

CHAIRMAN'S STATEMENT



INTRODUCTION

VICOM Ltd had another record year in 2013, crossing the \$100-million revenue mark for the first time and holding firm our position as the premier vehicle inspection and technical testing centre in Singapore. The growth was broad-based, with all key businesses improving their top and bottom lines.

OUR BUSINESSES

In the vehicle inspection segment, premiums for Certificates of Entitlement (COE) continued to trend upwards, resulting in a surge in demand for older cars. Correspondingly, demand for vehicle inspection services grew as the older cars had to be sent for regular checks. Indeed, a record 518,943 vehicles passed through our inspection lanes during the year.

VICOM Emission Test Laboratory (VETL), the only accredited emission test laboratory in the region, conducted more than triple the number of emission tests as compared to 2012. This was largely due to the introduction of the Carbon Emission-based Vehicle Scheme (CEVS) which resulted in a large number of parallel importers rushing to have their vehicles tested and certified.

With the newly revamped car evaluation service, 'VICOM FIT™', we also saw an 84.3% increase in demand for our services.

Our non-vehicle inspection and testing business had another sterling year with strong demand in the oil, gas, marine and construction industries. Testing services in the construction sector were driven by the increase in the number of public housing developments, the development of the Singapore Sports Hub, and other large contracts including the provision of heat treatment services for the construction of the Jurong Aromatics Complex Plant. Outside Singapore, SETSCO secured a structural monitoring project for Petronas Twin Towers in Kuala Lumpur.

FINANCIAL RESULTS

Group revenue increased by 8.1% or \$7.9 million to \$105.0 million in 2013 while net profit attributable to shareholders grew by 7.7% or \$2.0 million to \$28.4 million. Earnings per share was 32.17 cents, up from 29.95 cents a year ago. Net asset value per share was \$1.46 compared to \$1.32 previously.

The Board has recommended a one-tier tax-exempt final dividend of 8.1 cents per ordinary share and a one-tier tax-exempt special dividend of 6.4 cents per ordinary share to be approved at the Annual General Meeting to be convened on 23 April 2014. Together with the one-tier tax-exempt interim dividend of 8.0 cents per share paid earlier, the total dividend of 22.5 cents per share for the year is higher than the 2012 figure of 18.2 cents, a rise of 23.6%.

REVENUE AT A GLANCE

\$ 105.0m



It represents about 70% of the Group's profit after tax and is better than our declared dividend policy of 50% and also higher than last year's 61%.

RANKINGS

Our ranking in the 2013 Business Times Governance and Transparency Index was high at 52nd position out of 663 companies covered. We won the Best Investor Relations Award (Bronze) for companies with a market capitalisation of between \$300 million and \$1 billion.

We had outperformed the FTSE ST All Share Index and FTSE ST Mid-Cap Index by 1.2% and 6.9% point respectively. As at the end of 2013, our market capitalisation stood at \$433.6 million. This is a slight 0.5% better than 2012 after a hefty rise of 36% in that year.

THE YEAR AHEAD

VICOM is expecting to receive our 8,888,888th inspection customer in the first quarter of 2014. This is a wonderful milestone and one which we are excited about.

Through the last 32 years, we have grown from having just one inspection centre, to seven currently. All this would not have been possible without the support of our loyal customers.

As they have remained committed to us, we too will remain committed to serving their every need. We will continue to improve on the resilience of our inspection systems by investing in better technologies, by upgrading and automating where possible. And critically, by ensuring that we remain their number one choice for all testing and inspection needs.

For SETSCO, it will be a challenging year in view of the tight labour market as well as the entry of new players in an already competitive field. We will continue to take advantage of our technical strengths and move up the value chain, deepening and widening our scope of testing services and making full use of technological advancements to enhance our competitive edge.

APPRECIATION

I wish to thank Management and Staff for their resilience and a job well done.

I would also like to extend my appreciation to my fellow Directors for their efforts and valued services in guiding the Board.

To our Clients, thank you for your continued support. We will continue to work hard to serve you better.

To our Business Associates, Union Leaders and the Authorities, thank you for your partnership and support.

And finally, to our Shareholders, thank you for your continued confidence and trust in us.

LIM JIT POH

Chairman
February 2014