



VICOM LTD

Company Registration No. : 198100320K

Third Quarter 2017 Financial Statements Announcement

The Board of Directors announces the unaudited results of the Group for the Third Quarter and Nine Months to 30 September 2017.

1 GROUP INCOME STATEMENT

	Group					
	3rd Qtr	3rd Qtr	Incr/	9 months	9 months	Incr/
	2017	2016	(Decr)	to 30 Sep	to 30 Sep	(Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	24,552	25,407	(3.4)	72,755	76,168	(4.5)
Staff costs	11,253	11,394	(1.2)	33,056	34,042	(2.9)
Depreciation and amortisation	1,514	1,646	(8.0)	4,686	4,852	(3.4)
Premises costs	917	919	(0.2)	2,717	2,729	(0.4)
Contract services	877	1,027	(14.6)	2,657	2,877	(7.6)
Materials and consumables	648	698	(7.2)	1,883	1,935	(2.7)
Repairs and maintenance costs	435	431	0.9	1,174	1,174	-
Utilities and communication costs	358	363	(1.4)	1,060	1,178	(10.0)
Other operating costs	1,071	1,090	(1.7)	3,105	3,485	(10.9)
Total operating costs	17,073	17,568	(2.8)	50,338	52,272	(3.7)
Operating profit	7,479	7,839	(4.6)	22,417	23,896	(6.2)
Interest income	355	376	(5.6)	1,143	1,145	(0.2)
Profit before taxation	7,834	8,215	(4.6)	23,560	25,041	(5.9)
Taxation	(1,315)	(1,302)	1.0	(3,928)	(3,983)	(1.4)
Profit after taxation	6,519	6,913	(5.7)	19,632	21,058	(6.8)
Attributable to:						
Shareholders of the Company	6,393	6,795	(5.9)	19,314	20,732	(6.8)
Non-controlling interests	126	118	6.8	318	326	(2.5)
	6,519	6,913	(5.7)	19,632	21,058	(6.8)

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	99,425	105,681	95,962	102,955
Trade receivables	13,495	13,259	1,761	2,125
Other receivables and prepayments	2,098	1,948	1,039	965
Inventories	20	21	-	-
Total current assets	<u>115,038</u>	<u>120,909</u>	<u>98,762</u>	<u>106,045</u>
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Club memberships	187	219	187	219
Vehicles, premises and equipment	44,682	47,164	23,562	24,668
Goodwill	11,325	11,325	-	-
Total non-current assets	<u>56,219</u>	<u>58,733</u>	<u>49,690</u>	<u>50,828</u>
Total assets	<u>171,257</u>	<u>179,642</u>	<u>148,452</u>	<u>156,873</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	22,491	21,298	5,162	5,168
Due to subsidiaries	-	-	35,740	36,194
Income tax payable	5,062	5,752	2,796	3,029
Total current liabilities	<u>27,553</u>	<u>27,050</u>	<u>43,698</u>	<u>44,391</u>
Non-current liability				
Deferred tax liabilities	1,731	1,769	313	263
Total liabilities	<u>29,284</u>	<u>28,819</u>	<u>44,011</u>	<u>44,654</u>
Capital, reserves and non-controlling interests				
Share capital	36,284	36,284	36,284	36,284
Other reserves	3,073	3,073	3,073	3,073
Foreign currency translation reserve	(293)	(265)	-	-
Accumulated profits	102,045	110,760	65,084	72,862
Equity attributable to shareholders of the Company	141,109	149,852	104,441	112,219
Non-controlling interests	864	971	-	-
Total equity	<u>141,973</u>	<u>150,823</u>	<u>104,441</u>	<u>112,219</u>
Total liabilities and equity	<u>171,257</u>	<u>179,642</u>	<u>148,452</u>	<u>156,873</u>

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

Details of any collateral

NIL

4 GROUP CASH FLOW STATEMENT

	Group			
	3rd Qtr 2017	3rd Qtr 2016	9 months to 30 Sep 2017	9 months to 30 Sep 2016
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	7,834	8,215	23,560	25,041
Adjustments for:				
Depreciation and amortisation	1,514	1,646	4,686	4,852
Interest income	(355)	(376)	(1,143)	(1,145)
Gain on disposal of vehicles, premises and equipment	(16)	1	(16)	(8)
Allowance for expected credit losses	115	128	225	583
Operating cash flows before movements in working capital	9,092	9,614	27,312	29,323
Changes in working capital	3,885	880	663	(1,173)
Cash generated from operations	12,977	10,494	27,975	28,150
Income tax paid	(1,938)	(2,342)	(4,656)	(5,475)
Net cash from operating activities	11,039	8,152	23,319	22,675
Investing activities				
Purchase of vehicles, premises and equipment	(924)	(1,149)	(2,183)	(2,880)
Proceeds from disposal of vehicles, premises and equipment	21	-	21	15
Interest received	230	505	1,063	1,112
Net cash used in investing activities	(673)	(644)	(1,099)	(1,753)

	Group			
	3rd Qtr 2017 \$'000	3rd Qtr 2016 \$'000	9 months to 30 Sep 2017 \$'000	9 months to 30 Sep 2016 \$'000
Financing activities				
Proceeds from exercise of share options	-	-	-	54
Dividends paid to non-controlling interests	(187)	(199)	(425)	(464)
Dividends paid	(11,630)	(7,091)	(28,029)	(24,598)
Net cash used in financing activities	<u>(11,817)</u>	<u>(7,290)</u>	<u>(28,454)</u>	<u>(25,008)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(16)</u>	<u>1</u>	<u>(22)</u>	<u>3</u>
Net (decrease) increase in cash and cash equivalents	(1,467)	219	(6,256)	(4,083)
Cash and cash equivalents at beginning of period	100,892	95,762	105,681	100,064
Cash and cash equivalents at end of period	<u><u>99,425</u></u>	<u><u>95,981</u></u>	<u><u>99,425</u></u>	<u><u>95,981</u></u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	3rd Qtr 2017 \$'000	3rd Qtr 2016 \$'000	9 months to 30 Sep 2017 \$'000	9 months to 30 Sep 2016 \$'000
Profit after taxation	6,519	6,913	19,632	21,058
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	<u>(15)</u>	<u>1</u>	<u>(28)</u>	<u>18</u>
Other comprehensive income for the period	(15)	1	(28)	18
Total comprehensive income for the period	<u><u>6,504</u></u>	<u><u>6,914</u></u>	<u><u>19,604</u></u>	<u><u>21,076</u></u>
Total comprehensive income attributable to:				
Shareholders of the Company	6,378	6,796	19,286	20,750
Non-controlling interests	<u>126</u>	<u>118</u>	<u>318</u>	<u>326</u>
	<u><u>6,504</u></u>	<u><u>6,914</u></u>	<u><u>19,604</u></u>	<u><u>21,076</u></u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Third Quarter and Nine Months to 30 September 2017:

	Group						Total equity
	Attributable to shareholders of the Company					Non-controlling interests	
	Share capital	Other reserves	Foreign	Accumulated profits	Total		
			currency translation reserve				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2017	36,284	3,073	(265)	110,760	149,852	971	150,823
Total comprehensive income for the period							
Profit for the period	-	-	-	12,921	12,921	192	13,113
Other comprehensive income for the period	-	-	(13)	-	(13)	-	(13)
Total	-	-	(13)	12,921	12,908	192	13,100
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(16,399)	(16,399)	-	(16,399)
Total	-	-	-	(16,399)	(16,399)	-	(16,399)
Payments to non-controlling interests	-	-	-	-	-	(238)	(238)
Balance at 30 June 2017	36,284	3,073	(278)	107,282	146,361	925	147,286
Total comprehensive income for the period							
Profit for the period	-	-	-	6,393	6,393	126	6,519
Other comprehensive income for the period	-	-	(15)	-	(15)	-	(15)
Total	-	-	(15)	6,393	6,378	126	6,504
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(11,630)	(11,630)	-	(11,630)
Total	-	-	-	(11,630)	(11,630)	-	(11,630)
Payments to non-controlling interests	-	-	-	-	-	(187)	(187)
Balance at 30 September 2017	36,284	3,073	(293)	102,045	141,109	864	141,973

Consolidated Statement of Changes in Equity for the Third Quarter and Nine Months to 30 September 2016:

	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 2016	36,225	3,078	(244)	107,196	146,255	997	147,252
Total comprehensive income for the period							
Profit for the period	-	-	-	13,937	13,937	208	14,145
Other comprehensive income for the period	-	-	17	-	17	-	17
Total	-	-	17	13,937	13,954	208	14,162
Transactions recognised directly in equity							
Exercise of share options	59	(5)	-	-	54	-	54
Payment of dividends	-	-	-	(17,507)	(17,507)	-	(17,507)
Total	59	(5)	-	(17,507)	(17,453)	-	(17,453)
Payments to non-controlling interests	-	-	-	-	-	(265)	(265)
Balance at 30 June 2016	36,284	3,073	(227)	103,626	142,756	940	143,696
Total comprehensive income for the period							
Profit for the period	-	-	-	6,795	6,795	118	6,913
Other comprehensive income for the period	-	-	1	-	1	-	1
Total	-	-	1	6,795	6,796	118	6,914
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(7,091)	(7,091)	-	(7,091)
Total	-	-	-	(7,091)	(7,091)	-	(7,091)
Payments to non-controlling interests	-	-	-	-	-	(199)	(199)
Balance at 30 September 2016	36,284	3,073	(226)	103,330	142,461	859	143,320

Statement of Changes in Equity of the Company for the Third Quarter and Nine Months to 30 September 2017:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	36,284	3,073	72,862	112,219
Profit for the period, representing total comprehensive income for the period	-	-	8,227	8,227
Transactions recognised directly in equity				
Payment of dividends	-	-	(16,399)	(16,399)
Total	-	-	(16,399)	(16,399)
Balance at 30 June 2017	36,284	3,073	64,690	104,047
Profit for the period, representing total comprehensive income for the period	-	-	12,024	12,024
Transactions recognised directly in equity				
Payment of dividends	-	-	(11,630)	(11,630)
Total	-	-	(11,630)	(11,630)
Balance at 30 September 2017	36,284	3,073	65,084	104,441

Statement of Changes in Equity of the Company for the Third Quarter and Nine Months to 30 September 2016:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	36,225	3,078	68,478	107,781
Profit for the period, representing total comprehensive income for the period	-	-	7,934	7,934
Transactions recognised directly in equity				
Exercise of share options	59	(5)	-	54
Payment of dividends	-	-	(17,507)	(17,507)
Total	59	(5)	(17,507)	(17,453)
Balance at 30 June 2016	36,284	3,073	58,905	98,262
Profit for the period, representing total comprehensive income for the period	-	-	17,357	17,357
Transactions recognised directly in equity				
Payment of dividends	-	-	(7,091)	(7,091)
Total	-	-	(7,091)	(7,091)
Balance at 30 September 2016	36,284	3,073	69,171	108,528

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the third quarter ended 30 September 2017, no new ordinary shares were issued by the Company.

As at 30 September 2017, the total number of issued shares was 88,642,000 (31 December 2016: 88,642,000).

The Company does not hold any treasury shares as at 30 September 2017.

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 2016.

In the current financial period, 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 2017.

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

Not applicable.

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

Earnings per ordinary share – Basic and Diluted

	Group			
	3rd Qtr 2017	3rd Qtr 2016	9 months to 30 Sep 2017	9 months to 30 Sep 2016
Based on weighted average number of ordinary shares in issue - cents	7.21	7.67	21.79	23.39

EBITDA

	Group			
	3rd Qtr 2017	3rd Qtr 2016	9 months to 30 Sep 2017	9 months to 30 Sep 2016
(i) EBITDA (\$'000)	8,993	9,485	27,103	28,748
(ii) EBITDA margin (%)	36.6	37.3	37.3	37.7

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital - cents	159.19	169.05	117.82	126.60

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Revenue

The Group's total revenue of \$24.6 million for 3Q17 was \$0.9 million or 3.4% lower than 3Q16 due to lower business volumes.

Operating Costs

The Group's operating costs of \$17.1 million for 3Q17 was \$0.5 million or 2.8% lower than 3Q16, in tandem with the lower business volumes.

Operating Profit

Consequently, the Group's operating profit of \$7.5 million for 3Q17 was \$0.4 million or 4.6% lower than 3Q16.

The Group's profit before tax of \$7.8 million for 3Q17 was \$0.4 million or 4.6% lower than 3Q16.

Taxation for the Group of \$1.3 million for 3Q17 was \$0.01 million or 1% higher than 3Q16 due mainly to lower enhanced capital allowance on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's Profit attributable to Shareholders of the Company of \$6.4 million for 3Q17 was \$0.4 million or 5.9% lower than 3Q16.

Statement of Financial Position

Total Equity decreased by \$8.9 million to \$142.0 million as at 30 September 2017 due mainly to payment of dividends offset by profits generated from operations.

Total Assets decreased by \$8.4 million to \$171.3 million as at 30 September 2017 due to the decrease in Current Assets by \$5.9 million and Non-Current Assets by \$2.5 million. The decrease in Current Assets was due mainly to the decrease of \$6.3 million in Cash and Cash Equivalents, offset by the increase of \$0.2 million in Trade Receivables and Other Receivables & Prepayments respectively.

Total Liabilities increased by \$0.5 million to \$29.3 million as at 30 September 2017 due mainly to the increase in Trade and Other Payables of \$1.2 million, offset by the decrease in Provision for Taxation of \$0.7 million.

Cash Flow

The net cash outflow in 3Q17 was \$1.5 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 remain stable. The recent announcement by the Land Transport Authority that the growth rate for cars and motor cycles will be cut from 0.25% to 0% for the next 3 years from February 2018 has no immediate impact on the vehicle testing business. The non-vehicle testing business is expected to remain weak in tandem with the industries that we serve.

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 third quarter 2017 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

8 November 2017