



Vehicle Inspection

Sin Ming
Kaki Bukit
Bukit Batok
Yishun
Changi
Jurong
Ang Mo Kio

Turnover (\$'000)

22,528

EBITDA (\$'000)

8,385

Over 376,000 vehicles passed through our inspection lanes during the year – 11.1% more than in 2007. The strong growth in demand was due mainly to a combination of two factors – fewer vehicles being deregistered during the year and the large number of vehicles which had just turned three and were due for their first inspections. As a result, the Group managed to reaffirm its position as market leader during the year, garnering 71% of the vehicle inspection industry.

Besides the record number of inspections being conducted, the year was also memorable for the number of new services being introduced. In May 2008, for example, the Land Transport Authority (LTA) announced that all small buses with seating capacities of less than 15 passengers were to be retrofitted with retractable three-point seat belts. VICOM was appointed one of the agents in charge of ensuring that this new rule was adhered to and began checks in October 2008. That same month, we also began offering inspection services for cars that had undergone Compressed Natural Gas (CNG) system conversions. With more vehicle owners going green, demand for such services has been strong.

As the volume of inspections increases, the demands on our technical and technological capabilities have also grown. To this end, we have continued to improve our information management processes including introducing a new IU/ERP Inspection System as well as upgrading our communications

network and linking the test systems to our main Oracle Server. Our Vehicle Monitoring System (VMS) was also upgraded to include new CNG inspection procedures and to make it more user-friendly. In addition, a web-based computerised service requisition system was introduced in August 2008 to facilitate the maintenance of our operational equipment. As an added feature, the system is now able to send SMS alerts to staff when urgent repairs are required.

As a result of our efforts, we were named the “Best Service Agent” at the inaugural Land Transport Excellence Awards in March 2008. Two months later, one of our vehicle inspectors did us proud when he received the NTUC Model Worker Award.

Rental income from external tenants grew by 8.1% to \$1.6 million in 2008. The increase was due to the sub-letting of 5,800 sq ft of space at our Changi and Kaki Bukit inspection centres. Expired leases were also renewed at higher rentals during the year. In all, the occupancy rate of our lettable conventional industrial space rose by 3.4% to 87% in 2008.

Looking ahead, we plan to upgrade the customer service lounges of VICOM (Bukit Batok) and JIC (Jurong) in 2009. This is part of our continuous effort to enhance the overall customer service experience by providing better comfort and convenience.



Vehicle Assessment

Sin Ming
Kaki Bukit
Bukit Batok
Yishun

Turnover (\$'000)

2,601

EBITDA (\$'000)

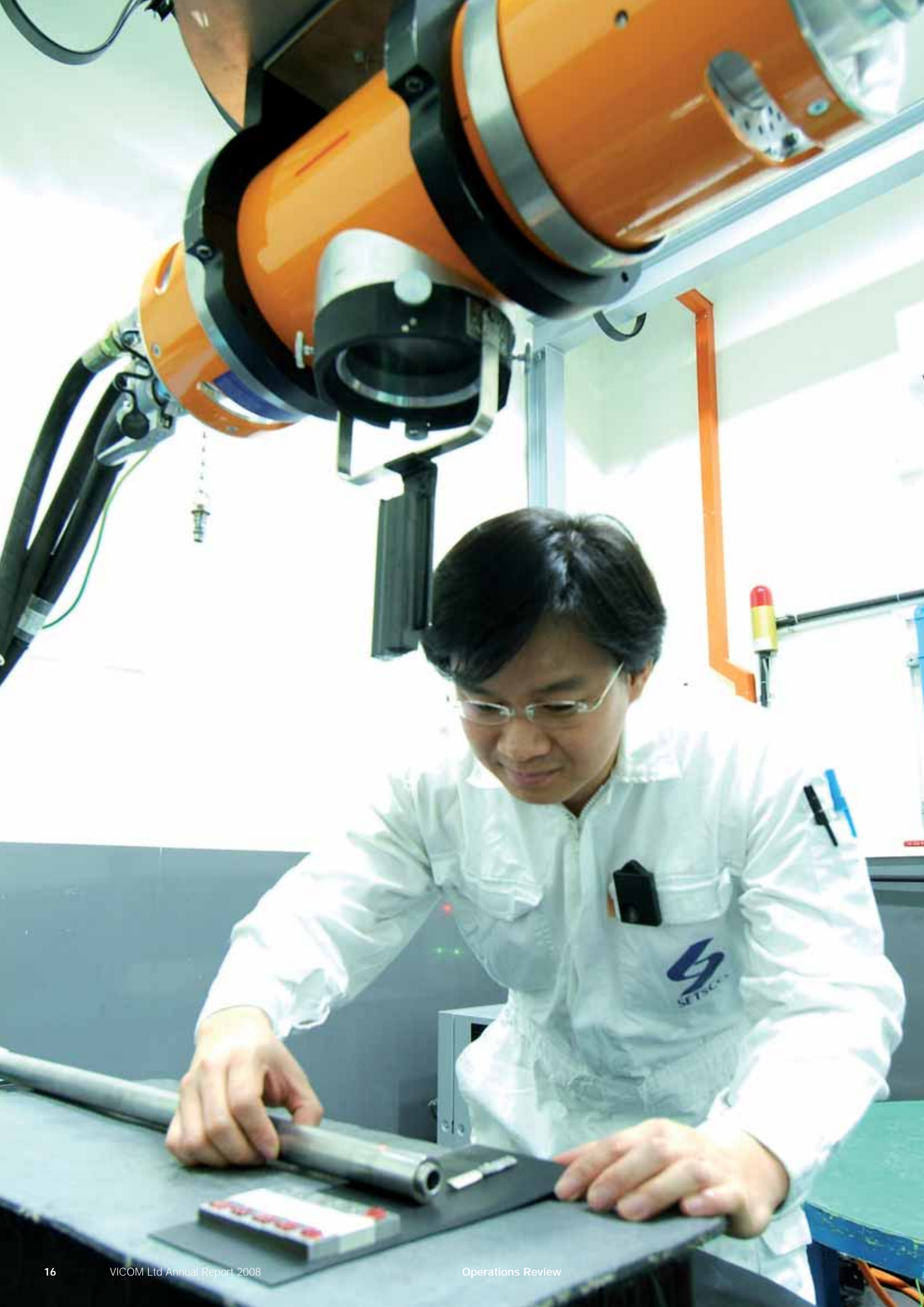
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Despite new challenges which presented themselves following the launch of the new Motor Claims Framework by the General Insurance Association of Singapore (GIA), VICOM Assessment Centre (VAC) was able to retain its position as the leading Independent Damage Assessment Centre (Idac) operator in 2008. We undertook a total of about 29,800 accident reports and damage assessments, up from the 28,500 in 2007.

In addition to the increase in accident reports and damage assessments conducted, VAC also witnessed a jump in survey and technical investigation services for motor vehicle accidents. A total of about 4,900 were undertaken in 2008, as compared to 4,600 in the previous year. VAC also continued to carry out surveys for the Singapore Police Force, conducting damage assessments of their vehicles.

VAC offers one-stop services at its centres, ranging from e-filing claims for motorists, co-ordinating repair works for their damaged vehicles and checking the repaired vehicles. The company also continued to provide third-party claims assistance to 1,000 motorists.

During the year, we also upped the ante in the area of accident reconstruction by introducing photogrammetry to aid the accurate depiction of an accident scene. Using this method, photographs taken of the accident scene are processed to yield fully-scaled, three-dimensional sketch plans. This new method offers safer, faster and more comprehensive measurements at an accident site. VAC's accident reconstruction advancements received recognition when they were showcased at the Singapore Police Force Work Plan Seminar in May 2008.



Non-Vehicle Testing & Inspection

Teban Gardens
Changi
Selangor (Malaysia)
Ho Chi Minh City (Vietnam)

Turnover (\$'000)

43,687

EBITDA (\$'000)

7,658

Setsco, our non-vehicle testing and inspection arm, made further inroads during the year. In all, turnover grew by 17% to \$43.7 million due to increasing demand from the construction, food, environmental, aerospace, marine and oil and gas sectors.

During the year, we invested in several state-of-the-art equipment aimed at enhancing our testing capabilities. For example, we are now one of the few laboratories in Singapore which is able to detect melamine in food products. We also acquired a Coordinate Measuring Machine (CMM) to sharpen our calibration and measurement capabilities, providing greater dimensional accuracy and faster turnaround time. We also launched a new 180 square metre water laboratory furnished with high-tech Liquid Chromatography/Mass Spectrometry/Mass Spectrometry (LC/MS/MS) equipment to meet the needs of local and overseas organisations in the area of analytical water testing.

Our strong testing capabilities have stood us in good stead, enabling us to clinch several major projects during the year. These included third-party inspection of the fabrication and erection of structural steelworks at various major projects including Resorts World at Sentosa, Marina Bay Sands, Dubai Metrorail, and The Pinnacle at Duxton. Other projects included extensive non-destructive testing works on some offshore platforms and environmental baseline studies for factory relocation and land reclamation jobs.

Setsco has continued to support government initiatives, garnering the 'Distinguished Defence Partner' award for the third year running at the Total Defence Awards 2008. It also won praise from the Petrochemical Corporation of Singapore for successfully assisting them in achieving 10 million accident-free working hours at their plant.



Sustainability Report

We believe that business should not just be governed by the mind – but by the heart and soul as well.

Driven by this conviction, we strive to leave a positive imprint on society. This means taking care of the communities that we serve, our 726 staff who have pledged their loyalty to us, and the natural environment that we operate in.

We do these not just because it is the right thing to do but because we care.

Human Sustainability

Since 2000, VICOM has been actively involved in community service and extending help to the needy and less fortunate through its Care & Share programme. The programme is funded by monthly staff contributions and is matched dollar-for-dollar by the Company. In 2008, the Care & Share Committee of staff volunteers organised numerous events/activities for SWAMI Home, MacPherson Moral Family Service Centre, Good Shepherd Home, Telok Blangah Home, Indus Home, Redhill Senior Activity Centre and Paeon Nursing Home.

Talent Sustainability

Our Group staff strength grew by 9% in 2008 to 726 due mainly to increased headcount at Setsco.

We continue to invest in the training of our staff to enhance their functional skills as well as to develop them for key positions in the company. For example, in-house courses on quality assurance and CNG vehicle inspection were conducted for all vehicle inspectors.

Employee safety and health continue to rank as one of the top priorities of the Group. In 2008, VICOM participated in the bizSAFE programme and formed its internal Workplace Safety and Health Committee. Safety and health hazards at the workplace were identified and reduced or eliminated.

Environmental Sustainability

We continued to participate as a contributing partner of Programme for Environmental Experiential Learning (PEEL), a public education programme undertaken by the National Environment Agency to educate the public on the efforts made by establishments nationwide to control pollution.

As part of our inside-out approach, an exhaust extraction system featuring self-purging filtration has been installed in all our inspection centres to reduce the sound and air pollution levels released by diesel engines. We have also been incorporating paperless transactions into our daily operations. An example is the service requisition system which is used by the Engineering department.

The year also saw rising costs in energy, materials and labour. To contain costs, building service contracts were consolidated to derive economies of scale and contract periods lengthened. Energy consumption was also monitored closely to identify and reduce wastage while more energy efficient products and energy-saving devices were installed across all operations.