



GROUP REVENUE
INCREASED BY

13.7%

TO \$64.7 MILLION IN 2007

VICOM LTD HAD A VERY GOOD YEAR IN 2007. IT MAINTAINED A FIRM Foothold IN THE VEHICLE INSPECTION INDUSTRY AND CONTINUED TO GROW ITS NON-VEHICULAR TESTING BUSINESS.

As a result, net profit grew by almost a third to \$13.5 million, making it our most profitable year yet.

OUR BUSINESSES

The launch of the new Chassis Dynamometer Smoke Test (CDST) – a mandatory exhaust test for all diesel-driven vehicles, and a slowdown in the number of vehicles sent to the scrap yard, resulted in an 18.4% increase in vehicle inspection revenue to \$20.3 million. The number of vehicles inspected during the year by our centres also rose to 339,190.

Our vehicle assessment business also continued to maintain its lead with a total of 28,500 accident reports and damage assessments conducted at our Independent Damage Assessment Centres (Idacs). This is about 3.4% less than what we did in 2006 – not unexpected given that it is no longer compulsory for motorists to make accident reports at such centres. That said, we expect the role of Idacs to be rejuvenated with the rising number of insurance companies that have reported motor insurance losses. We believe that we are well-positioned to work with motor insurers to curb escalating claims.

NET PROFIT
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THE NUMBER OF VEHICLES INSPECTED DURING THE YEAR BY OUR CENTRES ROSE TO 339,190

Our non-vehicle testing business continued to grow from strength to strength. For the year under review, Setsco Services Pte Ltd was awarded several major projects including the Fusionopolis and the Dubai Metro Rail projects where inspection and non-destructive testing of structural steelworks were done.

FINANCIAL RESULTS

Group revenue increased by 13.7% to \$64.7 million in 2007, mainly due to growth of the non-vehicle testing business under Setsco and the implementation of the mandatory Chassis Dynamometer Smoke Test.

Group net profit rose by 31.1% to \$13.5 million while earnings per share was 15.93 cents, up from 12.30 cents a year ago.

Net assets of the Group totalled \$58.2 million, representing a decrease of 5.5% due to higher dividend payments. We have used up all our Section 44 tax credits. Net asset value per ordinary share

correspondingly dipped from 73.39 cents to 68.17 cents. The return on shareholders' funds was about 23.2%.

The Board of Directors recommended a tax-exempt (one-tier) final dividend of 2.75 cents per share to be approved at the Annual General Meeting to be convened on 29 April 2008. Together with the net interim and special dividends of 2.46 cents and 10.25 cents per share respectively, the total dividend payout for the year accounts for 97.7% of Group net profit. This is higher than our declared policy of at least 50%.

THE YEAR AHEAD

With increased awareness of the harmful effects of global warming and greater attention on going green, we believe that the future of VICOM as a test and inspection business is bright. The Group is gearing up for increased demand for environmental-related tests and inspections over the next few years.

GROUP NET PROFIT ROSE BY 31.1%

WITH INCREASED AWARENESS OF THE HARMFUL EFFECTS OF GLOBAL WARMING AND GREATER ATTENTION ON GOING GREEN, WE BELIEVE THAT THE FUTURE OF VICOM AS A TEST AND INSPECTION BUSINESS IS BRIGHT. THE GROUP IS GEARING UP FOR INCREASED DEMAND FOR ENVIRONMENTAL-RELATED TESTS AND INSPECTIONS OVER THE NEXT FEW YEARS

As part of the Government's push towards the greater use of public transport, we do not foresee significant growth in the vehicle population in Singapore. However, we expect a lower vehicle deregistration rate. Overall, this will have a positive effect on the vehicle inspection volume.

The demand for non-vehicular testing and inspection services is expected to increase in the coming year with the construction of the two new integrated resorts at Sentosa and Marina Bay as well as the two cracker plants at Jurong Island and Pulau Bukom. In the marine and offshore sector, demand for testing services remains strong. The maintenance activities in the oil and gas sector have increased in recent years and this has led to an increase in demand for inspection and testing services.

APPRECIATION

I would like to thank the management and staff for their perseverance and dedication. I would also like to show my appreciation to my fellow Directors who have provided continued service and guidance. To the shareholders, I would like to say thank you for your faith in us.

Last but not least, I would like to thank our customers, business associates and union leaders for their support and understanding.

LIM JIT POH
Chairman