105
Depreciation of right-of-use assets	667	671
Interest expense	453	463
Interest income	(659)	(855)
(Gain) Loss on disposal of vehicles, premises and equipment	(9)	11
Allowance for expected credit losses	733	134
Operating cash flows before movements in working capital	<u>15,810</u>	<u>20,738</u>
Trade receivables	3,318	1,407
Other receivables and prepayments	211	(243)
Inventories	3	1
Trade and other payables	<u>(2,551)</u>	<u>(2,481)</u>
Cash generated from operations	16,791	19,422
Interest paid	(453)	(463)
Income tax paid	<u>(20)</u>	<u>(3,149)</u>
Net cash from operating activities	<u>16,318</u>	<u>15,810</u>
Investing activities		
Purchase of vehicles, premises and equipment	(7,237)	(1,859)
Proceeds from disposal of vehicles, premises and equipment and surrender of lease	10	32
Interest received	1,303	1,197
Purchases of unquoted equity instruments held at fair value through other comprehensive income	-	(1,357)
Net cash used in investing activities	<u>(5,924)</u>	<u>(1,987)</u>

	Group	
	1st Half 2020	1st Half 2019
	\$'000	\$'000
Financing activities		
Payments to non-controlling interests	(246)	(211)
Repayment of lease liabilities	(671)	(525)
Dividends paid	<u>(21,531)</u>	<u>(28,179)</u>
Net cash used in financing activities	<u>(22,448)</u>	<u>(28,915)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>36</u>	<u>(16)</u>
Net decrease in cash and cash equivalents	(12,018)	(15,108)
Cash and cash equivalents at beginning of period	<u>92,851</u>	<u>104,097</u>
Cash and cash equivalents at end of period	<u><u>80,833</u></u>	<u><u>88,989</u></u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	1st Half 2020	1st Half 2019
	\$'000	\$'000
Profit after taxation	9,901	14,133
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>32</u>	<u>(22)</u>
Items that will not be reclassified subsequently to profit or loss		
Fair value adjustment on equity investments	<u>45</u>	<u>(4)</u>
Other comprehensive income for the period	77	(26)
Total comprehensive income for the period	<u><u>9,978</u></u>	<u><u>14,107</u></u>
Total comprehensive income attributable to:		
Shareholders of the Company	9,776	13,873
Non-controlling interests	<u>202</u>	<u>234</u>
	<u><u>9,978</u></u>	<u><u>14,107</u></u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Half Year ended 30 June 2020:

	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 2020	36,284	3,065	(1)	91,977	131,325	965	132,290
Total comprehensive income for the period							
Profit for the period	-	-	-	9,699	9,699	202	9,901
Other comprehensive income for the period	-	45	32	-	77	-	77
Total	-	45	32	9,699	9,776	202	9,978
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(21,531)	(21,531)	-	(21,531)
Total	-	-	-	(21,531)	(21,531)	-	(21,531)
Payments to non-controlling interests	-	-	-	-	-	(246)	(246)
Balance at 30 June 2020	36,284	3,110	31	80,145	119,570	921	120,491

Consolidated Statement of Changes in Equity for the Half Year ended 30 June 2019:

	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 2019	36,284	3,073	21	104,252	143,630	929	144,559
Total comprehensive income for the period							
Profit for the period	-	-	-	13,899	13,899	234	14,133
Other comprehensive income for the period	-	(4)	(22)	-	(26)	-	(26)
Total	-	(4)	(22)	13,899	13,873	234	14,107
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(28,179)	(28,179)	-	(28,179)
Total	-	-	-	(28,179)	(28,179)	-	(28,179)
Payments to non-controlling interests	-	-	-	-	-	(211)	(211)
Balance at 30 June 2019	36,284	3,069	(1)	89,972	129,324	952	130,276

Statement of Changes in Equity of the Company for the Half Year ended 30 June 2020:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	36,284	3,065	35,260	74,609
Profit for the period, representing total comprehensive income for the period	-	45	8,242	8,287
Transactions recognised directly in equity				
Payment of dividends	-	-	(21,531)	(21,531)
Total	-	-	(21,531)	(21,531)
Balance at 30 June 2020	36,284	3,110	21,971	61,365

Statement of Changes in Equity of the Company for the Half Year ended 30 June 2019:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	36,284	3,073	53,196	92,553
Profit for the period, representing total comprehensive income for the period	-	(4)	8,688	8,684
Transactions recognised directly in equity				
Payment of dividends	-	-	(28,179)	(28,179)
Total	-	-	(28,179)	(28,179)
Balance at 30 June 2019	36,284	3,069	33,705	73,058

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

	Number of Ordinary Shares	Issued and Paid-up Share Capital
		\$'000
At 1 January 2020	88,642,000	36,284
Issuance of new shares arising from share split*	265,926,000	-
At 30 June 2020	354,568,000	36,284

* On 12 June 2020, the Company has completed and effected the share split of every one (1) existing ordinary share in the capital of the Company held by shareholders of the Company into four (4) ordinary shares ("**Share Split**").

The new stock code issued by SGX-ST after the share split is WJP which replaced the previous stock code of V01.

As at 30 June 2020, the total number of issued shares was 354,568,000 (31 December 2019: 88,642,000).

The Company does not hold any treasury shares as at 30 June 2020.

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 2019.

In the current financial period, the Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are relevant to its operations and effective for annual periods beginning on 1 January 2020.

The adoption of these new and revised SFRS(I)s 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

Earnings per ordinary share – Basic and Diluted

	Group	
	1st Half 2020	1st Half 2019
Based on weighted average number of ordinary shares in issue – cents*	2.74	3.92

* For better comparison of the Group's performance, the weighted average number of ordinary shares for the current and prior financial periods have been adjusted for the increase in the number of ordinary shares resulting from the Share Split on 12 June 2020.

EBITDA

	Group	
	1st Half 2020	1st Half 2019
(i) EBITDA (\$'000)	15,086	20,593
(ii) EBITDA margin (%)	37.9	40.3

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share based on issued share capital – cents*	33.72	37.04	17.31	21.04

* For better comparison of the Group's and the Company's performance, the number of ordinary shares for the current and prior financial periods have been adjusted for the increase in the number of ordinary shares resulting from the Share Split on 12 June 2020.

14 REVIEW OF GROUP PERFORMANCE

Performance Review

The release of our half year results comes amid a global pandemic, the likes of which few of us have ever seen. The impact on the Group, and the world in general, has been significant. As countries started going into lockdown, from as early as January in China, governments have been rolling out assistance packages.

In Singapore, the Government has, to-date, announced four budgets (Unity Budget, Resilience Budget, Solidarity Budget and Fortitude Budget) totalling some \$100 billion. Wage and income supplements, as well as corporate assistance, have been key features of these Budgets.

With economic activity grinding to a halt especially during the Circuit Breaker period, VICOM's operations have been hard hit. This has been especially so for the non-vehicle testing services business which is directly dependent on the level of economic activity in the country.

Revenue

The Group's total revenue of \$39.8 million for 1H20 was \$11.3 million or 22.0% lower than 1H19, contributed by lower business volumes affected by the impact of COVID-19.

Operating Costs

The Group's operating costs of \$28.4 million for 1H20 were \$5.9 million or 17.2% lower than 1H19 contributed by COVID-19 Government reliefs of \$3.8 million in Jobs Support Scheme, waiver and rebates on Foreign Worker Levy and lower operating costs of \$2.1 million. The decrease in operating costs was in line with lower business volumes offset by higher allowance for expected credit losses included in the "other operating costs".

Operating Profit

Consequently, the Group's operating profit of \$11.4 million for 1H20 was \$5.4 million or 31.9% lower than 1H19.

The Group's profit before tax of \$11.7 million for 1H20 was \$5.6 million or 32.3% lower than 1H19.

Taxation for the Group of \$1.7 million for 1H20 was \$1.3 million or 43.1% lower than 1H19 due to lower profit in 1H20.

The Group's Profit attributable to Shareholders of the Company of \$9.7 million for 1H20 was \$4.2 million or 30.2% lower than 1H19.

Without COVID-19 Government reliefs of \$3.8 million, the Group's operating profit of \$7.6 million for 1H20 was \$9.2 million or 54.6% lower than 1H19.

Statements of Financial Position

Total Equity decreased by \$11.8 million to \$120.5 million as at 30 June 2020 due mainly to payment of dividends of \$21.5 million offset by profits generated from operations of \$9.9 million.

Total Assets decreased by \$12.8 million to \$192.2 million as at 30 June 2020 due to the decrease in Current Assets by \$16.9 million offset by the increase in Non-Current Assets by \$4.1 million. The decrease in Current Assets was due mainly to the decrease in Cash and Cash Equivalents of \$12.0 million, together with the decrease of \$4.1 million in Trade Receivables and \$0.8 million in Other Receivables & Prepayments. The increase in Non-Current Assets was due mainly to the increase in Vehicles, Premises and Equipment of \$4.3 million, offset by decrease in Right-of-use Assets of \$0.2 million.

Total Liabilities decreased by \$1.0 million to \$71.8 million as at 30 June 2020 due mainly to the decrease in Trade and Other Payables of \$2.5 million and Lease Liabilities of \$0.2 million, offset by the increase in Tax Provision of \$1.7 million.

Cash Flow

The net cash outflow in 1H20 was \$12.0 million after payment of dividends.

In the coming 2H20, the Group is expected to fund investing activities which included the cost for additions & alterations to the new building at Bukit Batok and for the relocation of the existing machinery & equipment from the current location. The cost of these activities is estimated to be \$25.0 million.

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

For the vehicle testing business, the demand for periodic testing is expected to pick up with the resumption of private vehicle inspection from 8 June 2020, following the end of the Circuit Breaker period. However, the demand for emission testing and type approval of new cars will be negatively affected, as part of the quota for Certificates of Entitlement for the April-June 20 period is carried forward to the next calendar year.

For non-vehicle testing, the business is expected to recover from the lows during the Circuit Breaker period. The pace of recovery will be linked to the recovery of the local economy, particularly in key industries such as Construction, Marine & Offshore, Oil & Gas and Food & Bio-Chemistry. Profit margins are also expected to be further trimmed as competitors bid more aggressively for a significantly lower volume of work available. It also remains to be seen whether demand will recover to pre-COVID-19 levels or to a new normal.

The outlook for both business segments assumes that Singapore does not re-enter another circuit breaker.

17 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is declared for 1H20 in order to conserve cash during this period of COVID-19 uncertainties. Final dividend for FY2020 will be reviewed at end of the financial year in accordance with the existing dividend policy.

(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*	3.5275 cents
Tax Rate	Exempt one-tier

* For better comparison of the Group's performance, the number of ordinary shares for the prior financial period has been adjusted for the increase in the number of ordinary shares resulting from the Share Split on 12 June 2020.

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 half year 2020 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

12 August 2020