

VICOM LTD

Company Registration No. : 198100320K

Financial Statement and Dividend Announcement for the Third Quarter and Nine Months to 30 September 2006**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR RESULTS AND FULL YEAR RESULTS****1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding periods of the immediately preceding financial year**

The Board of Directors announces the unaudited results of the Group for the 3rd quarter and 9 months to 30 September 2006.

	Group					
	3rd Qtr 2006	3rd Qtr 2005	Incr/ (Decr)	9 months to 30 Sep 2006	9 months to 30 Sep 2005	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	13,394	13,040	2.7	40,170	36,233	10.9
Other operating income	369	258	43.0	1,031	675	52.7
Revenue	13,763	13,298	3.5	41,201	36,908	11.6
Staff costs	(6,366)	(5,720)	11.3	(18,936)	(17,173)	10.3
Depreciation & amortisation expenses	(1,031)	(1,143)	(9.8)	(3,156)	(3,149)	0.2
Repair & maintenance	(232)	(198)	17.2	(617)	(564)	9.4
Raw materials and consumables used	(1,101)	(1,288)	(14.5)	(3,665)	(3,225)	13.6
Premise costs	(566)	(580)	(2.4)	(1,617)	(1,592)	1.6
Insurance	(27)	(40)	(32.5)	(131)	(124)	5.6
Other operating expenses	(939)	(1,045)	(10.1)	(2,927)	(2,781)	5.2
Total operating expenses	(10,262)	(10,014)	2.5	(31,049)	(28,608)	8.5
Operating profit	3,501	3,284	6.6	10,152	8,300	22.3
Interest income	54	12	nm	167	46	nm
Finance cost	0	(1)	(100.0)	0	(21)	(100.0)
Share of profit in associate	0	0	0	0	156	(100.0)
Profit before taxation	3,555	3,295	7.9	10,319	8,481	21.7
Taxation	(971)	(841)	15.5	(2,714)	(2,204)	23.1
Profit after taxation	2,584	2,454	5.3	7,605	6,277	21.2
Attributable to:						
Shareholders of the Company	2,581	2,408	7.2	7,591	6,157	23.3
Minority interests	3	46	(93.5)	14	120	(88.3)
	2,584	2,454	5.3	7,605	6,277	21.2

1(a)(ii) Adjustment for (over)/under provision of taxation in respect of prior years:

	Group			
	3rd Qtr 2006	3rd Qtr 2005	9 months to 30 Sep 2006	9 months to 30 Sep 2005
	\$'000	\$'000	\$'000	\$'000
Adjustment for under provision of taxation in respect of prior years	0	16	2	81

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 Sep 2006	31 Dec 2005	30 Sep 2006	31 Dec 2005
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets:				
Cash and bank balances	9,500	9,526	7,809	7,635
Trade receivables	8,995	7,384	1,064	855
Other receivables and prepayments	468	218	327	300
Inventories	3	3	0	0
Total current assets	18,966	17,131	9,200	8,790
Non-current assets:				
Subsidiaries	0	0	26,196	26,196
Associates	454	454	0	0
Staff loans	20	28	0	0
Club memberships	315	315	315	315
Vehicles, premises and equipment	44,705	44,208	29,826	30,328
Goodwill	11,389	11,389	0	0
Total non-current assets	56,883	56,394	56,337	56,839
Total assets	75,849	73,525	65,537	65,629

	Group		Company	
	30 Sep 2006	31 Dec 2005	30 Sep 2006	31 Dec 2005
	\$'000	\$'000	\$'000	\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Trade payables	1,902	2,127	505	396
Other payables	9,126	7,313	14,077	16,061
Income tax payable	3,010	2,987	1,433	1,489
Total current liabilities	<u>14,038</u>	<u>12,427</u>	<u>16,015</u>	<u>17,946</u>
Non-current liability:				
Deferred tax liabilities	<u>1,009</u>	<u>1,009</u>	<u>94</u>	<u>94</u>
Capital reserves and minority interests:				
Share capital	28,547	20,805	28,547	20,805
Capital reserves (note a)	3,096	10,304	3,104	10,306
Accumulated profits	<u>27,207</u>	<u>26,822</u>	<u>17,777</u>	<u>16,478</u>
Equity attributable to shareholders of the Company	58,850	57,931	49,428	47,589
Minority interests	<u>1,952</u>	<u>2,158</u>	<u>0</u>	<u>0</u>
Total equity	<u>60,802</u>	<u>60,089</u>	<u>49,428</u>	<u>47,589</u>
Total liabilities & equity	<u>75,849</u>	<u>73,525</u>	<u>65,537</u>	<u>65,629</u>

Note a : Please refer to note 1 in the consolidated statement of changes in equity – Paragraph 1(d)(i) on the transfer of share premium account to share capital as a result of Companies (Amendment) Act 2005.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

NIL

Details of any collateral

NIL

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flow Statement for the 3rd quarter and 9 months to 30 September 2006:

Note	Group			
	3rd Qtr 2006	3rd Qtr 2005	9 months to 30 Sep 2006	9 months to 30 Sep 2005
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit before taxation	3,555	3,295	10,319	8,481
Adjustments for:				
Depreciation & amortisation expenses	1,031	1,143	3,156	3,149
Interest expense	0	1	0	21
Interest income	(54)	(12)	(167)	(46)
(Gain)/Loss on disposal of vehicles, premises and equipment	4	(3)	33	1
Share-based payment expense	3	9	12	25
Share of profit in associate	0	0	0	(156)
Operating profit before movement in working capital	4,539	4,433	13,353	11,475
Trade receivables	177	(672)	(1,611)	(303)
Other receivables and prepayments	(112)	5	(242)	400
Trade payables	315	120	(225)	(340)
Other payables	2,150	1,371	1,813	(765)
Cash generated from operations	7,069	5,257	13,088	10,467
Interest paid	0	(1)	0	(21)
Income tax paid	(1,217)	(931)	(2,691)	(2,718)
Net cash flow from operating activities	5,852	4,325	10,397	7,728
Cash flows (used in) from investing activities:				
Purchase of vehicles, premises and equipment	(2,573)	(493)	(3,686)	(1,174)
Acquisition of subsidiary, net of cash acquired	0	0	0	(2,639)
Additional consideration paid for investment in a subsidiary	0	0	0	(264)
Interest received	54	12	167	46
Net cash used in investing activities	(2,519)	(481)	(3,519)	(4,031)

Note	Group			
	3rd Qtr	3rd Qtr	9 months	9 months
	2006	2005	to 30 Sep	to 30 Sep
		2006	2005	
	\$'000	\$'000	\$'000	\$'000
Cash flows (used in) from financing activities:				
Proceeds from issue of shares	92	10	528	211
Minority interests	0	0	(220)	(385)
Bank loan repaid	0	(250)	0	(2,417)
Dividends paid	(2,684)	(1,165)	(7,206)	(3,828)
Net cash used in financing activities	(2,592)	(1,405)	(6,898)	(6,419)
Net effect of exchange rate changes in consolidating subsidiaries				
	2	0	(6)	0
Net increase (decrease) in cash and cash equivalents	743	2,439	(26)	(2,722)
Cash and cash equivalents at beginning of period	8,757	2,907	9,526	8,068
Cash and cash equivalents at end of period	9,500	5,346	9,500	5,346

Note A

Summary of the effects of the acquisition of subsidiary:

	Group			
	3rd Qtr	3rd Qtr	9 months	9 months
	2006	2005	to Sep	to Sep
			2006	2005
	\$'000	\$'000	\$'000	\$'000
Current assets	0	0	0	832
Non-current assets	0	0	0	5,021
Current liabilities	0	0	0	(498)
Non-current liabilities	0	0	0	(284)
Minority interest	0	0	0	(1,115)
Net assets previously recognized as an associate	0	0	0	(2,105)
Net assets acquired	0	0	0	1,851
Goodwill on acquisition	0	0	0	799
Total purchase consideration	0	0	0	2,650
Less: Cash on acquisition of subsidiary	0	0	0	(11)
Cash flow on acquisition, net of cash acquired	0	0	0	2,639

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Changes in Equity for the 3rd quarter and 9 months to 30 September 2006:

Group	Attributable to shareholders of the Company				Minority Interests	Total equity
	Share capital	Capital reserves	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2006	20,805	10,304	26,822	57,931	2,158	60,089
Exchange differences arising on translation of foreign operations	0	(8)	0	(8)	0	(8)
Net expense recognised directly in equity	0	(8)	0	(8)	0	(8)
Profit after taxation	0	0	5,010	5,010	11	5,021
Total recognised income and expense for the period	0	(8)	5,010	5,002	11	5,013
Recognition of share-based payments	0	9	0	9	0	9
Payment of dividend	0	0	(4,522)	(4,522)	(220)	(4,742)
Exercise of share options	450	(14)	0	436	0	436
Adjustment arising from abolition of par value of shares (Note 1)	7,200	(7,200)	0	0	0	0
Balance at 30 June 2006	28,455	3,091	27,310	58,856	1,949	60,805
Exchange differences arising on translation of foreign operations	0	2	0	2	0	2
Net expense recognised directly in equity	0	2	0	2	0	2
Profit after taxation	0	0	2,581	2,581	3	2,584
Total recognised income and expense for the period	0	2	2,581	2,583	3	2,586
Recognition of share-based payments	0	3	0	3	0	3
Exercise of share options	92	0	0	92	0	92
Payment of dividend	0	0	(2,684)	(2,684)	0	(2,684)
Balance at 30 September 2006	28,547	3,096	27,207	58,850	1,952	60,802

Consolidated Statement of Changes in Equity for the 3rd quarter and 9 months to 30 September 2005:

Group	Attributable to shareholders of the Company			Minority Interests	Total equity	
	Share capital	Capital reserves	Accumulated profits			Total
	\$'000	\$'000	\$'000			\$'000
Balance at 1 January 2005 as previously stated	20,719	10,145	21,999	52,863	1,148	54,011
Effect of adoption of FRS 102	0	7	(7)	0	0	0
As restated	20,719	10,152	21,992	52,863	1,148	54,011
Exchange differences arising on translation of foreign operations	0	(1)	0	(1)	0	(1)
Net expense recognised directly in equity	0	(1)	0	(1)	0	(1)
Profit after taxation	0	0	3,749	3,749	74	3,823
Total recognised income and expense for the period	0	(1)	3,749	3,748	74	3,822
Recognition of share-based payments	0	16	0	16	0	16
Exercise of share options	83	118	0	201	0	201
Acquisition of subsidiary	0	0	0	0	1,115	1,115
Payment of dividend	0	0	(2,663)	(2,663)	(385)	(3,048)
Balance at 30 June 2005	20,802	10,285	23,078	54,165	1,952	56,117
Exchange differences arising on translation of foreign operations	0	6	0	6	0	6
Net expense recognised directly in equity	0	6	0	6	0	6
Profit after taxation	0	0	2,408	2,408	46	2,454
Total recognised income and expense for the period	0	6	2,408	2,414	46	2,460
Recognition of share-based payments	0	9	0	9	0	9
Exercise of share options	3	7	0	10	0	10
Payment of dividend	0	0	0	0	0	0
Acquisition of subsidiary	0	0	0	0	0	0
Balance at 30 September 2005	20,805	10,307	25,486	56,598	1,998	58,596

Statement of Changes in Equity of the Company for the 3rd quarter and 9 months to 30 September 2006:

Company

	Share capital	Capital reserves	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2006	20,805	10,306	16,478	47,589
Profit after taxation	0	0	5,117	5,117
Total recognised income and expense for the period	0	0	5,117	5,117
Recognition of share-based payments	0	9	0	9
Exercise of share options	450	(14)	0	436
Payment of dividend	0	0	(4,522)	(4,522)
Adjustment arising from abolition of par value of shares (Note 1)	7,200	(7,200)	0	0
Balance at 30 June 2006	28,455	3,101	17,073	48,629
Profit after taxation	0	0	3,388	3,388
Total recognised income and expense for the period	0	0	3,388	3,388
Recognition of share-based payments	0	3	0	3
Exercise of share options	92	0	0	92
Payment of dividend	0	0	(2,684)	(2,684)
Balance at 30 September 2006	28,547	3,104	17,777	49,428

Statement of Changes in Equity of the Company for the 3rd quarter and 9 months to 30 September 2005:

Company

	Share capital	Capital reserves	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2005 as previously stated	20,719	10,148	9,678	40,545
Effect of adoption of FRS 102	0	7	(7)	0
As restated	20,719	10,155	9,671	40,545
Profit after taxation	0	0	8,761	8,761
Total recognised income and expense for the period	0	0	8,761	8,761
Recognition of share-based payments	0	16	0	16
Exercise of share options	83	118	0	201
Payment of dividend	0	0	(2,663)	(2,663)
Balance at 30 June 2005	20,802	10,289	15,769	46,860
Profit after taxation	0	0	1,083	1,083
Total recognised income and expense for the period	0	0	1,083	1,083
Recognition of share-based payments	0	9	0	9
Exercise of share options	3	7	0	10
Balance at 30 September 2005	20,805	10,305	16,852	47,962

Note 1

As a result of the Companies (Amendment) Act 2005 which became effective on 30 January 2006, the concept of authorized share capital and par value has been abolished. Consequently, any amount standing to the credit of the Company's share premium account as at 30 January 2006 was transferred to the Company's share capital as at that date.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Since the last financial period ended 30 June 2006, the Company issued 114,000 new ordinary shares upon the exercise of options granted under the 2001 VICOM Share Option Scheme by option holders.

As at 30 September 2006, there were 2,124,000 (2005: 1,887,000) ordinary shares under the 2001 VICOM Share Option Scheme not exercised.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard):

The financial statements have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2005.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group			
	3rd Qtr 2006	3rd Qtr 2005	9 months to 30 Sep 2006	9 months to 30 Sep 2005
(i) Based on the weighted average number of ordinary shares in issue – cents	3.08	2.89	9.07	7.40
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	3.07	2.88	9.04	7.38

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year:**

	Group		Company	
	30 Sep 2006	31 Dec 2005	30 Sep 2006	31 Dec 2005
Net asset value per ordinary share based on issued share capital - cents	70.16	69.61	59.57	57.19

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

PERFORMANCE REVIEW

The Group's total revenue for Q3 2006 was \$13.8 million, \$0.5 million or 3% more than the corresponding quarter last year.

Operating expenses rose by about \$0.2 million (2%) in Q3 2006 to \$10.3 million, compared with the same quarter last year.

Consequently, Group profit before tax increased by \$0.3 (8%) million in Q3 2006.

A segmented turnover and result for the Group are provided under item 13.

Revenue and operating profit for vehicle inspection business in Q3 2006 increased by \$0.3 million and \$0.3 million respectively against the corresponding quarter last year due mainly to the higher number of vehicles inspected.

Revenue in the vehicle assessment business decreased by \$0.4 million and operating loss increased by \$0.1 million against the same quarter last year as it is no longer compulsory for claimants to report at Independent Damage Assessment Centres (Idacs).

Revenue for the test and inspection services was higher than the corresponding quarter last year by \$0.2 million due to higher job volumes. However, one-time and adhoc costs of \$0.24 million in licence and certificate fees, repair and maintenance of premises and increase in AWS and variable bonus provision for additional headcount incurred by Setsco in Q3 2006 had more than offset the narrow margins in the competitive environment.

CASHFLOW

After paying the interim and special dividends of \$2.7 million for financial year 2006, net cash inflow in Q3 2006 was \$0.7 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The overall vehicle inspection volume is expected to continue to improve given the lower vehicle deregistration rate. Also, the new mandatory Chassis Dynamometer Smoke Tests for diesel vehicles from 1 January 2007 is expected to increase revenue for our inspection business.

The competitive business environment for non-vehicle inspection and testing business is expected to continue in spite of the continuing strong demand. The commissioning of a new aerospace testing centre at Changi North in Q1 2007 will position us for this higher end of the business.

Liberalisation of the Idac Scheme had resulted in fewer accident vehicles reporting at VICOM Assessment Centre's (VAC) Idacs. VAC will continue to market its services of a one-stop centre to partly cushion this setback.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Group segmental information for the 3rd quarter and 9 months to 30 September 2006 and 30 September 2005.

Group Third Quarter ended 30 Sep 2006	Vehicle Inspection Business \$'000	Vehicle Assessment \$'000	Test & Inspection Services \$'000	Rental Income \$'000	Other Related Business \$'000	Elimination \$'000	Total \$'000
TURNOVER							
External sales	4,354	673	7,445	335	956	0	13,763
Inter-segment sales	0	0	25	1,228	152	(1,405)	0
Revenue	4,354	673	7,470	1,563	1,108	(1,405)	13,763
RESULT							
Segment result	1,384	(124)	754	844	643	0	3,501
Interest income							54
Profit before taxation							3,555
Taxation							(971)
Profit after taxation							2,584
Minority interests							(3)
Profit attributable to shareholders of the Company							2,581

Group Third Quarter ended 30 Sep 2005	Vehicle Inspection Business \$'000	Vehicle Assessment \$'000	Test & Inspection Services \$'000	Rental Income \$'000	Other Related Business \$'000	Elimination \$'000	Total \$'000
TURNOVER							
External sales	4,099	1,059	7,238	228	674	0	13,298
Inter-segment sales	0	0	21	1,419	136	(1,576)	0
Revenue	4,099	1,059	7,259	1,647	810	(1,576)	13,298
RESULT							
Segment result	1,084	7	972	906	315	0	3,284
Interest income							12
Finance cost							(1)
Profit before taxation							3,295
Taxation							(841)
Profit after taxation							2,454
Minority interests							(46)
Profit attributable to shareholders of the Company							2,408

Group 9 months to 30 Sep 2006	Vehicle Inspection Business \$'000	Vehicle Assessment \$'000	Test & Inspection Services \$'000	Rental Income \$'000	Other Related Business \$'000	Elimination \$'000	Total \$'000
TURNOVER							
External sales	12,763	2,289	22,645	962	2,542	0	41,201
Inter-segment sales	0	0	98	3,744	462	(4,304)	0
Revenue	12,763	2,289	22,743	4,706	3,004	(4,304)	41,201
RESULT							
Segment result	3,808	(292)	2,511	2,597	1,528	0	10,152
Interest income							167
Profit before taxation							10,319
Taxation							(2,714)
Profit after taxation							7,605
Minority interests							(14)
Profit attributable to shareholders of the Company							7,591

Group 9 months to 30 Sep 2005	Vehicle Inspection Business \$'000	Vehicle Assessment \$'000	Test & Inspection Services \$'000	Rental Income \$'000	Other Related Business \$'000	Elimination \$'000	Total \$'000
TURNOVER							
External sales	10,674	3,434	20,302	541	1,957	0	36,908
Inter-segment sales	0	0	64	4,092	350	(4,506)	0
Revenue	10,674	3,434	20,366	4,633	2,307	(4,506)	36,908
RESULT							
Segment result	2,310	115	2,581	2,404	890	0	8,300
Interest income							46
Finance cost							(21)
Share of profit in associate							156
Profit before taxation							8,481
Taxation							(2,204)
Profit after taxation							6,277
Minority interests							(120)
Profit attributable to shareholders of the Company							6,157

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to item 8 for commentaries relating to changes in performance of business segments. The Group operates predominantly in Singapore.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

17. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(4) 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 third quarter 2006 financial results to be false or misleading.

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

HENG CHYE KIOU
Chief Executive Officer

BY ORDER OF THE BOARD

Mary Chua Geok Hong
Company Secretary

9 November 2006