



VICOM LTD

Company Registration No. : 198100320K

Third Quarter 2018 Financial Statements Announcement

The Board of Directors announces the unaudited results of the Group for the Third Quarter and Nine Months to 30 September 2018.

1 GROUP INCOME STATEMENT

	Group					
	3rd Qtr 2018	3rd Qtr 2017	Incr/ (Decr)	9 months to 30 Sep 2018	9 months to 30 Sep 2017	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	25,209	24,552	2.7	74,386	72,755	2.2
Staff costs	11,573	11,253	2.8	33,849	33,056	2.4
Depreciation and amortisation	1,569	1,514	3.6	4,706	4,686	0.4
Premises costs	887	917	(3.3)	2,778	2,717	2.2
Contract services	879	877	0.2	2,412	2,657	(9.2)
Materials and consumables	625	648	(3.5)	1,848	1,883	(1.9)
Repairs and maintenance costs	476	435	9.4	1,224	1,174	4.3
Utilities and communication costs	382	358	6.7	1,144	1,060	7.9
Other operating costs	860	1,071	(19.7)	2,893	3,105	(6.8)
Total operating costs	<u>17,251</u>	<u>17,073</u>	1.0	<u>50,854</u>	<u>50,338</u>	1.0
Operating profit	7,958	7,479	6.4	23,532	22,417	5.0
Interest income	364	355	2.5	1,112	1,143	(2.7)
Profit before taxation	8,322	7,834	6.2	24,644	23,560	4.6
Taxation	(1,474)	(1,315)	12.1	(4,317)	(3,928)	9.9
Profit after taxation	<u>6,848</u>	<u>6,519</u>	5.0	<u>20,327</u>	<u>19,632</u>	3.5
Attributable to:						
Shareholders of the Company	6,716	6,393	5.1	19,968	19,314	3.4
Non-controlling interests	132	126	4.8	359	318	12.9
	<u>6,848</u>	<u>6,519</u>	5.0	<u>20,327</u>	<u>19,632</u>	3.5

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	91,973	107,514	88,023	104,180
Trade receivables	15,583	13,417	2,034	2,294
Other receivables and prepayments	4,279	1,686	863	1,135
Inventories	28	20	-	-
Total current assets	111,863	122,637	90,920	107,609
Non-current assets				
Subsidiaries	-	-	25,941	25,941
Associate	25	25	-	-
Club memberships	155	187	155	187
Vehicles, premises and equipment	43,145	45,373	22,291	23,162
Goodwill	11,325	11,325	-	-
Total non-current assets	54,650	56,910	48,387	49,290
Total assets	166,513	179,547	139,307	156,899
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	22,052	22,872	6,273	6,057
Due to subsidiaries	-	-	33,808	38,832
Income tax payable	5,592	5,449	3,191	3,331
Total current liabilities	27,644	28,321	43,272	48,220
Non-current liability				
Deferred tax liabilities	1,881	1,917	264	282
Total liabilities	29,525	30,238	43,536	48,502
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 *	35	6	-	-
Accumulated profits *	96,724	108,969	56,414	69,040
Equity attributable to shareholders of the Company	136,116	148,332	95,771	108,397
Non-controlling interests	872	977	-	-
Total equity	136,988	149,309	95,771	108,397
Total liabilities and equity	166,513	179,547	139,307	156,899

* The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)s) on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 January 2017. Please refer to paragraph 11 for further details.

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

NIL

Details of any collateral

NIL

4 GROUP CASH FLOW STATEMENT

	Group			
	3rd Qtr 2018	3rd Qtr 2017	9 months to 30 Sep 2018	9 months to 30 Sep 2017
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	8,322	7,834	24,644	23,560
Adjustments for:				
Depreciation and amortisation	1,569	1,514	4,706	4,686
Interest income	(364)	(355)	(1,112)	(1,143)
Gain on disposal of vehicles, premises and equipment	(2)	(16)	(22)	(16)
Allowance for expected credit losses	11	115	205	225
Operating cash flows before movements in working capital	9,536	9,092	28,421	27,312
Changes in working capital	(857)	3,885	(6,010)	663
Cash generated from operations	8,679	12,977	22,411	27,975
Income tax paid	(1,796)	(1,938)	(4,210)	(4,656)
Net cash from operating activities	6,883	11,039	18,201	23,319
Investing activities				
Purchase of vehicles, premises and equipment	(986)	(924)	(2,460)	(2,183)
Proceeds from disposal of vehicles, premises and equipment	3	21	39	21
Interest received	338	230	1,330	1,063
Net cash used in investing activities	(645)	(673)	(1,091)	(1,099)

	Group			
	3rd Qtr	3rd Qtr	9 months	9 months
	2018	2017	to 30 Sep	to 30 Sep
	\$'000	\$'000	\$'000	\$'000
Financing activities				
Dividends paid to non-controlling interests	(220)	(187)	(464)	(425)
Dividends paid	(11,932)	(11,630)	(32,213)	(28,029)
Net cash used in financing activities	<u>(12,152)</u>	<u>(11,817)</u>	<u>(32,677)</u>	<u>(28,454)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(15)</u>	<u>(16)</u>	<u>26</u>	<u>(22)</u>
Net decrease in cash and cash equivalents	(5,929)	(1,467)	(15,541)	(6,256)
Cash and cash equivalents at beginning of period	<u>97,902</u>	<u>100,892</u>	<u>107,514</u>	<u>105,681</u>
Cash and cash equivalents at end of period	<u>91,973</u>	<u>99,425</u>	<u>91,973</u>	<u>99,425</u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	3rd Qtr	3rd Qtr	9 months	9 months
	2018	2017	to 30	to 30
	\$'000	\$'000	Sep 2018	Sep 2017
	\$'000	\$'000	\$'000	\$'000
Profit after taxation	6,848	6,519	20,327	19,632
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	<u>(32)</u>	<u>(15)</u>	<u>29</u>	<u>(28)</u>
Other comprehensive income for the period	<u>(32)</u>	<u>(15)</u>	<u>29</u>	<u>(28)</u>
Total comprehensive income for the period	<u>6,816</u>	<u>6,504</u>	<u>20,356</u>	<u>19,604</u>
Total comprehensive income attributable to:				
Shareholders of the Company	6,684	6,378	19,997	19,286
Non-controlling interests	<u>132</u>	<u>126</u>	<u>359</u>	<u>318</u>
	<u>6,816</u>	<u>6,504</u>	<u>20,356</u>	<u>19,604</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Third Quarter and Nine Months to 30 September 2018:

	Group						Total equity
	Attributable to shareholders of the Company						
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non- controlling interests	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2018	36,284	3,073	(259)	109,234	148,332	977	149,309
Reclassification on adoption of SFRS(I)1 *	-	-	265	(265)	-	-	-
Balance at 1 January 2018 (restated)	36,284	3,073	6	108,969	148,332	977	149,309
Total comprehensive income for the period							
Profit for the period	-	-	-	13,252	13,252	227	13,479
Other comprehensive income for the period	-	-	61	-	61	-	61
Total	-	-	61	13,252	13,313	227	13,540
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(20,281)	(20,281)	-	(20,281)
Total	-	-	-	(20,281)	(20,281)	-	(20,281)
Payments to non-controlling interests	-	-	-	-	-	(244)	(244)
Balance at 30 June 2018	36,284	3,073	67	101,940	141,364	960	142,324
Total comprehensive income for the period							
Profit for the period	-	-	-	6,716	6,716	132	6,848
Other comprehensive income for the period	-	-	(32)	-	(32)	-	(32)
Total	-	-	(32)	6,716	6,684	132	6,816
Transactions recognised directly in equity							
Payment of dividends	-	-	-	(11,932)	(11,932)	-	(11,932)
Total	-	-	-	(11,932)	(11,932)	-	(11,932)
Payments to non-controlling interests	-	-	-	-	-	(220)	(220)
Balance at 30 September 2018	36,284	3,073	35	96,724	136,116	872	136,988

* The Group has adopted SFRS(I)1 on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 January 2017. Please refer to paragraph 11 for further details.

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

	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	\$'000
Balance at 1 January 2017	36,284	3,073	(265)	110,760	149,852	971	150,823
Reclassification on adoption of SFRS(I)1 *	-	-	265	(265)	-	-	-
Balance at 1 January 2017 (restated)	36,284	3,073	-	110,495	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 (restated)	36,284	3,073	(13)	107,017	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 (restated)	36,284	3,073	(28)	101,780	141,109	864	141,973

* The Group has adopted SFRS(I)1 on 1 January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 January 2017. Please refer to paragraph 11 for further details.

Statement of Changes in Equity of the Company for the Third Quarter and Nine Months to 30 September 2018:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	36,284	3,073	69,040	108,397
Profit for the period, representing total comprehensive income for the period	-	-	8,314	8,314
Transactions recognised directly in equity				
Payment of dividends	-	-	(20,281)	(20,281)
Total	-	-	(20,281)	(20,281)
Balance at 30 June 2018	36,284	3,073	57,073	96,430
Profit for the period, representing total comprehensive income for the period	-	-	11,273	11,273
Transactions recognised directly in equity				
Payment of dividends	-	-	(11,932)	(11,932)
Total	-	-	(11,932)	(11,932)
Balance at 30 September 2018	36,284	3,073	56,414	95,771

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

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the third quarter ended 30 September 2018, no new ordinary shares were issued by the Company.

As at 30 September 2018, the total number of issued shares was 88,642,000 (31 December 2017: 88,642,000).

The Company does not hold any treasury shares as at 30 September 2018.

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 2017.

11 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the Singapore Financial Reporting Standards (International) (SFRS(I)s), that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the third quarter and 9 months to 30 September 2018.

The Group has elected for the optional exemption to reset its foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, a cumulative foreign currency translation loss of \$265k was reclassified from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group has reclassified the revaluation reserve relating to a property to capital reserve within other reserves at the date of transition on 1 January 2017 in accordance with SFRS(I)1.

Other than as disclosed above, the adoption of SFRS(I)s will have no material impact on the Group's Financial Statements in this year of initial application.

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 2018	3rd Qtr 2017	9 months to 30 Sep 2018	9 months to 30 Sep 2017
Based on weighted average number of ordinary shares in issue - cents	7.58	7.21	22.53	21.79

EBITDA

	Group			
	3rd Qtr 2018	3rd Qtr 2017	9 months to 30 Sep 2018	9 months to 30 Sep 2017
(i) EBITDA (\$'000)	9,527	8,993	28,238	27,103
(ii) EBITDA margin (%)	37.8	36.6	38.0	37.3

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Net asset value per ordinary share based on issued share capital - cents	153.56	167.34	108.04	122.29

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Revenue

The Group's total revenue of \$25.2 million for 3Q18 was \$0.7 million or 2.7% higher than 3Q17, contributed by higher business volumes.

Operating Costs

The Group's operating costs of \$17.3 million for 3Q18 was \$0.2 million or 1.0% higher than 3Q17 due mainly to expenses incurred to generate the increase in revenue.

Operating Profit

Consequently, the Group's operating profit of \$8.0 million for 3Q18 was \$0.5 million or 6.4% higher than 3Q17.

The Group's profit before tax of \$8.3 million for 3Q18 was \$0.5 million or 6.2% higher than 3Q17.

Taxation for the Group of \$1.5 million for 3Q18 was \$0.2 million or 12.1% higher than 3Q17 due to higher profit in 3Q18 coupled with the cessation for enhanced capital allowance on qualifying expenditure under the Productivity and Innovation Credit Scheme.

The Group's Profit attributable to Shareholders of the Company of \$6.7 million for 3Q18 was \$0.3 million or 5.1% higher than 3Q17.

Statement of Financial Position

Total Equity decreased by \$12.3 million to \$137.0 million as at 30 September 2018 due mainly to payment of dividends offset by profits generated from operations.

Total Assets decreased by \$13.0 million to \$166.5 million as at 30 September 2018 due to the decrease in Current Assets by \$10.8 million and Non-Current Assets by \$2.3 million. The decrease in Current Assets was due mainly to the decrease of \$15.5 million in Cash and Cash Equivalents, offset by the increase of \$2.2 million in Trade Receivables and \$2.6 million in Other Receivables & Prepayments.

Total Liabilities decrease by \$0.7 million to \$29.5 million as at 30 September 2018 due mainly to the decrease in Trade and Other Payables of \$0.8 million, offset by the increase in Taxation Provision of \$0.1 million.

Cash Flow

The net cash outflow in the quarter was \$6.0 million after payment of dividends.

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 Land Transport Authority recently announced that there will be more Certificates of Entitlement (COEs) for the three-month quota period starting from November 2018 compared to the preceding quota period due to premature scrapping of cars bought when the COE prices were high. This is expected to further dampen COE prices leading to more deregistration thereby reducing the demand for the vehicle testing business.

For the non-vehicle testing business, there are signs of recovery in some industries that we serve but competition remains intense. Demand is expected to remain stable.

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 2018 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

7 November 2018