

VICOM LTD

Company Registration No. : 198100320K

Financial Statement and Dividend Announcement for 1st Quarter 2007

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 1st quarter ended 31 March 2007.

	Group		
	1st Qtr 2007 \$'000	1st Qtr 2006 \$'000	Incr/ (Decr) %
Turnover	14,603	12,866	13.5
Other operating income	353	349	1.1
Revenue	14,956	13,215	13.2
Staff costs	(6,297)	(6,099)	3.2
Depreciation expense	(1,172)	(1,083)	8.2
Repair & maintenance	(249)	(173)	43.9
Materials and consumables	(475)	(406)	17.0
Payments for contract services	(654)	(735)	(11.0)
Premise costs	(535)	(534)	0.2
Insurance	(69)	(73)	(5.5)
Other operating expenses	(1,098)	(995)	10.4
Total operating expenses	(10,549)	(10,098)	4.5
Operating profit	4,407	3,117	41.4
Interest income	87	57	52.6
Profit before taxation	4,494	3,174	41.6
Taxation	(948)	(828)	14.5
Profit after taxation	3,546	2,346	51.2
Attributable to:			
Shareholders of the Company	3,498	2,358	48.3
Minority interests	48	(12)	nm
	3,546	2,346	51.2

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

	Group	
	1st Qtr 2007	1st Qtr 2006
	\$'000	\$'000
Adjustment for under provision of taxation in respect of prior years	-	2
Effect of changes in tax rates	(99)	-

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	
	31 Mar 2007	31 Dec 2006	31 Mar 2007	31 Dec 2006
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	16,110	13,710	14,203	11,531
Trade receivables	9,445	7,264	1,093	1,063
Other receivables and prepayments	750	555	275	882
Inventories	2	2	0	0
Total current assets	<u>26,307</u>	<u>21,531</u>	<u>15,571</u>	<u>13,476</u>
Non-current assets				
Subsidiaries	0	0	26,196	26,196
Staff loans	62	17	0	0
Club memberships	315	315	315	315
Vehicles, premises and equipment	45,027	45,533	29,239	29,402
Goodwill	11,325	11,325	0	0
Total non-current assets	<u>56,729</u>	<u>57,190</u>	<u>55,750</u>	<u>55,913</u>
Total assets	<u>83,036</u>	<u>78,721</u>	<u>71,321</u>	<u>69,389</u>

	Group		Company	
	31 Mar	31 Dec	31 Mar	31 Dec
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	2,006	2,600	515	358
Other payables	8,879	8,212	17,190	16,701
Income tax payable	3,979	3,428	1,712	1,639
Total current liabilities	14,864	14,240	19,417	18,698
Non-current liability				
Deferred tax liabilities	890	989	18	20
Capital, reserves and minority interests				
Share capital	28,803	28,552	28,803	28,552
Capital reserves (Note a)	3,092	3,099	3,099	3,106
Accumulated profits	33,409	29,911	19,984	19,013
Equity attributable to shareholders of the Company	65,304	61,562	51,886	50,671
Minority interests	1,978	1,930	0	0
Total equity	67,282	63,492	51,886	50,671
Total liabilities & equity	83,036	78,721	71,321	69,389

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 1st quarter ended 31 March 2007:

	Group	
	1st Qtr 2007	1st Qtr 2006
	\$'000	\$'000
Operating activities		
Profit before taxation	4,494	3,174
Adjustments for:		
Depreciation expense	1,172	1,083
Interest income	(87)	(57)
Loss on disposal of vehicles, premises and equipment	27	30
Share-based payment expense	1	6
Operating cash flows before movements in working capital	<u>5,607</u>	<u>4,236</u>
Trade receivables	(2,181)	(869)
Other receivables and prepayments	(234)	(245)
Inventories	0	(1)
Trade payables	(594)	(98)
Other payables	667	(135)
Cash generated from operations	<u>3,265</u>	<u>2,888</u>
Income tax paid	(496)	(17)
Net cash from operating activities	<u>2,769</u>	<u>2,871</u>
Investing activities		
Purchase of vehicles, premises and equipment	(693)	(454)
Interest received	81	57
Net cash used in investing activities	<u>(612)</u>	<u>(397)</u>
Financing activities		
Proceeds from share issue	243	193
Net cash used in financing activities	<u>243</u>	<u>193</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>0</u>	<u>(6)</u>
Net increase in cash and cash equivalents	2,400	2,661
Cash and cash equivalents at beginning of period	13,710	9,526
Cash and cash equivalents at end of period	<u>16,110</u>	<u>12,187</u>

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 1st quarter ended 31 March 2007:

Group	<u>Attributable to shareholders of the Company</u>				Minority interests	Total equity
	Share capital	Capital reserves	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2007	28,552	3,099	29,911	61,562	1,930	63,492
Exchange differences arising on translation of foreign operations	0	0	0	0	0	0
Net expense recognised directly in equity	28,552	3,099	29,911	61,562	1,930	63,492
Profit after taxation	0	0	3,498	3,498	48	3,546
Total recognised income and expense for the period	28,552	3,099	33,409	65,060	1,978	67,038
Exercise of share options	251	(8)	0	243	0	243
Recognition of share-based payments	0	1	0	1	0	1
Balance at 31 March 2007	28,803	3,092	33,409	65,304	1,978	67,282

Consolidated Statement of Changes in Equity for the 1st quarter ended 31 March 2006:

Group	<u>Attributable to shareholders of the Company</u>				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	(6)	0	(6)	0	(6)
Net expense recognised directly in equity	20,805	10,298	26,822	57,925	2,158	60,083
Profit after taxation	0	0	2,358	2,358	(12)	2,346
Total recognised income and expense for the period	20,805	10,298	29,180	60,283	2,146	62,429
Adjustment arising from abolition of par value of shares (Note 1)	7,200	(7,200)	0	0	0	0
Exercise of share options	198	(5)	0	193	0	193
Recognition of share-based payments	0	6	0	6	0	6
Balance at 31 March 2006	28,203	3,099	29,180	60,482	2,146	62,628

Statement of Changes in Equity of the Company for the 1st quarter ended 31 March 2007:

Company

	Share capital	Capital reserves	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	28,552	3,106	19,013	50,671
Profit after taxation	0	0	971	971
Total recognised income and expense for the period	28,552	3,106	19,984	51,642
Exercise of share options	251	(8)	0	243
Recognition of share-based payments	0	1	0	1
Balance at 31 March 2007	28,803	3,099	19,984	51,886

Statement of Changes in Equity of the Company for the 1st quarter ended 31 March 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	930	930
Total recognised income and expense for the period	20,805	10,306	17,408	48,519
Adjustment arising from abolition of par value of shares (Note 1)	7,200	(7,200)	0	0
Exercise of share options	198	(5)	0	193
Recognition of share-based payments	0	6	0	6
Balance at 31 March 2006	28,203	3,107	17,408	48,718

Note 1

As a result of the Companies (Amendment) Act 2005 which became effective on 30 January 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the Company's share capital account on the effective 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 31 December 2006, the Company issued 260,000 new ordinary shares upon the exercise of options granted under the 2001 VICOM Share Option Scheme by option holders.

As at 31 March 2007, options to subscribe for 1,858,000 ordinary shares (2006: 1,982,500) remained outstanding under the 2001 VICOM Share Option Scheme.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

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 2006.

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	
	1st Qtr 2007	1st Qtr 2006
(i) Based on the weighted average number of ordinary shares in issue – cents	4.16	2.83
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	4.13	2.82

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:**

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2007</u>	<u>31 Dec 2006</u>	<u>31 Mar 2007</u>	<u>31 Dec 2006</u>
Net asset value per ordinary share based on issued share capital - cents	77.61	73.39	61.67	60.41

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 the first quarter of 2007 increased by \$1.7 million or 13% to \$15 million against the corresponding period last year.

Operating expenses for the quarter of \$10.5 million was \$0.5 million or 5% higher compared with the same period last year. This increase was due mainly to the higher expenses in Setsco of \$0.5 million to support the increase in revenue of \$0.9 million.

Consequently, Group profit before tax for the quarter increased by \$1.3 million or 42% to \$4.5 million.

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

Revenue and operating profit for vehicle inspection business for the quarter increased by \$1 million and \$0.8 million respectively against the corresponding period last year due mainly to the higher number of vehicles inspected and the implementation of Chassis Dynamometer Smoke Test with effect from January 2007.

Revenue in the vehicle assessment business fell by \$0.2 million against the same period last year as it is no longer compulsory for claimants to report at Independent Damage Assessment Centres (Idacs). Operating loss was reduced marginally during this quarter due to tighter cost control.

Revenue and operating profit for this quarter from the test and inspection services were higher by \$0.9 million and \$0.4 million respectively due mainly to the completion of more projects and the increase in demand for test and inspection services.

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 be higher than that of last year due to the expected lower vehicle deregistration rate. The implementation of the Chassis Dynamometer Smoke Test will also contribute to revenue growth.

The testing and inspection business is also expected to continue to improve in line with the strong economic environment. However, competition will remain keen.

VICOM Assessment Centre will continue to market its one-stop post-accident services to cushion the effect of the shortfall in the assessment business.

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 1st quarter ended 31 March 2007 and 31 March 2006:

Group	Vehicle	Vehicle	Test and	Rental	Other		
First quarter ended	inspection	assessment	inspection	income	related	Elimination	Total
31 Mar 2007	business	\$'000	services	\$'000	business	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
TURNOVER							
External sales	5,113	659	8,072	345	767	0	14,956
Inter-segment sales	0	0	33	1,168	159	(1,360)	0
Revenue	<u>5,113</u>	<u>659</u>	<u>8,105</u>	<u>1,513</u>	<u>926</u>	<u>(1,360)</u>	<u>14,956</u>
RESULT							
Segment result	1,907	(52)	1,259	791	502	0	4,407
Interest income							87
Profit before taxation							4,494
Taxation							(948)
Profit after taxation							3,546
Minority interests							(48)
Profit attributable to shareholders of the Company							<u>3,498</u>
Group							
First quarter ended							
31 Mar 2006							
	Vehicle	Vehicle	Test and	Rental	Other	Elimination	Total
	inspection	assessment	inspection	income	related	\$'000	\$'000
	business	\$'000	services	\$'000	business	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
TURNOVER							
External sales	4,151	837	7,185	299	743	0	13,215
Inter-segment sales	0	0	0	1,285	150	(1,435)	0
Revenue	<u>4,151</u>	<u>837</u>	<u>7,185</u>	<u>1,584</u>	<u>893</u>	<u>(1,435)</u>	<u>13,215</u>
RESULT							
Segment result	1,102	(110)	860	885	380	0	3,117
Interest income							57
Profit before taxation							3,174
Taxation							(828)
Profit after taxation							2,346
Minority interests							12
Profit attributable to shareholders of the Company							<u>2,358</u>

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 first quarter 2007 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

Cheng Pei Juan, Rebecca
Company Secretary

10 May 2007