

OPERATIONS REVIEW



VEHICLE INSPECTION



SIN MING / CHANGI / BUKIT BATOK / YISHUN / KAKI BUKIT / PIONEER / ANG MO KIO

23.6

REVENUE (\$'mil)

9.4

EBITDA (\$'mil)

397,717

NUMBER OF VEHICLES INSPECTED

136

NUMBER OF EMPLOYEES

VEHICLE INSPECTION

Our vehicle inspection centres were kept busy during the year despite the slowdown in the Singapore economy. In fact, thanks to the lower deregistration rates of older vehicles and the general growth of the car population, we inspected 21,320 more vehicles in 2009 compared to the previous year. As a result, we reaffirmed our position as the leading inspection centre with a market share of 70%.

Intent on building on our achievements to date, we expanded our inspection and testing capabilities during the year by opening the VICOM Emission Test Laboratory (VETL). Set up in collaboration with the Land Transport Authority (LTA), the VETL is one of the few in Asia that is able to conduct vehicle exhaust gaseous and particulate matter emission tests in compliance with the **Euro 5+** standards. This means both parallel importers and car dealers are now

OPERATIONS REVIEW

able to obtain such certifications without having to send their vehicles to laboratories in the region. Located within VICOM's inspection centre in Bukit Batok, the new facility occupies a floor area of about 6,000 square feet and is equipped to test vehicles weighing a maximum of 3.5 tonnes. This includes passenger cars, light goods vehicles, as well as motorcycles running on diesel, petrol and Compressed Natural Gas. The laboratory is also able to test hybrid and electric vehicles.

As part of our efforts to enhance the overall customer service experience, we upgraded our road tax and insurance room at VICOM (Bukit Batok) and JIC (Pioneer) to provide customers with a one-stop service experience. Similar upgrading works are in the pipeline for VICOM (Kaki Bukit) and VICOM (Yishun).

Despite a weak rental market, rental income from external tenants grew by 7.3% to \$1.7 million in 2009. The increase

was a result of sub-letting 6,540 square feet of space at VICOM (Changi). Expired leases continued to be renewed at higher rental rates. In all, the occupancy rate of our lettable conventional industrial space rose by 5.8% to 92.8% in 2009.

The existing lease of VICOM (Sin Ming), our first inspection centre, will expire in December 2010. In-principle approval from the Authority to extend the lease for another 30 years has already been obtained.

One of the biggest challenges faced by our vehicle inspection business is the Government's plans to reduce the number of Certificate of Entitlements (COEs) for the next three years. The reduced COE quotas could result in a more buoyant used car market and motorists keeping their cars for a longer period. This would have a positive impact on our operations.

OPERATIONS REVIEW



VEHICLE ASSESSMENT



SIN MING / BUKIT BATOK / KAKI BUKIT

2.1

REVENUE (\$'mil)

(0.2)

EBITDA (\$'mil)

24,400

NUMBER OF ACCIDENT REPORTS
AND DAMAGE ASSESSMENTS

31

NUMBER OF EMPLOYEES

VEHICLE ASSESSMENT

Despite stiff competition, VICOM Assessment Centre Pte Ltd (VAC) was able to undertake 24,400 accident reporting and damage assessments during the year, making it Singapore's leading Independent Damage Assessment Centre (Idac). We not only assisted 2,700 motorists in filing claims, overseeing repair works and checking repaired

vehicles, we also provided third party claims services for 840 others. To maximise resources and cut back on expenses, VAC (Yishun) shuttered in April 2009. VAC continued to carry out surveys for the Singapore Police Force, as well as survey and technical investigation services for motor vehicle accidents. A total of 4,700 surveys were made in 2009.

OPERATIONS REVIEW



NON-VEHICLE TESTING & INSPECTION



TEBAN GARDENS / SELANGOR (MALAYSIA) / HO CHI MINH CITY (VIETNAM) / CHANGI

47.8

REVENUE (\$'mil)

11.4

EBITDA (\$'mil)

581

NUMBER OF EMPLOYEES

NON-VEHICLE TESTING & INSPECTION

The Group's non-vehicle testing and inspection arm under Setsco Services Pte Ltd continued to grow from strength to strength.

In 2009, Setsco conducted intensive testing and inspection works for major projects like the two Integrated Resorts, as well as for companies in the chemical and oil industries. It also took on environmental and water testing jobs, inspected major structural steelworks overseas, conducted radiographic inspection of oil equipment for major international clients, carried out environmental baseline studies, as well as performed water sampling tests. Setsco continued to conduct non-destructive testing on offshore platforms of local shipyards, as well as testing of new construction materials and products for both local and overseas suppliers.

Looking ahead, Setsco expects to take on more work in new areas like digital radiography, phased array ultrasonic testing and thermal conductivity testing. To meet the growing demand for non-vehicle testing services, Setsco has installed both a modern universal test machine that is able to test stronger materials, and a sophisticated metal analyser that can test metals at a faster turnaround time. The company is also well equipped to test new products such as sanitary ware, electrical, glass and drinking water treatment appliances.

This year, construction on an additional laboratory and office block at Setsco's current premises in Teban Gardens will begin. It is expected to be completed in the first half of 2011.