



VICOM LTD

Company Registration No. : 198100320K

Financial Statements and Dividend Announcement for the year ended 31 December 2013

The Board of Directors announces the audited results of the Group for the year ended 31 December 2013.

1 GROUP INCOME STATEMENT

	Group		
	FY 2013	FY 2012	Incr/ (Decr)
	\$'000	\$'000	%
Revenue	104,965	97,102	8.1
Staff costs	45,256	41,709	8.5
Depreciation expense	5,812	5,733	1.4
Repairs and maintenance	1,784	1,689	5.6
Materials and consumables	3,207	2,918	9.9
Contract services	4,881	3,550	37.5
Premises costs	3,343	2,915	14.7
Utilities and communication costs	2,046	2,375	(13.9)
Other operating expenses	4,616	4,461	3.5
Total operating expenses	<u>70,945</u>	<u>65,350</u>	8.6
Operating profit	34,020	31,752	7.1
Interest income	425	224	89.7
Profit before taxation	<u>34,445</u>	<u>31,976</u>	7.7
Taxation	(5,526)	(5,198)	6.3
Profit after taxation	<u>28,919</u>	<u>26,778</u>	8.0
Attributable to:			
Shareholders of the Company	28,448	26,409	7.7
Non-controlling interests	471	369	27.6
	<u>28,919</u>	<u>26,778</u>	8.0

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	78,535	65,991	76,097	62,326
Trade receivables	13,790	11,855	1,697	2,106
Other receivables and prepayments	1,311	775	365	153
Inventories	20	2	-	-
Total current assets	93,656	78,623	78,159	64,585
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Other receivables and prepayments	323	186	-	-
Club memberships	315	315	315	315
Vehicles, premises and equipment	52,757	54,504	29,184	30,553
Goodwill	11,325	11,325	-	-
Total non-current assets	64,745	66,355	55,440	56,809
Total assets	158,401	144,978	133,599	121,394
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	20,985	20,729	3,407	2,804
Due to subsidiaries	-	-	37,994	36,589
Income tax payable	5,888	5,390	1,986	1,949
Total current liabilities	26,873	26,119	43,387	41,342
Non-current liability				
Deferred tax liabilities	1,460	1,361	191	226
Capital, reserves and non-controlling interests				
Share capital	35,912	35,200	35,912	35,200
Other reserves	3,100	3,154	3,100	3,154
Foreign currency translation reserve	(93)	(57)	-	-
Accumulated profits	90,170	78,249	51,009	41,472
Equity attributable to shareholders of the Company	129,089	116,546	90,021	79,826
Non-controlling interests	979	952	-	-
Total equity	130,068	117,498	90,021	79,826
Total liabilities & equity	158,401	144,978	133,599	121,394

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

Details of any collateral

NIL

4 GROUP CASH FLOW STATEMENT

	Group	
	FY 2013	FY 2012
	\$'000	\$'000
Operating activities		
Profit before taxation	34,445	31,976
Adjustments for:		
Depreciation expense	5,812	5,733
Interest income	(425)	(224)
Loss (Gain) on disposal of vehicles, premises and equipment	16	(9)
Allowance for doubtful trade receivables	129	78
Bad debts written off	1	7
Operating cash flows before movements in working capital	39,978	37,561
Changes in working capital	(2,553)	(1,793)
Cash generated from operations	37,425	35,768
Income tax paid	(4,929)	(5,109)
Net cash from operating activities	32,496	30,659
Investing activities		
Purchase of vehicles, premises and equipment	(3,935)	(4,627)
Funding from Land Transport Authority for Vehicle Emission Test Laboratory	-	489
Proceeds from disposal of vehicles, premises and equipment	5	18
Interest received	292	182
Net cash used in investing activities	(3,638)	(3,938)

	Group	
	FY 2013	FY 2012
	\$'000	\$'000
Financing activities		
Proceeds from exercise of share options	658	751
Payments to non-controlling interests	(444)	(447)
Dividends paid	(16,527)	(16,051)
Net cash used in financing activities	(16,313)	(15,747)
Net effect of exchange rate changes in consolidating subsidiaries	(1)	7
Net increase in cash and cash equivalents	12,544	10,981
Cash and cash equivalents at beginning of year	65,991	55,010
Cash and cash equivalents at end of year	78,535	65,991

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	FY 2013	FY 2012
	\$'000	\$'000
Profit after taxation	28,919	26,778
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(36)	(20)
Other comprehensive expense for the year	(36)	(20)
Total comprehensive income for the year	28,883	26,758
Total comprehensive income attributable to:		
Shareholders of the Company	28,412	26,389
Non-controlling interests	471	369
	28,883	26,758

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the year ended 31 December 2013:

	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 2013	35,200	3,154	(57)	78,249	116,546	952	117,498
Total comprehensive income (expense) for the year							
Profit for the year	-	-	-	28,448	28,448	471	28,919
Other comprehensive expense for the year	-	-	(36)	-	(36)	-	(36)
Total	-	-	(36)	28,448	28,412	471	28,883
Transaction recognised directly in equity							
Exercise of share options	712	(54)	-	-	658	-	658
Payment of dividends	-	-	-	(16,527)	(16,527)	-	(16,527)
Total	712	(54)	-	(16,527)	(15,869)	-	(15,869)
Payments to non-controlling interests	-	-	-	-	-	(444)	(444)
Balance at 31 December 2013	35,912	3,100	(93)	90,170	129,089	979	130,068

Consolidated Statement of Changes in Equity for the year ended 31 December 2012:

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 2012	34,397	3,206	(37)	67,891	105,457	1,030	106,487
Total comprehensive income (expense) for the year							
Profit for the year	-	-	-	26,409	26,409	369	26,778
Other comprehensive expense for the year	-	-	(20)	-	(20)	-	(20)
Total	-	-	(20)	26,409	26,389	369	26,758
Transaction recognised directly in equity							
Exercise of share options	803	(52)	-	-	751	-	751
Payment of dividends	-	-	-	(16,051)	(16,051)	-	(16,051)
Total	803	(52)	-	(16,051)	(15,300)	-	(15,300)
Payments to non-controlling interests	-	-	-	-	-	(447)	(447)
Balance at 31 December 2012	35,200	3,154	(57)	78,249	116,546	952	117,498

Statement of Changes in Equity of the Company for the year ended 31 December 2013:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2012	34,397	3,206	36,530	74,133
Profit for the year, representing total comprehensive income for the year	-	-	20,993	20,993
Transactions recognised directly in equity				
Exercise of share options	803	(52)	-	751
Payment of dividends	-	-	(16,051)	(16,051)
Total	803	(52)	(16,051)	(15,300)
Balance at 31 December 2012	35,200	3,154	41,472	79,826
Profit for the year, representing total comprehensive income for the year	-	-	26,064	26,064
Transactions recognised directly in equity				
Exercise of share options	712	(54)	-	658
Payment of dividends	-	-	(16,527)	(16,527)
Total	712	(54)	(16,527)	(15,869)
Balance at 31 December 2013	35,912	3,100	51,009	90,021

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the year, the Company issued 272,000 (31 December 2012: 364,000) new ordinary shares following the exercise of share options under the 2001 VICOM Share Option Scheme.

As at 31 December 2013, the total number of issued shares was 88,499,000 (31 December 2012: 88,227,000).

Outstanding Shares – The 2001 VICOM Share Option Scheme

As at 31 December 2013, options to subscribe for 143,000 ordinary shares (31 December 2012: 415,000) remained outstanding under the 2001 VICOM Share Option Scheme.

As at 31 December 2013, the Company does not hold any treasury shares.

8 AUDIT

The financial statements have been audited in accordance with the Singapore Standards on Auditing.

9 AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICOM LTD

Report on the Financial Statements

We have audited the financial statements of VICOM Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement, comprehensive income statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

11 February 2014

10 ACCOUNTING POLICIES

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 December 2012.

In the current financial year, 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 2013.

The adoption of these new and revised 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

	<u>Group</u>	
	<u>FY 2013</u>	<u>FY 2012</u>
(i) Based on weighted average number of ordinary shares in issue - cents	32.17	29.95
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	32.15	29.89

EBITDA

	<u>Group</u>	
	<u>FY 2013</u>	<u>FY 2012</u>
(i) EBITDA (\$'000)	39,832	37,485
(ii) EBITDA margin (%)	37.9	38.6

13 NET ASSET VALUE PER ORDINARY SHARE

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec</u> <u>2013</u>	<u>31 Dec</u> <u>2012</u>	<u>31 Dec</u> <u>2013</u>	<u>31 Dec</u> <u>2012</u>
Net asset value per ordinary share based on issued share capital - cents	145.86	132.10	101.72	90.48

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Revenue

The Group's total revenue of \$105.0 million for 2013 was \$7.9 million or 8.1% higher than 2012 due to higher business volume.

Operating Expenses

The Group's operating expenses of \$70.9 million was \$5.6 million or 8.6% higher than 2012 due mainly to higher expenses to support the increase in revenue.

Operating Profit

Consequently, the Group's operating profit of \$34.0 million for 2013 was \$2.3 million or 7.1% higher than 2012.

The Group's profit before tax of \$34.4 million for 2013 was \$2.5 million or 7.7% higher than 2012.

Taxation for the Group of \$5.5 million for 2013 was \$0.3 million or 6.3% higher than 2012 due to higher profit offset by higher enhanced capital allowances on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's profit attributable to Shareholders of the Company of \$28.4 million for 2013 was \$2.0 million or 7.7% higher than 2012.

Statement of Financial Position

Total Equity increased by \$12.6 million from \$117.5 million as at 31 December 2012 to \$130.1 million as at 31 December 2013 due to profits generated from operations, partially offset by the payment of dividends.

Total Assets increased by \$13.4 million to \$158.4 million as at 31 December 2013 due to the increase in Current Assets by \$15.0 million, partially offset by the decrease in Non-Current Assets by \$1.6 million. The increase in Current Assets was due mainly to the increase in Cash and Bank Balances by \$12.5 million, Trade Receivables by \$2.0 million and Other Receivables and Prepayments by \$0.5 million.

Total Liabilities increased by \$0.9 million to \$28.3 million as at 31 December 2013 due mainly to the increase in Trade and Other Payable, Income Tax Payable and Deferred Tax Liabilities.

Cash Flow

The net cash inflow in 2013 was \$12.5 million after dividend payments.

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

No forecast or prospect statement was previously disclosed.

16 GROUP OUTLOOK

The demand for the vehicle testing services is expected to moderate as more vehicles are expected to be deregistered in the year. For the non-vehicle testing services, it is expected to grow despite the keen competition.

17 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to propose a tax-exempt one-tier final dividend of 8.10 cents (2012: 7.50 cents) per ordinary share and a tax-exempt one-tier special dividend of 6.40 cents (2012: 3.20 cents) per ordinary share.

Name of Dividend	Final	Special
Dividend Type	Cash; Tax-exempt one-tier	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	8.10 cents	6.40 cents
Tax Rate	Exempt one-tier	Exempt one-tier

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Final	Special
Dividend Type	Cash; Tax-exempt one-tier	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	7.50 cents	3.20 cents
Tax Rate	Exempt one-tier	Exempt one-tier

(c) Date payable

The proposed final and special dividends, if approved by the Shareholders at the Thirty-Third Annual General Meeting of the Company to be held on 23 April 2014, will be payable on 9 May 2014.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 3 May 2014 for the purposes of determining Shareholders' entitlements to the proposed final and special dividends.

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 2 May 2014 will be registered to determine Shareholders' entitlements to the final and special dividends.

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 2 May 2014 will be entitled to the proposed final and special dividends.

18 SEGMENT INFORMATION

The Group operates predominantly in Singapore. All vehicle inspection and non-vehicle testing services are managed and reported together as one segment in order to improve productivity and efficiency as these services have similar economic characteristics and processes. Hence there are no other reportable segments to be presented.

19 BREAKDOWN OF REVENUE

	Group 2013 \$'000	Group 2012 \$'000	Increase/ (decrease) %
Revenue reported for first half year	52,657	48,248	9.1
Operating profit after tax before deducting non-controlling interests reported for first half year	14,537	13,530	7.4
Revenue reported for second half year	52,308	48,854	7.1
Operating profit after tax before deducting non-controlling interests reported for second half year	14,382	13,248	8.6

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

	FY 2013 \$'000	FY 2012 \$'000
Ordinary shares (tax-exempt one-tier)		
- Interim	7,079	6,615
- Final (proposed)	7,168	6,622
- Special (proposed)	5,664	2,826
Total:	19,911	16,063

21 INTERESTED PERSON TRANSACTIONS

There is no Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

22 DISCLOSURE OF PERSONS OCCUPYING MANAGERIAL POSITIONS

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that as at 31 December 2013, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

11 February 2014