



**VICOM LTD**

Company Registration No. : 198100320K

**First Quarter 2019 Financial Statements Announcement**

The Board of Directors announces the unaudited results of the Group for the First Quarter ended 31 March 2019.

**1 GROUP INCOME STATEMENT**

	<b>Group</b>		
	<b>1st Qtr 2019 \$'000</b>	<b>1st Qtr 2018 \$'000</b>	<b>Incr/ (Decr) %</b>
<b>Revenue</b>	25,533	24,523	4.1
Staff costs	10,909	10,685	2.1
Depreciation and amortisation*	1,977	1,590	24.3
Contract services	874	701	24.7
Materials and consumables	623	612	1.8
Premises costs*	527	934	(43.6)
Repairs and maintenance costs	455	389	17.0
Utilities and communication costs	431	377	14.3
Other operating costs	912	1,016	(10.2)
Total operating costs	<u>16,708</u>	<u>16,304</u>	2.5
<b>Operating Profit</b>	8,825	8,219	7.4
Interest Income	465	384	21.1
Finance Costs*	(232)	-	n.m.
<b>Profit before Taxation</b>	9,058	8,603	5.3
Taxation	(1,603)	(1,483)	8.1
<b>Profit after Taxation</b>	<u>7,455</u>	<u>7,120</u>	4.7
Attributable to:			
<b>Shareholders of the Company</b>	7,343	7,005	4.8
Non-Controlling Interests	112	115	(2.6)
	<u>7,455</u>	<u>7,120</u>	4.7

\* Incorporates the effect of adoption of SFRS(I) 16 Leases from 1 January 2019.

n.m. – not meaningful

## 2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar 2019 \$'000	31 Dec 2018 \$'000	31 Mar 2019 \$'000	31 Dec 2018 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	112,838	104,097	108,008	74,627
Trade receivables	14,966	16,857	2,089	2,334
Other receivables and prepayments	2,072	1,638	953	1,012
Inventories	28	28	-	-
<b>Total current assets</b>	<b>129,904</b>	<b>122,620</b>	<b>111,050</b>	<b>77,973</b>
<b>Non-current assets</b>				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Club memberships	-	155	-	155
Vehicles, premises and equipment	55,616	56,089	21,423	21,885
Right-of-use assets*	27,023	-	19,427	-
Goodwill	11,325	11,325	-	-
<b>Total non-current assets</b>	<b>93,989</b>	<b>67,594</b>	<b>66,791</b>	<b>47,981</b>
<b>Total assets</b>	<b>223,893</b>	<b>190,214</b>	<b>177,841</b>	<b>125,954</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	20,926	22,804	6,980	6,757
Lease liabilities*	1,149	-	560	-
Due to subsidiaries	-	-	42,255	15,704
Income tax payable	8,261	6,890	4,498	3,676
<b>Total current liabilities</b>	<b>30,336</b>	<b>29,694</b>	<b>54,293</b>	<b>26,137</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,680	1,661	306	244
Lease liabilities*	33,195	-	25,911	-
Provision for relocation costs	6,872	7,053	-	-
<b>Total non-current liabilities</b>	<b>41,747</b>	<b>8,714</b>	<b>26,217</b>	<b>244</b>
<b>Total liabilities</b>	<b>72,083</b>	<b>38,408</b>	<b>80,510</b>	<b>26,381</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	36,284	36,284	36,284	36,284
Other reserves	3,073	3,073	3,073	3,073
Foreign currency translation reserve	28	21	-	-
Accumulated profits*	111,595	111,456	57,974	60,216
Equity attributable to shareholders of the Company*	150,980	150,834	97,331	99,573
Non-controlling interests*	830	972	-	-
<b>Total equity</b>	<b>151,810</b>	<b>151,806</b>	<b>97,331</b>	<b>99,573</b>
<b>Total liabilities and equity</b>	<b>223,893</b>	<b>190,214</b>	<b>177,841</b>	<b>125,954</b>

\* The Group has adopted SFRS(I) 16 Leases on 1 Jan 2019. Please refer to paragraph 11 for further details.

### 3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

#### Secured / Unsecured Lease liabilities as at 31 March 2019

<u>Lease liabilities</u>	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
<b>Secured</b>	<b>\$'000</b>	<b>\$'000</b>
Amount repayable in one year or less, or on demand	1,149	-
Amount repayable after one year	33,195	-
	<u>34,344</u>	<u>-</u>

#### Details of any collateral

The lease liabilities of \$34.3 million relates to the adoption of SFRS(I) 16 *Leases*.

### 4 GROUP CASH FLOW STATEMENT

	<u>Group</u>	
	<u>1st Qtr</u>	<u>1st Qtr</u>
	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Operating activities</b>		
Profit before taxation	9,058	8,603
Adjustments for:		
Depreciation and amortisation*	1,977	1,590
Interest income	(465)	(384)
Finance costs*	232	-
Allowance for expected credit losses	17	96
Loss (Gain) on disposal of vehicles, premises and equipment	3	(1)
Operating cash flows before movements in working capital	<u>10,822</u>	<u>9,904</u>
Trade and other payables	(2,059)	(2,109)
Trade receivables	1,874	(1,552)
Other receivables and prepayments	(492)	(86)
Inventories	-	2
Cash generated from operations	<u>10,145</u>	<u>6,159</u>
Interest paid arising from leases*	(232)	-
Income tax paid	(213)	(11)
Net cash from operating activities	<u>9,700</u>	<u>6,148</u>
<b>Investing activities</b>		
Purchase of vehicles, premises and equipment	(1,020)	(694)
Interest received	523	353
Proceeds from disposal of vehicles, premises and equipment	12	10
Net cash used in investing activities	<u>(485)</u>	<u>(331)</u>

\* Incorporates the effect of adoption of SFRS(I) 16 *Leases* from 1 January 2019

	<b>Group</b>	
	<b>1st Qtr 2019</b>	<b>1st Qtr 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financing activities</b>		
Payments under lease liabilities*	(261)	-
Dividends paid to non-controlling interests	(211)	(244)
Net cash used in financing activities	<u>(472)</u>	<u>(244)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<u>(2)</u>	<u>6</u>
Net increase in cash and cash equivalents	8,741	5,579
Cash and cash equivalents at beginning of period	<u>104,097</u>	<u>107,514</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>112,838</u></u>	<u><u>113,093</u></u>

\* Incorporates the effect of adoption of SFRS(I) 16 *Leases* from 1 January 2019

## 5 GROUP COMPREHENSIVE INCOME STATEMENT

	<b>Group</b>	
	<b>1st Qtr 2019</b>	<b>1st Qtr 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit after taxation</b>	7,455	7,120
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences arising on translation of foreign operations	<u>7</u>	<u>30</u>
<b>Other comprehensive income for the period</b>	7	30
<b>Total comprehensive income for the period</b>	<u><u>7,462</u></u>	<u><u>7,150</u></u>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	7,350	7,035
Non-controlling interests	<u>112</u>	<u>115</u>
	<u><u>7,462</u></u>	<u><u>7,150</u></u>

## 6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2019:

	<b>Group</b>						
	<b>Attributable to shareholders of the Company</b>						
	<b>Share capital</b>	<b>Other reserves</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated profits</b>	<b>Total</b>	<b>Non- controlling interests</b>	<b>Total equity</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2019 (as previously reported)</b>	36,284	3,073	21	111,456	150,834	972	151,806
Adoption of SFRS(I) 16*	-	-	-	(7,204)	(7,204)	(43)	(7,247)
<b>Balance at 1 January 2019</b>	<b>36,284</b>	<b>3,073</b>	<b>21</b>	<b>104,252</b>	<b>143,630</b>	<b>929</b>	<b>144,559</b>
Total comprehensive income for the period							
Profit for the period	-	-	-	7,343	7,343	112	7,455
Other comprehensive income for the period	-	-	7	-	7	-	7
Total	-	-	7	7,343	7,350	112	7,462
Payments to non-controlling interests	-	-	-	-	-	(211)	(211)
<b>Balance at 31 March 2019</b>	<b>36,284</b>	<b>3,073</b>	<b>28</b>	<b>111,595</b>	<b>150,980</b>	<b>830</b>	<b>151,810</b>

\* The Group has adopted SFRS(I) 16 on 1 January 2019 and adjusted the opening accumulated profits by the cumulative effect of initially applying the standard. Please refer to paragraph 11 for further details.

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2018:

	<b>Group</b>							
	<b>Attributable to shareholders of the Company</b>						<b>Non- controlling interests</b>	<b>Total equity</b>
	<b>Share capital</b>	<b>Other reserves</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated profits</b>	<b>Total</b>	<b>Total</b>		
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>			
<b>Balance at 1 January 2018</b>	36,284	3,073	6	108,969	148,332	977	149,309	
Total comprehensive income for the period								
Profit for the period	-	-	-	7,005	7,005	115	7,120	
Other comprehensive income for the period	-	-	30	-	30	-	30	
Total	-	-	30	7,005	7,035	115	7,150	
Payments to non-controlling interests	-	-	-	-	-	(244)	(244)	
<b>Balance at 31 March 2018</b>	<b>36,284</b>	<b>3,073</b>	<b>36</b>	<b>115,974</b>	<b>155,367</b>	<b>848</b>	<b>156,215</b>	

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2019:

	<b>Company</b>			
	<b>Share capital</b>	<b>Other 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 2019 (as previously reported)</b>	36,284	3,073	60,216	99,573
Adoption of SFRS(I) 16*	-	-	(7,020)	(7,020)
<b>Balance at 1 January 2019</b>	36,284	3,073	53,196	92,553
Profit for the period, representing total comprehensive income for the period	-	-	4,778	4,778
<b>Balance at 31 March 2019</b>	36,284	3,073	57,974	97,331

\* The Company has adopted SFRS(I) 16 on 1 January 2019 and adjusted the opening accumulated profits by the cumulative effect of initially applying the standard. Please refer to paragraph 11 for further details.

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2018:

	<b>Company</b>			
	<b>Share capital</b>	<b>Other 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 2018</b>	36,284	3,073	69,040	108,397
Profit for the period, representing total comprehensive income for the period	-	-	4,646	4,646
<b>Balance at 31 March 2018</b>	36,284	3,073	73,686	113,043

## **7 CHANGES IN COMPANY'S SHARE CAPITAL**

### Share Capital

During the first quarter ended 31 March 2019, no new ordinary shares were issued by the Company.

As at 31 March 2019, the total number of issued shares was 88,642,000 (31 December 2018: 88,642,000).

The Company does not hold any treasury shares as at 31 March 2019.

## **8 AUDIT**

The Financial Statements have not been audited or reviewed.

## **9 AUDITORS' REPORT**

Not applicable.

## **10 ACCOUNTING POLICIES**

Except as disclosed in paragraph 11 below, 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 2018.

## **11 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES**

SFRS(I) 16 *Leases* is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 resulted in most of the leases being recognized on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, it requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments resulting mainly in higher depreciation, lower lease payments (premises costs) and higher finance costs. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The ROU assets as at 31 March 2019 were largely related to leases of the inspection and testing centres occupied by the Group in the various locations. Accordingly, there was a corresponding increase in lease liabilities as at 31 March 2019.



The adoption of SFRS(I) 16 resulted in adjustments to the Statement of Financial Position of the Group and Company as at 1 January 2019. The differences from the Statement of Financial Position as previously reported at 31 December 2018 are as follows:

<b>Statement of Financial Position</b>	<b>Group</b>	<b>Company</b>
	<u>1 Jan 2019</u> \$'000	<u>1 Jan 2019</u> \$'000
Increase in right-of-use assets	27,358	19,589
Increase in lease liabilities	(34,605)	(26,609)
Decrease in net assets	<u>(7,247)</u>	<u>(7,020)</u>
Decrease in accumulated profits	(7,204)	(7,020)
Decrease in non-controlling interests	(43)	-
Decrease in total equity	<u>(7,247)</u>	<u>(7,020)</u>

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

### Earnings per ordinary share – Basic and Diluted

	<b>Group</b>	
	<u>1st Qtr 2019</u>	<u>1st Qtr 2018</u>
Based on weighted average number of ordinary shares in issue - cents	8.28	7.90

### EBITDA

	<b>Group</b>	
	<u>1st Qtr 2019</u>	<u>1st Qtr 2018</u>
(i) EBITDA (\$'000)	10,802	9,809
(ii) EBITDA margin (%)	42.3	40.0

## 13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Net asset value per ordinary share based on issued share capital - cents	170.33	170.16	109.80	112.33

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

#### Revenue

The Group's total revenue of \$25.5 million for 1Q19 was \$1.0 million or 4.1% higher than 1Q18, contributed by higher business volumes.

#### Operating Costs

The Group's operating costs of \$16.7 million for 1Q19 were \$0.4 million or 2.5% higher than 1Q18 due mainly to expenses incurred to generate the increase in revenue.

#### Operating Profit

Consequently, the Group's operating profit of \$8.8 million for 1Q19 was \$0.6 million or 7.4% higher than 1Q18.

The Group's profit before tax of \$9.1 million for 1Q19 was \$0.5 million or 5.3% higher than 1Q18.

Taxation for the Group of \$1.6 million for 1Q19 was \$0.1 million or 8.1% higher than 1Q18 due mainly to the higher profit in 1Q18.

The Group's Profit attributable to Shareholders of the Company of \$7.3 million for 1Q19 was \$0.3 million or 4.8% higher than 1Q18.

#### Statements of Financial Position

Total Equity increased marginally by \$4 thousand to \$151.8 million as at 31 March 2019 due mainly to profits generated from operations of \$7.4 million offset by adjustments to the opening balance of the accumulated profits and non-controlling interest by \$7.2 million from the adoption of SFRS(I) 16 on 1 January 2019 and payment of dividends of \$0.2 million to the non-controlling interest.

Total Assets increased by \$33.7 million to \$223.9 million as at 31 March 2019 due to the increase in Current Assets and Non-Current Assets by \$7.3 million and \$26.4 million respectively. The increase in Current Assets was due mainly to the increase in Cash and Cash Equivalents of \$8.7 million offset by decrease in Trade receivables of \$1.9 million. The increase in Non-Current Assets was due mainly to the increase in Right-of-use Assets of \$27.0 million.

Total Liabilities increased by \$33.7 million to \$72.1 million as at 31 March 2019 due mainly to the increase in Lease Liabilities of \$34.3 million.

#### Cash Flow

The net cash inflow in the quarter was \$8.7 million.

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

No forecast or prospect statement has been previously disclosed.

**16 GROUP OUTLOOK**

The vehicle testing business is expected to improve as a record high number of 37,000 old private cars, all of which are subjected to mandatory annual inspections, renewed their Certificates of Entitlement in 2018. The non-vehicle testing business is expected to remain challenging as a result of the slowing Singapore economy.

**17 DIVIDEND**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No.

**(b) Corresponding Period of the Immediate Preceding Financial Year**

Any dividend declared for the corresponding period of the immediate preceding financial year? No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**18 SEGMENT INFORMATION**

Not applicable.

**19 BREAKDOWN OF REVENUE**

Not applicable.

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

Not applicable.

**21 INTERESTED PERSON TRANSACTIONS**

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

**22 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.

**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 first quarter 2019 financial results to be false or misleading in any material aspects.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh  
Chairman

Sim Wing Yew  
Chief Executive Officer

**BY ORDER OF THE BOARD**

Chan Wan Tak, Wendy / Yeo Tee Yeok, Edwin  
Joint Company Secretaries

10 May 2019