



"VICOM Ltd capped 2008 with another record performance – growing its bottom line by 17%."

Net Profit

\$15.8 million

VICOM Ltd capped 2008 with another record performance – growing its bottom line by 17% to \$15.8 million and strengthening further its position as Singapore’s premier vehicle inspection and test operator.

Our Businesses

In all, a record 376,393 vehicles were inspected in 2008, translating to a 11.1% increase in inspection revenue to some \$22.5 million. This meant that we continued to reign as the largest vehicle inspection operator in Singapore. The strong demand was attributable in part to the low vehicle deregistration rate. This was further aided by the fact that there were large numbers of new cars registered in 2005 – all of which were due for their first inspections in 2008. Even as we handled the increase in volume, our commitment to quality remained unchanged. In March 2008, we were named the ‘Best Service Agent’ at the inaugural Land Transport Excellence Awards.

Just as we led in vehicle inspections, we also took the commanding position in the area of accident reports and damage assessments. VICOM Assessment Centre Pte Ltd (VAC) undertook close to 29,800 assessments in 2008, up from about 28,500 previously. The growth was especially significant given that more than 50 authorised accident reporting centres have been appointed by the General Insurance Association of Singapore. To stay ahead of the

competition, VAC enhanced its one-stop service capabilities and continued to strengthen its relationships with motor insurers and workshops by building up its survey and technical investigation services for motor vehicle accidents. It also employed photogrammetry technology to further improve its hi-tech accident reconstruction system.

The Group continued to excel in non-vehicle testing and inspection services through its wholly-owned subsidiary Setsco Services Pte Ltd. In particular, it played a vital role in the testing of structural steelworks in the Resorts World, Marina Bay Sands and Pinnacle at Duxton construction projects. It also provided key inspection services for Keppel Bay and ExxonMobil. Setsco’s reputation as an industry mover was further corroborated by its third consecutive ‘Distinguished Defence Partner’ award at the annual Total Defence Awards 2008.

Financial Results

Group revenue increased by 14.1% or \$9.1 million to \$73.8 million in 2008 while net profit grew by 17% or \$2.3 million to \$15.8 million.

Chairman's Statement

Earnings per share was 18.61 cents, up from 15.93 cents a year ago. Net assets of the Group totalled \$67.5 million, an increase of \$9.4 million or 16.1% from 2007 while net asset value per ordinary share rose from 68.17 cents to 78.97 cents. The return on Shareholders' funds was about 23.4%.

The Directors have recommended a one-tier tax-exempt final ordinary dividend of 4.25 cents per share to be approved at the Annual General Meeting to be convened on 27 April 2009. Together with the one-tier tax-exempt interim ordinary dividend of 5.0 cents per share paid earlier, the total dividend payout for the year represents about 50% of the Group's profit after tax and is in line with our declared dividend policy.

The Year Ahead

The vehicle inspection business is expected to continue on its growth path in 2009 given the low vehicle deregistration rates. In addition, many first-time inspections are expected in 2009 in view of the record number of new vehicles registered three years earlier. Moving forward however, fewer new registrations are expected as the Government has announced plans to cap the growth of the vehicle population from 3% to 1.5%. The effect of fewer new registrations is however expected to be offset by an increase in older vehicles so the net effect on inspections is likely to be neutral.

The Group has also entered into an agreement with the Land Transport Authority to set up a Vehicle Emission Test Laboratory to conduct emission tests and studies. The facility is expected to be ready in the fourth quarter of 2009 and will enable the Group to further contribute in the area of sustainable transportation and environmental protection by offering a range of services including vehicle emission certification tests and fuel or energy consumption certification. This new initiative will create a new revenue stream for the Group, setting it apart from other vehicle inspection operators in Singapore.

Though the global financial tsunami had caused much economic turmoil in most countries including Singapore, we emerged unscathed in 2008. For 2009, we remain cautiously optimistic. To remain competitive amid increasingly challenging conditions, the Group will continue to look at innovative ways to improve its inspection and testing services.

Appreciation

I would like to thank the management and staff for their hard work over the course of the year. I also extend my appreciation to my fellow Directors for their valued service and guidance. Special thanks go to Mr Ong Chow Hong who resigned from the Board on 1 February 2009. Mr Ong has served the Board since its inception and the success of VICOM was due in no small part to his invaluable contribution over the past 27 years. On behalf of the Board, I wish him well in all his undertakings.

To our Shareholders, I express my gratitude for their unwavering support and continued faith. Finally, my thanks go to all our Business Associates, Union Leaders, Authorities and Customers for their gracious understanding and support.

Lim Jit Poh
Chairman