



VICOM LTD

Company Registration No. : 198100320K

Financial Statements and Dividend Announcement for the year ended 31 December 2015

The Board of Directors announces the audited results of the Group for the year ended 31 December 2015.

1 GROUP INCOME STATEMENT

	Group		Incr/ (Decr) %
	FY 2015 \$'000	FY 2014 \$'000	
Revenue	106,707	108,165	(1.3)
Staff costs	45,916	47,078	(2.5)
Depreciation and amortisation	6,101	6,008	1.5
Contract services	3,866	4,285	(9.8)
Premises costs	3,728	3,622	2.9
Materials and consumables	2,647	3,224	(17.9)
Utilities and communication costs	1,641	2,097	(21.7)
Repairs and maintenance costs	1,436	1,741	(17.5)
Other operating costs	4,924	4,490	9.7
Total operating costs	70,259	72,545	(3.2)
Operating profit	36,448	35,620	2.3
Interest income	1,133	669	69.4
Profit before taxation	37,581	36,289	3.6
Taxation	(5,701)	(5,691)	0.2
Profit after taxation	31,880	30,598	4.2
Attributable to:			
Shareholders of the Company	31,417	30,142	4.2
Non-controlling interests	463	456	1.5
	31,880	30,598	4.2

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	100,064	91,028	98,193	88,653
Trade receivables	13,762	13,297	2,281	1,964
Other receivables and prepayments	1,662	1,190	788	442
Inventories	19	21	-	-
Total current assets	115,507	105,536	101,262	91,059
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Club memberships	251	283	251	283
Vehicles, premises and equipment	49,638	52,120	26,407	27,618
Goodwill	11,325	11,325	-	-
Total non-current assets	61,239	63,753	52,599	53,842
Total assets	176,746	169,289	153,861	144,901
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	21,205	21,413	4,608	3,887
Due to subsidiaries	-	-	38,631	38,927
Income tax payable	6,567	6,502	2,601	2,273
Total current liabilities	27,772	27,915	45,840	45,087
Non-current liability				
Deferred tax liabilities	1,722	1,486	240	208
Total liabilities	29,494	29,401	46,080	45,295
Capital, reserves and non-controlling interests				
Share capital	36,225	36,225	36,225	36,225
Other reserves	3,078	3,078	3,078	3,078
Foreign currency translation reserve	(244)	(107)	-	-
Accumulated profits	107,196	99,707	68,478	60,303
Equity attributable to shareholders of the Company	146,255	138,903	107,781	99,606
Non-controlling interests	997	985	-	-
Total equity	147,252	139,888	107,781	99,606
Total liabilities & equity	176,746	169,289	153,861	144,901

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

Details of any collateral

NIL

4 GROUP CASH FLOW STATEMENT

	Group	
	FY 2015	FY 2014
	\$'000	\$'000
Operating activities		
Profit before taxation	37,581	36,289
Adjustments for:		
Depreciation and amortisation	6,101	6,008
Interest income	(1,133)	(669)
(Gain) Loss on disposal of vehicles, premises and equipment	(5)	11
Allowance for doubtful trade receivables	613	216
Bad debts written off	6	3
Operating cash flows before movements in working capital	<u>43,163</u>	<u>41,858</u>
Changes in working capital	<u>(1,408)</u>	<u>946</u>
Cash generated from operations	<u>41,755</u>	<u>42,804</u>
Income tax paid	<u>(5,400)</u>	<u>(5,051)</u>
Net cash from operating activities	<u>36,355</u>	<u>37,753</u>
Investing activities:		
Purchase of vehicles, premises and equipment	(3,719)	(5,101)
Proceeds from disposal of vehicles, premises and equipment	13	27
Interest received	779	579
Net cash used in investing activities	<u>(2,927)</u>	<u>(4,495)</u>

	Group	
	FY 2015	FY 2014
	\$'000	\$'000
Financing activities		
Proceeds from exercise of shares options	-	291
Dividends paid to non-controlling interests	(451)	(450)
Dividends paid	(23,928)	(20,605)
Net cash used in financing activities	<u>(24,379)</u>	<u>(20,764)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(13)</u>	<u>(1)</u>
Net increase in cash and cash equivalents	9,036	12,493
Cash and cash equivalents at beginning of year	91,028	78,535
Cash and cash equivalents at end of year	<u>100,064</u>	<u>91,028</u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	FY 2015	FY 2014
	\$'000	\$'000
Profit after taxation	31,880	30,598
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>(137)</u>	<u>(14)</u>
Other comprehensive income for the year	(137)	(14)
Total comprehensive income for the year	<u>31,743</u>	<u>30,584</u>
Total comprehensive income attributable to:		
Shareholders of the Company	31,280	30,128
Non-controlling interests	463	456
	<u>31,743</u>	<u>30,584</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the year ended 31 December 2015:

	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 2014	35,912	3,100	(93)	90,170	129,089	979	130,068
Total comprehensive income for the year							
Profit for the year	-	-	-	30,142	30,142	456	30,598
Other comprehensive income for the year	-	-	(14)	-	(14)	-	(14)
Total	-	-	(14)	30,142	30,128	456	30,584
Transactions recognised directly in equity							
Exercise of share options	313	(22)	-	-	291	-	291
Payment of dividends	-	-	-	(20,605)	(20,605)	-	(20,605)
Total	313	(22)	-	(20,605)	(20,314)	-	(20,314)
Payments to non-controlling interests	-	-	-	-	-	(450)	(450)
Balance at 31 December 2014	36,225	3,078	(107)	99,707	138,903	985	139,888
Total comprehensive income for the year							
Profit for the year	-	-	-	31,417	31,417	463	31,880
Other comprehensive income for the year	-	-	(137)	-	(137)	-	(137)
Total	-	-	(137)	31,417	31,280	463	31,743
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(23,928)	(23,928)	-	(23,928)
Total	-	-	-	(23,928)	(23,928)	-	(23,928)
Payments to non-controlling interests	-	-	-	-	-	(451)	(451)
Balance at 31 December 2015	36,225	3,078	(244)	107,196	146,255	997	147,252

Statement of Changes in Equity of the Company for the year ended 31 December 2015:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	35,912	3,100	51,009	90,021
Profit for the year, representing total comprehensive income for the year	-	-	29,899	29,899
Transactions recognised directly in equity				
Exercise of share options	313	(22)	-	291
Payment of dividends	-	-	(20,605)	(20,605)
Total	313	(22)	(20,605)	(20,314)
Balance at 31 December 2014	36,225	3,078	60,303	99,606
Profit for the year, representing total comprehensive income for the year	-	-	32,103	32,103
Transactions recognised directly in equity				
Payment of dividends	-	-	(23,928)	(23,928)
Total	-	-	(23,928)	(23,928)
Balance at 31 December 2015	36,225	3,078	68,478	107,781

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the year, there were no new ordinary shares issued by the Company.

As at 31 December 2015, the total number of issued shares was 88,622,000 (31 December 2014: 88,622,000).

Outstanding Shares – The 2001 VICOM Share Option Scheme

The VICOM Share Option Scheme was not renewed following its expiry on 26 April 2011.

As at 31 December 2015, options to subscribe for 20,000 ordinary shares (31 December 2014: 20,000) remained outstanding under the 2001 VICOM Share Option Scheme.

As at 31 December 2015, 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 2015, 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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015 and the financial performance, 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 subsidiary corporations 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

4 February 2016

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 2014, except for early adoption of FRS 109 – Financial Instruments, as disclosed in item 11.

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 2015.

The adoption of these new and revised FRSs has no material effect on the amounts reported for the current or prior years.

11 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The Group has early adopted FRS 109 *Financial Instruments* for the period beginning 1 January 2015. Management believes that the enhanced accounting policies under FRS 109 provide more reliable and relevant information that reflects the underlying business strategy and direction.

The accounting policies were changed to comply with FRS 109. FRS 109 replaces the provisions of FRS 39 *Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial assets and financial liabilities and impairment requirements for financial assets. FRS 109 also significantly amends other standards dealing with financial instruments such as FRS 107 *Financial Instruments: Disclosures*.

The Management has assessed that the impact of the initial adoption of FRS 109 to the Group is on (a) the classification of trade and receivables from loans and receivables under FRS 39 to financial assets at amortised cost under FRS 109 and (b) its impairment of trade receivables. The Management has determined that the adoption of FRS 109 had no significant impact on the amounts recorded in the Group Income Statement and Statements of Financial Position in the prior periods, hence, the comparative figures have not been restated.

12 GROUP EARNINGS PER ORDINARY SHARE AND GROUP EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

Earnings per ordinary share

	Group	
	FY 2015	FY 2014
(i) Based on weighted average number of ordinary shares in issue - cents	35.45	34.02
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	35.45	34.01

EBITDA

	Group	
	FY 2015	FY 2014
(i) EBITDA (\$'000)	42,549	41,628
(ii) EBITDA margin (%)	39.9	38.5

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Net asset value per ordinary share based on issued share capital - cents	165.03	156.74	121.62	112.39

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Revenue

The Group's total revenue of \$106.7 million for 2015 was \$1.5 million or 1.3% lower than 2014.

Operating Costs

The Group's operating costs of \$70.3 million for 2015 was \$2.3 million or 3.2% lower than 2014.

Operating Profit

Consequently, the Group's operating profit of \$36.4 million for 2015 was \$0.8 million or 2.3% higher than 2014.

The Group's profit before tax of \$37.6 million for 2015 was \$1.3 million or 3.6% higher than 2014.

Taxation for the Group of \$5.7 million for 2015 was \$0.01 million or 0.2% higher than 2014.

The Group's Profit attributable to Shareholders of the Company of \$31.4 million for 2015 was \$1.3 million or 4.2% higher than 2014.

Statements of Financial Position

Total Equity increased by \$7.4 million to \$147.3 million as at 31 December 2015 due mainly to profits generated from operations offset by payment of dividends.

Total Assets increased by \$7.5 million to \$176.7 million as at 31 December 2015 due to the increase in Current Assets of \$10.0 million, offset by the decrease in Non-Current Assets of \$2.5 million. The increase in Current Assets was due mainly to the increase in Cash and Bank Balances by \$9.0 million,

Total Liabilities increased by \$0.1 million to \$29.5 million as at 31 December 2015 due mainly to the increase in Tax Provision of \$0.3 million, offset by the decrease in Trade and Other Payables of \$0.2 million.

Cash Flow

The net cash inflow in 2015 was \$9.0 million after dividend payments.

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

Demand for vehicle testing services is expected to be lower as more vehicles will be deregistered during the year. Demand for non-vehicle testing services is expected to fall with the slow down in some pertinent industries.

17 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to propose a tax-exempt one-tier final dividend of 9.50 cents (2014: 8.75 cents) per ordinary share and a tax-exempt one-tier special dividend of 10.25 cents (2014: 9.50 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	9.50 cents	10.25 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	8.75 cents	9.50 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-Fifth Annual General Meeting of the Company to be held on 26 April 2016, will be payable on 12 May 2016.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 6 May 2016 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, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 5 May 2016 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 5 May 2016 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 2015 \$'000	Group 2014 \$'000	Increase/ (decrease) %
Revenue reported for first half year	55,577	54,161	2.6
Profit after taxation before deducting non-controlling interests reported for first half year	16,222	15,463	4.9
Revenue reported for second half year	51,130	54,004	(5.3)
Profit after taxation before deducting non-controlling interests reported for second half year	15,658	15,135	3.5

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

	FY 2015 \$'000	FY 2014 \$'000
Ordinary shares (tax-exempt one-tier)		
- Interim	7,755	7,755
- Final (proposed)	8,418	7,755
- Special (proposed)	9,085	8,418
Total	25,258	23,928

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 2015, 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.

23 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.

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

4 February 2016