



**VICOM LTD**

Company Registration No. : 198100320K

**Financial Statements and Dividend Announcement for the 2nd Quarter and Half Year ended 30 June 2010**

The Board of Directors announces the unaudited results of the Group for the 2nd quarter and half year ended 30 June 2010.

**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>2010</b>	<b>2009</b>	<b>(Decr)</b>	<b>2010</b>	<b>2009</b>	<b>(Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	21,080	19,473	8.3	41,418	38,567	7.4
Staff costs	(9,210)	(8,227)	11.9	(18,194)	(16,592)	9.7
Depreciation expense	(1,352)	(1,284)	5.3	(2,702)	(2,575)	4.9
Repairs and maintenance	(331)	(297)	11.4	(631)	(600)	5.2
Materials and consumables	(652)	(613)	6.4	(1,214)	(1,216)	(0.2)
Contract services	(871)	(991)	(12.1)	(1,682)	(1,951)	(13.8)
Premises costs	(650)	(544)	19.5	(1,280)	(1,090)	17.4
Insurance	(39)	(39)	-	(79)	(73)	8.2
Other operating expenses	(1,156)	(1,087)	6.3	(2,331)	(2,344)	(0.6)
Total operating expenses	(14,261)	(13,082)	9.0	(28,113)	(26,441)	6.3
<b>Operating profit</b>	6,819	6,391	6.7	13,305	12,126	9.7
Interest income	40	30	33.3	80	75	6.7
<b>Profit before taxation</b>	6,859	6,421	6.8	13,385	12,201	9.7
Taxation	(1,210)	(1,022)	18.4	(2,429)	(2,068)	17.5
<b>Profit after taxation</b>	5,649	5,399	4.6	10,956	10,133	8.1
Attributable to:						
Shareholders of the Company	5,595	5,312	5.3	10,861	9,986	8.8
Non-controlling interests	54	87	(37.9)	95	147	(35.4)
	5,649	5,399	4.6	10,956	10,133	8.1

## 2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun	31 Dec	30 Jun	31 Dec
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	46,369	42,377	44,602	40,001
Trade receivables	9,566	6,553	1,328	1,302
Other receivables and prepayments	1,350	861	573	633
Inventories	11	25	-	-
Total current assets	57,296	49,816	46,503	41,936
<b>Non-current assets</b>				
Subsidiaries	-	-	26,196	26,196
Other receivables and prepayments	253	26	-	-
Club memberships	315	315	315	315
Vehicles, premises and equipment	41,683	43,297	26,958	27,792
Goodwill	11,325	11,325	-	-
Total non-current assets	53,576	54,963	53,469	54,303
<b>Total assets</b>	110,872	104,779	99,972	96,239
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	3,094	4,228	1,072	1,281
Other payables	15,312	14,479	40,024	35,279
Income tax payable	4,413	4,133	1,382	1,347
Total current liabilities	22,819	22,840	42,478	37,907
<b>Non-current liability</b>				
Deferred tax liabilities	1,206	1,168	198	160
<b>Capital, reserves and non-controlling interests</b>				
Share capital	30,738	30,296	30,738	30,296
Capital reserves	3,196	3,144	3,205	3,175
Accumulated profits	51,507	45,800	23,353	24,701
Equity attributable to shareholders of the Company	85,441	79,240	57,296	58,172
Non-controlling interests	1,406	1,531	-	-
Total equity	86,847	80,771	57,296	58,172
<b>Total liabilities &amp; equity</b>	110,872	104,779	99,972	96,239

### 3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

#### Details of any collateral

NIL

### 4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2010 \$'000	2nd Qtr 2009 \$'000	1st Half 2010 \$'000	1st Half 2009 \$'000
<b>Operating activities</b>				
Profit before taxation	6,859	6,421	13,385	12,201
Adjustments for:				
Depreciation expense	1,352	1,284	2,702	2,575
Interest income	(40)	(30)	(80)	(75)
Gain on disposal of vehicles, premises and equipment	-	-	(4)	(13)
Share-based payment expense	21	8	42	16
(Write-back) Allowance for doubtful trade receivables	(14)	(76)	36	(65)
Operating cash flows before movements in working capital	8,178	7,607	16,081	14,639
Changes in working capital	3,126	647	(3,912)	(1,895)
Cash generated from operations	11,304	8,254	12,169	12,744
Income tax paid	(2,013)	(1,957)	(2,111)	(2,119)
Net cash from operating activities	9,291	6,297	10,058	10,625
<b>Investing activities</b>				
Purchase of vehicles, premises and equipment	(806)	(860)	(1,330)	(2,496)
Funding from Land Transport Authority for Vehicle Emission Test Laboratory	-	-	98	-
Proceeds from disposal of vehicles, premises and equipment	-	-	17	16
Interest received	39	39	71	53
Net cash used in investing activities	(767)	(821)	(1,144)	(2,427)

	Group			
	2nd Qtr 2010	2nd Qtr 2009	1st Half 2010	1st Half 2009
	\$'000	\$'000	\$'000	\$'000
<b>Financing activities</b>				
Proceeds from exercise of share options	415	7	430	75
Payment to non-controlling interests	-	-	(220)	(421)
Dividends paid	(5,154)	(3,637)	(5,154)	(3,637)
Net cash used in financing activities	(4,739)	(3,630)	(4,944)	(3,983)
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	-	(9)	22	(9)
Net increase in cash and cash equivalents	3,785	1,837	3,992	4,206
Cash and cash equivalents at beginning of period	42,584	30,060	42,377	27,691
<b>Cash and cash equivalents at end of period</b>	46,369	31,897	46,369	31,897

## 5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Qtr 2010	2nd Qtr 2009	1st Half 2010	1st Half 2009
	\$'000	\$'000	\$'000	\$'000
<b>Profit after taxation</b>	5,649	5,399	10,956	10,133
Exchange differences arising on translation of foreign operations	-	(9)	22	(9)
<b>Other comprehensive income for the period</b>	-	(9)	22	(9)
<b>Total comprehensive income for the period</b>	5,649	5,390	10,978	10,124
Total comprehensive income attributable to:				
Shareholders of the Company	5,595	5,303	10,883	9,977
Non-controlling interests	54	87	95	147
	5,649	5,390	10,978	10,124

## 6 STATEMENTS OF CHANGES IN EQUITY

	Group					
	Attributable to shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Capital reserves	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2010</b>	30,296	3,144	45,800	79,240	1,531	80,771
Total comprehensive income for the period	-	22	5,266	5,288	41	5,329
Exercise of share options	15	-	-	15	-	15
Recognition of share-based payments	-	21	-	21	-	21
Payment of dividend to non-controlling interests	-	-	-	-	(220)	(220)
<b>Balance at 31 March 2010</b>	30,311	3,187	51,066	84,564	1,352	85,916
Total comprehensive income for the period	-	-	5,595	5,595	54	5,649
Exercise of share options	427	(12)	-	415	-	415
Recognition of share-based payments	-	21	-	21	-	21
Payment of dividend	-	-	(5,154)	(5,154)	-	(5,154)
<b>Balance at 30 June 2010</b>	30,738	3,196	51,507	85,441	1,406	86,847

	Group					
	Attributable to shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Capital reserves	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2009</b>	30,056	3,096	34,366	67,518	1,749	69,267
Total comprehensive income for the period	-	-	4,674	4,674	60	4,734
Exercise of share options	72	(4)	-	68	-	68
Recognition of share-based payments	-	8	-	8	-	8
Payment of dividend to non-controlling interests	-	-	-	-	(421)	(421)
<b>Balance at 31 March 2009</b>	30,128	3,100	39,040	72,268	1,388	73,656
Total comprehensive income for the period	-	(9)	5,312	5,303	87	5,390
Exercise of share options	7	-	-	7	-	7
Recognition of share-based payments	-	8	-	8	-	8
Payment of dividend	-	-	(3,637)	(3,637)	-	(3,637)
<b>Balance at 30 June 2009</b>	30,135	3,099	40,715	73,949	1,475	75,424

	<b>Company</b>			
	<b>Share capital</b>	<b>Capital 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 2010</b>	30,296	3,175	24,701	58,172
Total comprehensive income for the period	-	-	2,238	2,238
Exercise of share options	15	-	-	15
Recognition of share-based payments	-	21	-	21
<b>Balance at 31 March 2010</b>	30,311	3,196	26,939	60,446
Total comprehensive income for the period	-	-	1,568	1,568
Exercise of share options	427	(12)	-	415
Recognition of share-based payments	-	21	-	21
Payment of dividend	-	-	(5,154)	(5,154)
<b>Balance at 30 June 2010</b>	30,738	3,205	23,353	57,296

	<b>Company</b>			
	<b>Share capital</b>	<b>Capital 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 2009</b>	30,056	3,126	17,144	50,326
Total comprehensive income for the period	-	-	2,285	2,285
Exercise of share options	72	(4)	-	68
Recognition of share-based payments	-	8	-	8
<b>Balance at 31 March 2009</b>	30,128	3,130	19,429	52,687
Total comprehensive income for the period	-	-	1,512	1,512
Exercise of share options	7	-	-	7
Recognition of share-based payments	-	8	-	8
Payment of dividend	-	-	(3,637)	(3,637)
<b>Balance at 30 June 2009</b>	30,135	3,138	17,304	50,577

## 7 CHANGES IN COMPANY'S SHARE CAPITAL

### Share Capital

Since 31 March 2010, the Company issued 233,000 new ordinary shares following the exercise of options granted under the 2001 VICOM Share Option Scheme by option holders.

As at 30 June 2010, the total number of issued shares was 85,908,000 (31 December 2009: 85,663,500).

### Outstanding Shares – The 2001 VICOM Share Option Scheme

As at 30 June 2010, options to subscribe for 1,937,000 ordinary shares (30 June 2009: 1,593,500) remained outstanding under the 2001 VICOM Share Option Scheme.

**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 2009.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and 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

	<b>Group</b>			
	<b>2nd Qtr</b>	<b>2nd Qtr</b>	<b>1st Half</b>	<b>1st Half</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
(i) Based on weighted average number of ordinary shares in issue - cents	6.51	6.21	12.65	11.67
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	6.46	6.20	12.55	11.65

## EBITDA

	<b>Group</b>			
	<b>2nd Qtr 2010</b>	<b>2nd Qtr 2009</b>	<b>1st Half 2010</b>	<b>1st Half 2009</b>
(i) EBITDA (\$'000)	8,171	7,675	16,007	14,701
(ii) EBITDA margin (%)	38.8	39.4	38.6	38.1

## 13 **NET ASSET VALUE PER ORDINARY SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2010</b>	<b>31 Dec 2009</b>	<b>30 Jun 2010</b>	<b>31 Dec 2009</b>
Net asset value per ordinary share based on issued share capital - cents	99.46	92.50	66.69	67.91

## 14 **REVIEW OF GROUP PERFORMANCE**

### **Performance Review**

#### **Revenue**

The Group's total revenue for 2Q10 was \$21.1 million. This was \$1.6 million or 8.3% more than the corresponding quarter last year due mainly to higher revenue from the core businesses of vehicle inspection and test & inspection services.

#### **Operating Expenses**

Operating expenses were \$14.3 million in 2Q10. This was \$1.2 million or 9.0% more compared with the same quarter last year, due mainly to higher expenses to generate the increased revenue, withdrawal of property tax and rental rebates, and reduced grants from the Jobs Credit scheme for the quarter.

#### **Operating Profit**

Operating profit of \$6.8 million for 2Q10 increased by \$0.4 million against the corresponding quarter last year due mainly to the higher revenue.

Interest income increased due to higher deposits placed with the banks.

Group profit before tax for 2Q10 increased by \$0.4 million or 6.8% to \$6.9 million.



Taxation for the Group of \$1.2 million for 2Q10 was \$0.2 million higher than the \$1.0 million in the corresponding quarter last year due mainly to higher taxable profits.

Profit after tax attributable to shareholders of the Company for 2Q10 was \$5.6 million, which was \$0.3 million or 5.3% higher.

A breakdown by Business Segment is provided under item 19.

### **Statement of Financial Position**

As at 30 June 2010, Total Equity increased by \$6.1 million from \$80.8 million as at 31 December 2009 to \$86.8 million due to profits earned for the first half 2010, partially offset by dividend payments.

Total Assets increased by \$6.1 million to \$110.9 million due mainly to the increases in Cash and Bank Balances of \$4.0 million and Trade Receivables of \$3.0 million, partially offset by the decrease in Vehicles, Premises and Equipment of \$1.6 million.

Total Liabilities remained largely unchanged as the decrease in Trade Payables of \$1.1 million was offset by increases in Other Payables of \$0.8 million and Income Tax Payable of \$0.3 million.

### **Cash Flow**

The net cash inflow in 2Q10 was \$3.8 million after payment of dividends.

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

No forecast or prospect statement was previously disclosed.

## **16 GROUP OUTLOOK**

The number of vehicle inspections is expected to remain high as the deregistration of older vehicles continues to be low.

Demand for test & inspection services is expected to soften with major construction projects slowly dwindling and very keen competition from the larger number of testing laboratories.

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## DIVIDEND

### (a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on?

Yes.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	6.3 cents
Tax Rate	Exempt one-tier

### (b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	5.8 cents
Tax Rate	Exempt one-tier

### (c) Date payable

6 September 2010

### (d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 27 August 2010 for the purposes of determining shareholders' entitlements to the interim dividend.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 26 August 2010 will be registered before shareholders' entitlements to the interim dividend are determined.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 26 August 2010 will be entitled to the interim dividend.

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## IF NO DIVIDEND HAS BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable.

19 **SEGMENT INFORMATION**

**Business Segments**

<u>Group</u> <u>2nd quarter ended</u> <u>30 Jun 2010</u>	<u>Vehicle</u> <u>Inspection</u> <u>Business</u> \$'000	<u>Vehicle</u> <u>Assessment</u> \$'000	<u>Test &amp;</u> <u>Inspection</u> <u>Services</u> \$'000	<u>Rental</u> <u>Income</u> \$'000	<u>Other</u> <u>Related</u> <u>Business</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
<b>REVENUE</b>							
External sales	6,291	470	13,012	450	857	-	21,080
Inter-segment sales	1	-	27	1,750	196	(1,974)	-
Total	6,292	470	13,039	2,200	1,053	(1,974)	21,080

**RESULT**

Segment result	2,285	(72)	2,569	1,394	643	-	6,819
Interest income							40
Profit before taxation							6,859
Taxation							(1,210)
Profit after taxation							5,649
Non-controlling interests							(54)
Profit attributable to shareholders of the Company							5,595

<u>Group</u> <u>2nd quarter ended</u> <u>30 Jun 2009</u>	<u>Vehicle</u> <u>Inspection</u> <u>Business</u> \$'000	<u>Vehicle</u> <u>Assessment</u> \$'000	<u>Test &amp;</u> <u>Inspection</u> <u>Services</u> \$'000	<u>Rental</u> <u>Income</u> \$'000	<u>Other</u> <u>Related</u> <u>Business</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
<b>REVENUE</b>							
External sales	5,703	530	11,891	421	928	-	19,473
Inter-segment sales	1	-	27	1,603	178	(1,809)	-
Total	5,704	530	11,918	2,024	1,106	(1,809)	19,473

**RESULT**

Segment result	1,911	(42)	2,537	1,319	666	-	6,391
Interest income							30
Profit before taxation							6,421
Taxation							(1,022)
Profit after taxation							5,399
Non-controlling interests							(87)
Profit attributable to shareholders of the Company							5,312

Certain comparative figures have been reclassified to conform to current period's presentation.

<u>Group</u> <u>Half year ended</u> <u>30 Jun 2010</u>	<u>Vehicle</u> <u>Inspection</u> <u>Business</u> <u>\$'000</u>	<u>Vehicle</u> <u>Assessment</u> <u>\$'000</u>	<u>Test &amp;</u> <u>Inspection</u> <u>Services</u> <u>\$'000</u>	<u>Rental</u> <u>Income</u> <u>\$'000</u>	<u>Other</u> <u>Related</u> <u>Business</u> <u>\$'000</u>	<u>Elimination</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<b>REVENUE</b>							
External sales	12,539	948	25,327	906	1,698	-	41,418
Inter-segment sales	1	-	54	3,352	379	(3,786)	-
Total	12,540	948	25,381	4,258	2,077	(3,786)	41,418

#### RESULT

Segment result	4,478	(151)	5,035	2,664	1,279	-	13,305
Interest income							80
Profit before taxation							13,385
Taxation							(2,429)
Profit after taxation							10,956
Non-controlling interests							(95)
Profit attributable to shareholders of the Company							10,861

<u>Group</u> <u>Half year ended</u> <u>30 Jun 2009</u>	<u>Vehicle</u> <u>Inspection</u> <u>Business</u> <u>\$'000</u>	<u>Vehicle</u> <u>Assessment</u> <u>\$'000</u>	<u>Test &amp;</u> <u>Inspection</u> <u>Services</u> <u>\$'000</u>	<u>Rental</u> <u>Income</u> <u>\$'000</u>	<u>Other</u> <u>Related</u> <u>Business</u> <u>\$'000</u>	<u>Elimination</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<b>REVENUE</b>							
External sales	11,578	1,073	23,352	822	1,742	-	38,567
Inter-segment sales	1	-	54	3,212	364	(3,631)	-
Total	11,579	1,073	23,406	4,034	2,106	(3,631)	38,567

#### RESULT

Segment result	3,947	(100)	4,443	2,628	1,208	-	12,126
Interest income							75
Profit before taxation							12,201
Taxation							(2,068)
Profit after taxation							10,133
Non-controlling interests							(147)
Profit attributable to shareholders of the Company							9,986

Certain comparative figures have been reclassified to conform to current period's presentation.

#### Geographical segmental information for second quarter ended 30 June 2010

Please refer to item 14 for commentaries relating to changes in performance of business segment.

The Group operates predominantly in Singapore.

**20 BREAKDOWN OF REVENUE**

Not applicable.

**21 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)**

Not applicable.

**22 INTERESTED PERSON TRANSACTIONS**

There is no Shareholders' mandate for interested person transactions pursuant to Rule 920 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 2010 financial results to be false or misleading in any material aspects.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh  
Chairman

Heng Chye Kiou  
Chief Executive Officer

**BY ORDER OF THE BOARD**

Chan Wan Tak, Wendy  
Company Secretary

12 August 2010