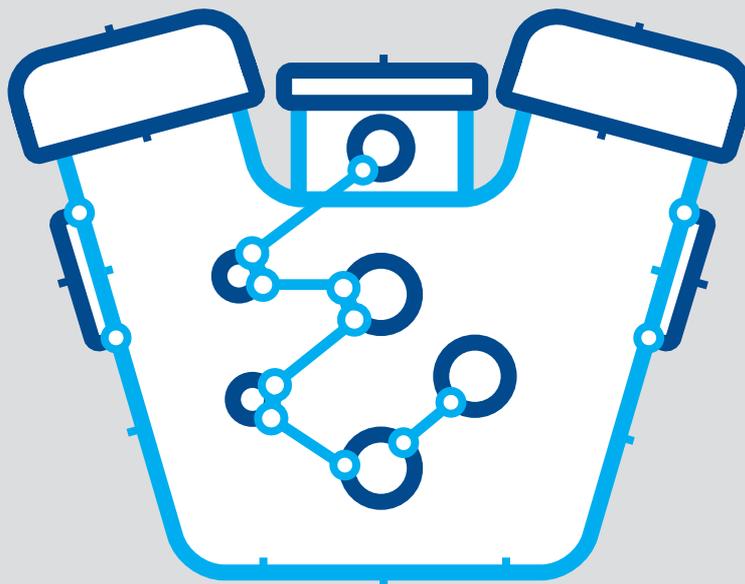


Operations Review

Vehicle Inspection



Vehicle Inspection

Sin Ming / Changi / Bukit Batok / Yishun /
Kaki Bukit / Pioneer / Ang Mo Kio

Revenue (\$'mil)

28.2

EBITDA (\$'mil)

12.9

Number Of Vehicles Inspected

481,126

Total Number Of Employees

143

Vehicle Inspection

As the number of three-year-old vehicles due for their first inspection increased, and the pool of old cars being sent to the scrapyards shrunk, the number of vehicles that passed through our inspection lines increased. In all, a record 481,126 vehicles were inspected by our centres during the

year – 9.7% more than in 2010. Correspondingly, revenue from vehicle inspection increased by 10.6% to \$28.2 million.

In a bid to redirect heavy weekend traffic, we extended our weekday operating hours by 2½ hours to 8pm at three of our seven inspection centres. A new inspection line for

heavy vehicles was also added to the Sin Ming Inspection Centre in August 2011. Our Vehicle Emission Test Laboratory continued to see steady demand for its services.

We introduced several security measures during the year to ensure that the inspection process is not compromised. On top of the engine chassis and licence plate numbers, all in-vehicle units (IUs) are now checked too. A new security access module and a new system requiring the use of contactless cards to log in the particulars of our inspectors were also implemented at all inspection lines in a bid to improve security. We also introduced new point-of-sales processes at our payment stations to improve turnaround time.

To ensure peak performance of all our test equipment, a strict schedule of regular and preventive maintenance has been put in place with calibrations, maintenance and modifications done by our in-house engineering team. This has enabled our inspection centres to keep up with the increase in inspection volume.

As we upgraded our hardware, we also made sure our software remained relevant. We continued to send our staff for training and upgrading. All vehicle inspectors are sent for technical knowledge evaluation to ensure they keep abreast of industry developments. Our engineering staff are also sent for overseas training courses to ensure that they are on-the-mark when it comes to repair and maintenance techniques and skills.

Through the years, our inspection centres have provided ancillary services, including Vehicle Inspection & Type Approval System (VITAS), motor insurance, road tax renewal, IU maintenance, car evaluation, accident vehicle assessment and vehicle emission certification. In all, these ancillary services contributed \$5.0 million to Group revenue, representing a growth of 2.0% over the previous year.

Our inspection centres in Sin Ming, Bukit Batok and Kaki Bukit serve as one-stop centres where accident and damage assessment reports can be made. Over 1,910 motorists had their vehicle accident and damage assessments made at these inspection centres in 2011. We also coordinated repair works for their damaged vehicles and assisted to check their repaired vehicles. Third party claims assistance was also rendered to 465 motorists. This has helped to reduce the

hassle motorists face when filing claims, and ensured that accident vehicles are properly repaired.

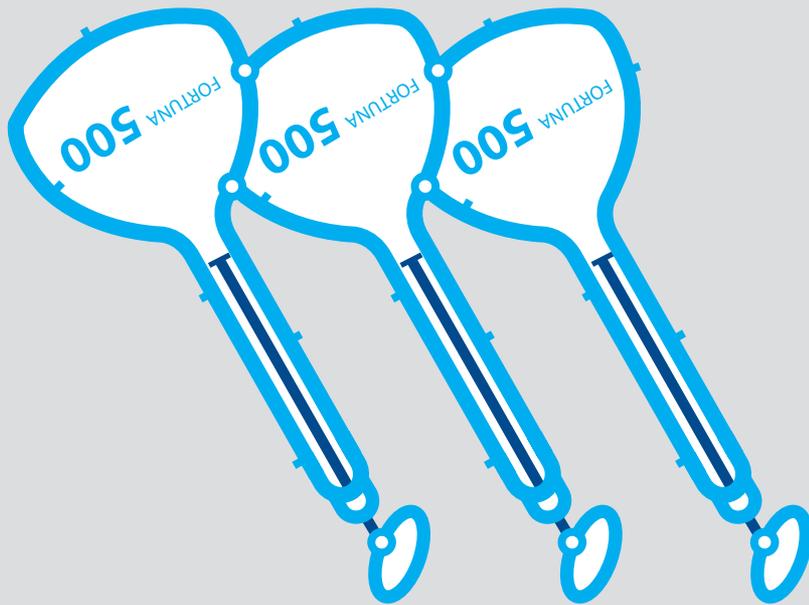
As the authorised reporting centre for 12 insurance companies, VICOM recorded 20,251 accident reports during the year. A new computer-based job despatch system, which allows motor insurers to call or assign surveys through the web, was developed to ensure that responses and follow-ups are made promptly.

With Changi Inspection Centre completing the upgrade of its road tax and insurance room in 2011, motorists are now able to conduct their road tax and insurance functions in a cool and comfortable environment.

Rental income from external tenants held steady at about \$1.8 million in 2011 though the occupancy rate of our lettable space dipped marginally from 91.2% to 89.3%. This was possible as expired leases in 2011 were renewed at higher rates.

Operations Review

Non-Vehicle Testing & Inspection



Non-Vehicle Testing & Inspection

Teban Gardens / Changi / Selangor (Malaysia)

Revenue (\$'mil)

55.2

EBITDA (\$'mil)

13.3

Total Number Of Employees

647

Non-Vehicle Testing and Inspection

In 2011, the Group's non-vehicle testing and inspection arm under Setsco Services Pte Ltd, registered a 7.4% increase in revenue to \$55.2 million, thanks to projects in the oil and gas, marine and offshore, as well as construction sectors.

During the year, Setsco conducted more than 50 product certifications. We also successfully completed a major

non-destructive testing job for the conversion of a floating platform storage and offloading unit, and the construction of a semi-submersible rig. The Company was also involved in the rehabilitation of one of the landfill sites where a detailed sampling plan was provided for the extraction of soil and groundwater, and conducted leachate and gas analyses of one of the boreholes. Setsco also managed to secure a number of site testing works during the

construction of a multi-billion dollar chemical plant in the Jurong Chemical Hub.

There were several firsts for Setsco as well. In July, it became the first testing laboratory in Singapore to sign an agreement with a reputable local research institution, to utilise its patented technology to inspect safety glass installed on commercial and residential buildings. In October 2011, Setsco was accredited by the Singapore Accreditation Council as an Inspection Body for the Central Alarm Monitoring System (CAMS) based on the requirements of the ISO/IEC 17020, thus becoming the first company in Singapore to provide CAMS inspection services to all the major security firms.

In November 2011, Setsco was awarded a major contract to help determine the in-situ concrete strength of 8,000 reinforced concrete columns or walls of selected Housing Development Board (HDB) blocks using the Windsor Probe Test method.

With some of these major projects in the construction and marine and offshore sectors entering the final stages, we continued to work towards expanding and enhancing our testing, calibration, inspection, consultancy, training and certification services. For example, value-added services such as advanced non-destructive testing, innovative glass inspection and comprehensive range of materials testing and consultancy works were added. To keep abreast of new testing technologies, we have also invested in a new testing facility, which improves the turnaround time for materials and products testing significantly. We are also looking at developing more testing services including setting up a new electrical calibration & testing laboratory.