FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2005 and the balance sheet of the Company as at 31 December 2005.

1 DIRECTORS

The Directors of the Company in office at the date of this report are:

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Heng Chye Kiou
Chief Executive Officer

Ho Kah Leong

Ong Chow Hong @ Ong Chaw Ping

Ong Teong Wan

Sim Cheok Lim

Teo Geok Har, Nancy

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 3 of the Report of the Directors.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and share capital and debentures of its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

	SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE AN INTEREST		
NAME OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006
Interest in the Company						
a) Ordinary shares of $0.25 each						
Lim Jit Poh	30,000	30,000	30,000	-	-	-
Heng Chye Kiou	351,000	531,000	531,000	149,000	149,000	149,000
Ho Kah Leong	-	13,000	13,000	-	-	-
Ong Chow Hong @ Ong Chaw Ping	78,000	78,000	78,000	-	-	-
Ong Teong Wan	-	30,000	30,000	-	-	-
Sim Cheok Lim	-	70,000	70,000	-	-	-

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

	SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE AN INTEREST		
NAME OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006
b) Options to subscribe for ordinary shares of $0.25 each						
Lim Jit Poh	150,000	160,000	160,000	-	-	-
Kua Hong Pak	45,000	54,000	54,000	-	-	-
Heng Chye Kiou	550,000	520,000	520,000	-	-	-
Ho Kah Leong	32,500	26,000	26,000	-	-	-
Ong Chow Hong @ Ong Chaw Ping	37,500	45,000	45,000	-	-	-
Ong Teong Wan	85,500	62,000	62,000	-	-	-
Sim Cheok Lim	75,000	10,000	10,000	-	-	-
Teo Geok Har, Nancy	75,000	80,000	80,000	-	-	-
Interest in related company, SBS Transit Ltd						
a) Ordinary shares of $0.25 each						
Kua Hong Pak	-	150,000	150,000	-	-	-
b) Options to subscribe for ordinary shares of $0.25 each						
Lim Jit Poh	230,000	200,000	200,000	-	-	-
Kua Hong Pak	195,000	180,000	180,000	-	-	-
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
a) Ordinary shares of $0.25 each						
Lim Jit Poh	457,636	44,425	44,425	-	-	-
Kua Hong Pak	874,530	1,624,530	1,624,530	-	-	-
Heng Chye Kiou	4,586	4,586	4,586	-	-	-
Ho Kah Leong	143,540	143,540	143,540	-	-	-
Ong Chow Hong @ Ong Chaw Ping	84,055	84,055	84,055	-	-	-
Ong Teong Wan	-	15,000	15,000	-	-	-
Teo Geok Har, Nancy	99,620	6,540	6,540	-	-	-

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

	SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE AN INTEREST		
NAME OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006
b) Options to subscribe for ordinary shares of $0.25 each						
Lim Jit Poh	686,789	400,000	400,000	-	-	-
Kua Hong Pak	1,350,000	2,400,000	2,400,000	-	-	-
Heng Chye Kiou	230,000	410,000	410,000	-	-	-
Teo Geok Har, Nancy	467,920	400,000	400,000	-	-	-

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

5 SHARE OPTIONS

The 2001 VICOM Share Option Scheme ("The 2001 Scheme")

The 2001 Scheme in respect of unissued ordinary shares of $0.25 each in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 27 April 2001. The 2001 Scheme is administered by the Remuneration Committee of the Company.

Statutory information regarding options granted during the financial year pursuant to The 2001 Scheme is as follows:

– the dates of expiration of options as defined in the circular dated 5 April 2001 are 10 years after the relevant offer date for the Executive Options, and 5 years after the relevant offer date for the Non-Executive Options, unless such option has ceased by reason of Clause 9 of the Rules of The 2001 Scheme relating to termination of employment, bankruptcy, misconduct or death of the grantee;

– the options may be exercised only after the first anniversary of the relevant offer dates of the options; and

– the persons to whom the options have been granted may also be eligible for participation in any other share option scheme implemented by any subsidiary or associated company (as the case may be) of the Company, at the absolute discretion of the committee administering The 2001 Scheme.

5 SHARE OPTIONS *(cont'd)*

As at the end of the financial year, details of the unissued ordinary shares of $0.25 each of VICOM Ltd under options granted pursuant to The 2001 Scheme were as follows:

	NUMBER OF SHARES UNDER OPTION				
DATE OF GRANT	OUTSTANDING AT 1 JANUARY 2005 OR DATE OF GRANT IF LATER	EXERCISED	OUTSTANDING AT 31 DECEMBER 2005#	SUBSCRIPTION PRICE PER SHARE	EXPIRY DATE
1 June 2001	100,000	40,000	60,000	$0.570	30 May 2006
1 June 2001	144,000	100,000	44,000	$0.570	30 May 2011
26 September 2001	50,000	20,000	30,000	$0.423	25 September 2006
26 September 2001	34,000	-	34,000	$0.423	25 September 2011
6 April 2002	50,000	10,000	40,000	$0.628	5 April 2007
6 April 2002	166,000	8,000	158,000	$0.628	5 April 2012
7 October 2002	53,000	10,000	43,000	$0.600	6 October 2007
7 October 2002	174,000	97,000	77,000	$0.600	6 October 2012
27 June 2003	99,000	10,000	89,000	$0.760	26 June 2008
27 June 2003	203,000	12,000	191,000	$0.760	26 June 2013
20 December 2003	99,000	23,000	76,000	$0.865	18 December 2008
20 December 2003	200,000	12,000	188,000	$0.865	18 December 2013
23 August 2004	49,500	-	49,500	$0.953	22 August 2009
23 August 2004	271,500	-	271,500	$0.953	22 August 2014
24 February 2005	49,500	-	49,500	$0.998	23 February 2010
24 February 2005	295,500	-	295,500	$0.998	23 February 2015
21 November 2005	540,000	-	540,000	$0.933	20 November 2015
	2,578,000	342,000	2,236,000		

\# Includes 39,000 options granted to a former employee of VICOM Ltd who has been granted an extension of time from the date of cessation of employment, by the Remuneration Committee of VICOM Ltd to exercise the outstanding options.

(i) Details of the options granted to Directors during the financial year and since the commencement of the 2001 Scheme up to 31 December 2005 were as follows:

	NUMBER OF SHARES UNDER OPTIONS			
	GRANTED DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2005	GRANTED SINCE THE COMMENCEMENT OF THE 2001 SCHEME TO 31 DECEMBER 2005	EXERCISED/LAPSED SINCE THE COMMENCEMENT OF THE 2001 SCHEME TO 31 DECEMBER 2005	OUTSTANDING AS AT 31 DECEMBER 2005
Lim Jit Poh	10,000	160,000	-	160,000
Kua Hong Pak	9,000	54,000	-	54,000
Heng Chye Kiou	150,000	900,000	380,000	520,000
Ho Kah Leong	6,500	39,000	13,000	26,000
Ong Chow Hong @ Ong Chaw Ping	7,500	108,000	63,000	45,000
Ong Teong Wan	6,500	92,000	30,000	62,000
Sim Cheok Lim	5,000	80,000	70,000	10,000
Teo Geok Har, Nancy	5,000	80,000	-	80,000

REPORT OF THE DIRECTORS

5 SHARE OPTIONS *(cont'd)*

(ii) No options have been granted to the controlling shareholders or their associates, parent group employees, and no employee has received 5% or more of the options available under the scheme.

(iii) No options have been granted at a discount to the market price of shares of the Company.

6 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises three non-executive Directors, of whom two including the Chairman are independent:

Sim Cheok Lim
Chairman

Ong Teong Wan
Teo Geok Har, Nancy

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50.

In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the scope and results of their respective audits.

The Audit Committee has reviewed the independence of the auditors, Messrs Deloitte & Touche, including the scope of the non-audit services performed and has recommended to the Board that the auditors are independent. The Board has accepted the recommendation of the Audit Committee.

In addition, the Audit Committee has reviewed the financial statements of the Group and the Company before their submission to the Directors of the Company.

The Audit Committee has recommended to the Directors, the nomination of Deloitte & Touche for re-appointment as auditors of the Company at the forthcoming annual general meeting.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

HENG CHYE KIOU
Chief Executive Officer

Singapore
10 February 2006

STATEMENT OF DIRECTORS

In the opinion of the Directors, the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 49 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

HENG CHYE KIOU
Chief Executive Officer

Singapore
10 February 2006

AUDITORS' REPORT
to the Members of VICOM Ltd

We have audited the consolidated financial statements of the Group and the balance sheet of VICOM Ltd for the financial year ended 31 December 2005 set out on pages 49 to 82. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

DELOITTE & TOUCHE
Certified Public Accountants

YUEN EWE JIN, PHILIP
Partner
(Appointed on 30 May 2003)

Singapore
10 February 2006

BALANCE SHEETS

31 December 2005

	NOTE	THE GROUP 2005 $'000	THE GROUP 2004 $'000 (Restated)	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000 (Restated)
ASSETS					
CURRENT ASSETS:					
Cash and bank balances	5	9,526	8,068	7,635	6,062
Trade receivables	6	7,384	7,625	855	924
Other receivables and prepayments	7	218	434	300	278
Inventories		3	-	-	-
Total current assets		17,131	16,127	8,790	7,264
NON-CURRENT ASSETS:					
Subsidiaries	8	-	-	26,196	20,269
Associates	9	454	3,692	-	3,013
Staff loans	10	28	93	-	-
Club memberships	11	315	333	315	333
Vehicles, premises and equipment	12	44,208	41,079	30,328	31,918
Goodwill	13	11,389	9,068	-	-
Total non-current assets		56,394	54,265	56,839	55,533
Total assets		73,525	70,392	65,629	62,797
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Long-term loan – current portion	16	-	2,417	-	2,417
Trade payables	14	2,127	1,956	396	370
Other payables	15	7,313	8,049	16,061	17,631
Income tax payable		2,987	3,361	1,489	1,748
Total current liabilities		12,427	15,783	17,946	22,166
NON-CURRENT LIABILITY:					
Deferred tax liabilities	17	1,009	598	94	86
CAPITAL, RESERVES AND MINORITY INTERESTS:					
Share capital	18	20,805	20,719	20,805	20,719
Capital reserves	19	10,304	10,152	10,306	10,155
Accumulated profits		26,822	21,992	16,478	9,671
Equity attributable to shareholders of the Company		57,931	52,863	47,589	40,545
Minority interests		2,158	1,148	-	-
Total equity		60,089	54,011	47,589	40,545
Total liabilities and equity		73,525	70,392	65,629	62,797

See accompanying notes to the financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Year Ended 31 December 2005

	NOTE	2005 $'000	2004 $'000 (Restated)
Turnover	20	49,192	45,003
Other operating income	21	987	1,891
Revenue		50,179	46,894
Staff costs	22	(23,667)	(21,016)
Depreciation and amortisation expenses		(4,210)	(4,327)
Repair and maintenance		(793)	(845)
Raw materials and consumables used		(4,168)	(3,206)
Premise costs		(2,167)	(1,994)
Insurance		(164)	(141)
Other operating expenses		(3,666)	(3,827)
Total operating expenses		(38,835)	(35,356)
Operating profit	23	11,344	11,538
Net income (expense) from other investments	24	12	(323)
Interest income		74	35
Finance cost	25	(21)	(85)
Share of profit in associates		156	339
Profit before taxation		11,565	11,504
Taxation	26	(2,627)	(3,057)
Profit after taxation		8,938	8,447
Attributable to:			
Shareholders of the Company		8,658	7,676
Minority interests		280	771
		8,938	8,447
Earnings per share (in cents):			
Basic	27	10.41	9.27
Diluted	27	10.37	9.23

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2005

	NOTE	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
		SHARE CAPITAL $'000	CAPITAL RESERVES $'000	ACCUMULATED PROFITS $'000	TOTAL $'000	MINORITY INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 January 2004		20,486	9,826	18,454	48,766	776	49,542
Exchange differences arising on translation of foreign operations	19	-	(2)	-	(2)	-	(2)
Profit for the year		-	-	7,676	7,676	771	8,447
Recognition of share-based payments		-	7	-	7	-	7
Payment of dividends		-	-	(4,138)	(4,138)	(399)	(4,537)
Exercise of share options	18, 19	233	321	-	554	-	554
Balance at 31 December 2004		20,719	10,152	21,992	52,863	1,148	54,011
Balance at 1 January 2005 as previously stated		20,719	10,145	21,999	52,863	1,148	54,011
Effect of adoption of FRS 102		-	7	(7)	-	-	-
As restated		20,719	10,152	21,992	52,863	1,148	54,011
Exchange differences arising on translation of foreign operations	19	-	1	-	1	-	1
Profit for the year		-	-	8,658	8,658	280	8,938
Total recognised income and expense for the year		20,719	10,153	30,650	61,522	1,428	62,950
Acquisition of subsidiary		-	-	-	-	1,115	1,115
Recognition of share-based payments		-	26	-	26	-	26
Payment of dividends	33	-	-	(3,828)	(3,828)	(385)	(4,213)
Exercise of share options	18, 19	86	125	-	211	-	211
Balance at 31 December 2005		20,805	10,304	26,822	57,931	2,158	60,089

See accompanying notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December 2005

	NOTE	2005 $'000	2004 $'000 (Restated)
Cash flows from operating activities:			
Profit before taxation		11,565	11,504
Adjustments for:			
Depreciation and amortisation expenses		4,210	4,327
Interest expense		21	85
Interest income		(74)	(35)
Gain on disposal of vehicles, premises and equipment		(3)	(50)
Share-based payment expense		26	7
(Writeback) Provision for diminution in investment in an associate		(12)	311
Share of profit in associates		(156)	(339)
Operating profit before working capital changes		15,577	15,810
Trade receivables		688	(184)
Other receivables and prepayments		652	(6)
Trade payables		19	(854)
Other payables		(792)	1,270
Cash generated from operations		16,144	16,036
Interest paid		(21)	(85)
Income tax paid		(3,121)	(3,687)
Net cash flow from operating activities		13,002	12,264
Cash flows (used in) from investing activities:			
Purchase of vehicles, premises and equipment		(2,306)	(1,556)
Proceeds from disposal of vehicles, premise and equipment		10	120
Investment in associates		-	(3,013)
Acquisition of subsidiary, net of cash acquired	28	(2,639)	-
Interest received		74	35
Additional consideration paid for investment in a subsidiary		(264)	(111)
Net cash used in investing activities		(5,125)	(4,525)
Cash flows (used in) from financing activities:			
Proceeds from issue of shares		211	554
Dividends paid to minority interests		(385)	(399)
Bank loan repaid		(2,417)	(7,333)
Dividends paid		(3,828)	(4,138)
Net cash used in financing activities		(6,419)	(11,316)
Net effect of exchange rate changes in consolidating subsidiaries		-	(4)
Net increase (decrease) in cash and cash equivalents		1,458	(3,581)
Cash and cash equivalents at beginning of year		8,068	11,649
Cash and cash equivalents at end of year	5	9,526	8,068

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1 GENERAL

The Company (Registration No. 198100320K) is incorporated in the Republic of Singapore with its registered office at 205 Braddell Road, Singapore 579701. Its principal place of business is at 385 Sin Ming Drive, Singapore 575718. The Company is listed on the Official List of the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of an investment holding company and the provision of motor vehicle evaluation and other related services. The principal activities of the subsidiaries are described in Note 8.

The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

The consolidated financial statements of the Group for the financial year ended 31 December 2005 and the balance sheet of the Company as at 31 December 2005 were authorised for issue by the Board of Directors on 10 February 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of certain properties, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after 1 January 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements. Details of the new/revised FRSs and INT FRSs adopted for the financial year are as follows:

a) **FRS 39 – Financial Instruments: Recognition and Measurement**

FRS 39 addresses the recognition and measurement of financial assets and liabilities. The new accounting standard moves measurement from a cost base to a fair value base for certain categories of financial assets and liabilities. The change in accounting policy has been accounted for prospectively in accordance with the transitional provisions of FRS 39. As the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2004 or prior periods.

b) **FRS 102 – Share-based Payment**

FRS 102 *Share-based Payment* requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of FRS 102, the Group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 102, the accounting standard has been applied retrospectively to all grants of equity instruments after 22 November 2002 that were unvested as of 1 January 2005, and to liabilities for share-based transactions existing at 1 January 2005. The accounting standard therefore applies to share options granted in 2004 and 2005.

For 2004, the change in accounting policy has resulted in a net decrease in profit for the year of $7,000 (share-based payments expense of $7,000). The balance sheet at 31 December 2004 has been restated to reflect the recognition of $7,000 as a share options reserve.

For 2005, the impact of share-based payments is a net charge to income of $26,000 (share-based payment expense of $26,000). At 31 December 2005, the share options reserve amounted to $33,000.

The share-based payments expense has been included in the profit and loss statement under employee benefits expense amounting to $26,000 (2004:$7,000).

c) **FRS 103 – Business Combinations**

Goodwill

FRS 103 has been adopted for financial years beginning 1 July 2004. The option of limited retrospective application of the accounting standard has not been taken up, thus avoiding the need to restate past business combinations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

After initial recognition, FRS 103 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under FRS 36 *Impairment of Assets* (as revised in 2004), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. FRS 103 prohibits the amortisation of goodwill. Previously, under FRS 22 *Business Combinations*, the Group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years.

In accordance with the transitional provisions of FRS 103, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after 1 July 2004, to goodwill acquired in business combinations. Therefore, from 1 January 2005, the Group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with FRS 36. At 1 January 2005, the accumulated amortisation as at 31 December 2004 of $1,004,000 has been eliminated, with a corresponding decrease in the gross carrying amount of goodwill leaving the net carrying amount of goodwill unchanged.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2004 or prior periods.

No amortisation has been charged in 2005. The charge in 2004 was $510,000.

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

FRS 40	– Investment Property
FRS 106	– Exploration for and Evaluation of Mineral Resources
FRS 107	– Financial Instruments : Disclosures
INT FRS 104	– Determining whether an Arrangement contains a Lease
INT FRS 105	– Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
INT FRS 106	– Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
INT FRS 107	– Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Amendments to FRS 21 The Effects of Changes in Foreign Exchange Rates on net investment in a foreign operation.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provisions, fair value option and financial guarantee contracts.

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources.

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts.

Revision to FRS 104 Insurance Contracts Implementation Guidance.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Directors anticipate that the adoption of FRS 40, FRS 106, FRS 107, INT FRS 104, INT FRS 105, INT FRS 106, INT FRS 107, amendments to FRS 1, FRS 21, FRS 39, FRS 101, FRS 104 and revision to FRS 104 that were issued but not yet effective until future periods will not have a material impact on the financial statements of the Group. The Directors anticipate that the adoption of these FRSs and INT FRSs in future periods will have no material impact on the consolidated financial statements of the Group.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and bank balances comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

INVENTORIES – Inventories are stated at the lower of cost (FIFO, first-in first-out method) and net realisable value. Cost comprises cost of purchase and those cost that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

CLUB MEMBERSHIPS – Investments in club memberships are stated at cost less any impairment in net recoverable value.

VEHICLES, PREMISES AND EQUIPMENT – Vehicles, premises and equipment are stated at cost or valuation, less accumulated depreciation and any accumulated impairment losses.

All vehicles, premises and equipment are initially recorded at cost. One leasehold property was revalued based on valuation by an external independent valuer. That leasehold property of the Company and of the Group was valued at open market value on the basis of existing use by Richard Ellis, a firm of professional valuers in March 1995. The Group and the Company have no fixed policy on the frequency of valuation of its leasehold property and the valuation was carried out for the purpose of updating the book value of the leasehold property at that time. All other vehicles, premises and equipment are stated at historical cost less accumulated depreciation.

On the disposal of premises carried at valuation, the revaluation surplus relating to the premises is transferred directly to accumulated profits.

Depreciation is charged so as to write off the cost or valuation of assets, over the estimated useful lives on a straight-line method, on the following bases:

Leasehold land and buildings	–	Over the remaining lease period (subject to a maximum 45 years)
Furniture, fittings and equipment	–	5 years
Workshop machinery, tools and equipment	–	5 to 10 years
Motor vehicles	–	5 years
Computers and automated equipment	–	5 years

The gain or loss arising on disposal or retirement of an item of vehicle, premises and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

Capital work-in-progress consists of development and construction cost incurred during the period of construction. Depreciation is not provided on capital work-in-progress until such assets are completed and put into operational use.

Transfers of vehicles, premises and equipment within the Group are stated at cost less accumulated depreciation of the vehicles, premises and equipment transferred.

Fully depreciated vehicles, premises and equipment are retained in the financial statements until they are no longer in use.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

GOODWILL – Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Associates" above.

IMPAIRMENT OF TANGIBLE ASSETS – At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(cont'd)*

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS – Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that the Group and the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at balance sheet date, and are discounted to present value where the effect is material.

SERVICE BENEFITS

i) Retirement Benefits – The Company and its Singapore-incorporated subsidiaries and associate participate in a defined contribution retirement benefit plan managed by the Singapore Government ("Singapore Central Provident Fund"). Payments made to the plan are charged as an expense when incurred.

ii) Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

iii) Share-based payments – The Group and the Company issued equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from motor vehicle inspection, evaluation and assessment services is recognised when the service is rendered.

Service revenue from testing, inspection and related consultancy services is recognised when services are completed.

Revenue and costs from vehicle inspection and evaluation consultancy projects are recognised by reference to the stage of completion of the project activity at the balance sheet date, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a consultancy project cannot be estimated reliably, project revenue is recognised to the extent of project costs incurred that are probably recoverable. Project costs are recognised as expenses in the period in which they are incurred.

When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

Rental income is recognised on an accrual basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on translation of monetary items are included in profit and loss statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit and loss statement for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. No impairment loss has been recognised during the year.

4 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company's immediate holding company is Comfort Group Ltd, incorporated in the Republic of Singapore. The Company's ultimate holding company is ComfortDelGro Corporation Limited, incorporated in the Republic of Singapore. Related companies in this financial statement refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements and terms thereof are arranged by or between members of the Group. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

4 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS *(cont'd)*

Significant intercompany transactions, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	2005 $'000	2004 $'000
Inspection fee income charged to related companies	(1,320)	(1,259)
Diesel outlet (variable rental) income charged to related companies	(660)	(646)
Rental income charged to related companies	(152)	(264)
Assessment fee and other service income charged to related companies	(346)	(219)
Other fees charged to related company	(76)	(531)
Testing fee income charged to related company	(43)	(23)
Installation fee income charged to related companies	-	(1)
Corporate service charges paid to ultimate holding company	271	162
Other charges paid to ultimate holding company	25	50
Other charges paid to related company	64	28
Advertisement fees paid to related companies	18	17
Rental expense paid to related companies	87	21
Management fees charged to related company	-	(138)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related companies.

5 CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash and bank balances	1,421	1,813	205	362
Fixed deposits with financial institutions and unencumbered	8,105	6,255	7,430	5,700
Total	9,526	8,068	7,635	6,062

Bank balances and cash comprise cash held by the Group and short-term bank deposits. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an effective interest rate of 2.7% to 3.7% (2004:1.19% to 3.39%) per annum and for a weighted average tenor of approximately 31 days (2004:39 days).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

6 TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Outside parties	6,242	6,672	270	329
Provision for doubtful trade receivables	(215)	(320)	-	(8)
Provision for discount allowed	(89)	(60)	-	-
Net	5,938	6,292	270	321
Related companies (Note 4)	400	564	585	603
Minority shareholders of a subsidiary	1,046	769	-	-
Total	7,384	7,625	855	924

An allowance has been made for estimated irrecoverable amounts from the sale of goods and provision of services to third parties of $215,000 (2004 : $320,000). This allowance has been determined by reference to past default experience.

7 OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Receivables from:				
Staff loan – Current portion (Note 10)	34	117	20	34
Subsidiaries (Note 8)	-	-	201	189
Other receivables	71	170	36	20
Deposits	60	88	10	7
Prepayments	53	59	33	28
Total	218	434	300	278

The staff loans are unsecured, bear interest at 3% (2004 : 3%) per annum and are repayable on a monthly basis.

8 SUBSIDIARIES

	THE COMPANY	
	2005 $'000	2004 $'000
Unquoted equity shares, at cost	26,196	20,269

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

8 SUBSIDIARIES *(cont'd)*

Details of the subsidiaries at 31 December 2005 are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION/ OPERATION	GROUP'S EFFECTIVE INTEREST		COST OF INVESTMENT	
			2005 %	2004 %	2005 $'000	2004 $'000
VICOM Inspection Centre Pte Ltd	Provision of vehicle inspection services	Singapore	100	100	4,160	4,160
VICOM Assessment Centre Pte Ltd	Provision of vehicle assessment services	Singapore	51	51	255	255
VICOM Unichamps Pte Ltd	Investment in environmental technology related business	Singapore	60	60	-	-
JIC Inspection Services Pte Ltd[1]	Vehicle inspection and other related activities	Singapore	78	-	5,663	-
Setsco Services Pte Ltd	Provision of testing, inspection and consultancy services	Singapore	100	100	16,118	15,854
Subsidiary of Setsco Services Pte Ltd						
Setsco Services (M) Sdn Bhd	Provision of testing, inspection and consultancy services	Malaysia	100	100	-	-
					26,196	20,269

All the companies are audited by Deloitte & Touche, Singapore, except for Setsco Services (M) Sdn Bhd, which is audited by another firm of auditors, WT & Ng Co, Kuala Lumpur.

[1] Additional interest was acquired on 30 April 2005 for a consideration of $2,649,900 thereby increasing the Group's effective interest from 41.5% to 78%. Accordingly, the investment was reclassified from an associate to a subsidiary.

9 ASSOCIATES

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Unquoted equity shares, at cost	753	3,928	-	3,175
Impairment loss	(299)	(473)	-	(162)
Share of post-acquisition reserves	-	237	-	-
Net	454	3,692	-	3,013

Details of the associates are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION/ OPERATION	GROUP'S EFFECTIVE INTEREST	
			2005 %	2004 %
Shanghai Jing Hong Lan Xian Environmental Technology Pte Ltd[1]	Vehicle inspection, emission and other vehicle and environmental related activities	China	24	24
JIC Inspection Services Pte Ltd[2]	Vehicle inspection and other related activities	Singapore	-	41.5

(1) The associate obtained its operational licence on 13 November 2003. The results of the associate have not been equity accounted in 2005 as an application has been submitted to the Chinese authorities to withdraw from the investment.

(2) Audited by Deloitte & Touche, Singapore. Additional interest was acquired on 30 April 2005 for a consideration of $2,649,900 increasing the Group's effective interest from 41.5% to 78%. Accordingly, the investment was reclassified from an associate to a subsidiary.

10 STAFF LOANS

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Staff loans	62	210	20	34
Less: Current portion (Note 7)	(34)	(117)	(20)	(34)
	28	93	-	-

11 CLUB MEMBERSHIPS

	THE GROUP AND THE COMPANY	
	2005 $'000	2004 $'000
Transferable club memberships	451	451
Less: Accumulated amortisation	(136)	(118)
	315	333
Accumulated amortisation:		
At beginning of year	118	101
Amortisation for the year	18	17
At end of year	136	118

12 VEHICLES, PREMISES AND EQUIPMENT

	LEASEHOLD BUILDINGS	LEASEHOLD LAND	FURNITURE, FITTINGS AND EQUIPMENT	WORKSHOP MACHINERY, TOOLS AND EQUIPMENT	MOTOR VEHICLES	COMPUTERS AND AUTOMATED EQUIPMENT	CAPITAL WORK-IN-PROGRESS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Cost or valuation:								
At 1 January 2004	40,454	7,300	1,905	11,435	436	1,853	8	63,391
Reclassification	-	-	(306)	(470)	-	839	(63)	-
Additions	10	-	58	1,214	59	160	55	1,556
Disposals	(5)	-	(222)	(550)	(220)	(279)	-	(1,276)
Exchange differences	-	-	(1)	(2)	(2)	(1)	-	(6)
At 1 January 2005	40,459	7,300	1,434	11,627	273	2,572	-	63,665
Arising from acquisition of subsidiary	5,356	-	135	4,008	30	255	-	9,784
Additions	86	-	71	1,649	216	213	71	2,306
Disposals	-	-	(46)	(174)	(55)	(65)	-	(340)
Reclassifications	5	-	(37)	15	10	37	(30)	-
Exchange differences	-	-	1	3	-	1	-	5
At 31 December 2005	45,906	7,300	1,558	17,128	474	3,013	41	75,420
Comprising:								
At cost	45,906	-	1,558	17,128	474	3,013	41	68,120
At valuation	-	7,300	-	-	-	-	-	7,300
Total	45,906	7,300	1,558	17,128	474	3,013	41	75,420

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

12 VEHICLES, PREMISES AND EQUIPMENT *(cont'd)*

	LEASEHOLD BUILDINGS	LEASEHOLD LAND	FURNITURE, FITTINGS AND EQUIPMENT	WORKSHOP MACHINERY, TOOLS AND EQUIPMENT	MOTOR VEHICLES	COMPUTERS AND AUTOMATED EQUIPMENT	CAPITAL WORK-IN-PROGRESS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:								
At 1 January 2004	9,062	1,400	1,308	6,593	237	1,400	-	20,000
Reclassification	-	-	(215)	(499)	-	714	-	-
Depreciation for the year	1,514	161	191	1,549	125	260	-	3,800
Disposals	(4)	-	(209)	(537)	(183)	(273)	-	(1,206)
Exchange differences	-	-	-	(5)	(2)	(1)	-	(8)
At 1 January 2005	10,572	1,561	1,075	7,101	177	2,100	-	22,586
Arising from acquisition of subsidiary	1,759	-	111	2,680	5	208	-	4,763
Depreciation for the year	1,737	161	157	1,768	84	285	-	4,192
Disposals	-	-	(46)	(169)	(55)	(63)	-	(333)
Reclassifications	-	-	(20)	-	-	20	-	-
Exchange differences	-	-	-	2	1	1	-	4
At 31 December 2005	14,068	1,722	1,277	11,382	212	2,551	-	31,212
Net carrying amounts:								
At 31 December 2005	31,838	5,578	281	5,746	262	462	41	44,208
At 31 December 2004	29,887	5,739	359	4,526	96	472	-	41,079

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

12 VEHICLES, PREMISES AND EQUIPMENT *(cont'd)*

	LEASEHOLD BUILDINGS	LEASEHOLD LAND	FURNITURE, FITTINGS AND EQUIPMENT	WORKSHOP MACHINERY, TOOLS AND EQUIPMENT	MOTOR VEHICLES	COMPUTERS AND AUTOMATED EQUIPMENT	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Company							
Cost or valuation:							
At 1 January 2004	36,027	7,300	1,251	211	267	1,299	46,355
Additions	1	-	13	5	26	87	132
Disposals	-	-	(182)	(65)	(184)	(24)	(455)
At 1 January 2005	36,028	7,300	1,082	151	109	1,362	46,032
Additions	41	-	10	-	-	12	63
Disposals	-	-	(13)	-	-	(23)	(36)
At 31 December 2005	36,069	7,300	1,079	151	109	1,351	46,059
Comprising:							
At cost	36,069	-	1,079	151	109	1,351	38,759
At valuation	-	7,300	-	-	-	-	7,300
Total	36,069	7,300	1,079	151	109	1,351	46,059
Accumulated depreciation:							
At 1 January 2004	8,916	1,400	1,036	158	185	1,106	12,801
Depreciation for the year	1,326	161	74	19	43	96	1,719
Disposals	-	-	(174)	(65)	(147)	(20)	(406)
At 1 January 2005	10,242	1,561	936	112	81	1,182	14,114
Depreciation for the year	1,310	161	68	15	13	85	1,652
Disposals	-	-	(13)	-	-	(22)	(35)
At 31 December 2005	11,552	1,722	991	127	94	1,245	15,731
Net carrying amounts:							
At 31 December 2005	24,517	5,578	88	24	15	106	30,328
At 31 December 2004	25,786	5,739	146	39	28	180	31,918

12 VEHICLES, PREMISES AND EQUIPMENT *(cont'd)*

If the leasehold property stated at valuation had been included in the financial statements at cost less depreciation, the net book value would have been as follows:

	THE GROUP AND THE COMPANY	
	2005 $'000	2004 $'000
Leasehold property	367	440

Details of the Company's and the Group's major leasehold land and buildings are as follows:

HELD BY	GROUP'S EFFECTIVE INTEREST	LOCATION	APPROXIMATE LAND AREA	TENURE	USAGE
The Company	100%	No. 511 Bukit Batok Street 23 Singapore 659545	9,625 sq metre	30 years from October 1995 with option to renew another 30 years	Inspection, assessment services
The Company	100%	No. 385 Sin Ming Drive Singapore 575718	10,852.6 sq metre	30 years from January 1981 with option to renew another 30 years	Inspection, assessment services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	5,190.3 sq metre	60 years from July 1983	Inspection, assessment services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	1,104.9 sq metre	30 years from July 1983 with option to renew another 30 years	Inspection, assessment services
The Company	100%	No. 23 Kaki Bukit Avenue 4 Singapore 415933	9,796.9 sq metre	30 years from January 1997 with option to renew another 30 years	Inspection, assessment services
The Company	100%	No. 20 Changi North Crescent Singapore 499613	6,015 sq metre	30 years from May 1995	Inspection, assessment services
Setsco Services Pte Ltd	100%	No. 18 Teban Gardens Crescent Singapore 608925	9,819.4 sq metre	30 years from February 1979 with option to renew another 30 years	Testing, inspection and consultancy services
JIC Inspection Services Pte Ltd	78%	53 Pioneer Road Singapore 628505	9,190 sq metre	30 years from December 1994	Inspection, assessment services

13 GOODWILL

	THE GROUP
	2005 $'000
Cost:	
At 1 January 2004	9,961
Additional consideration paid for investment in a subsidiary	111
At 1 January 2005	10,072
Elimination of amortisation prior to adoption of FRS 103 (Note 2)	(1,004)
Additional consideration paid for investment in a subsidiary	264
Arising on consolidation when an associate become a subsidiary during the year (Note 8)	1,258
Arising on acquisition of additional interest in a subsidiary previously accounted for as an associate	799
At 31 December 2005	11,389
Accumulated amortisation:	
At 1 January 2004	494
Amortisation for the year	510
At 1 January 2005	1,004
Elimination of amortisation prior to adoption of FRS 103 (Note 2)	(1,004)
At 31 December 2005	-
Carrying amount:	
At 31 December 2005	11,389
At 31 December 2004	9,068

Goodwill represents the Group's share of goodwill arising from the acquisition of Setsco Services Pte Ltd and JIC Inspection Services Pte Ltd in respect of the test and inspections business and the vehicle inspection business respectively.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units (CGUs) are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

14 TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Outside parties	1,951	1,816	233	233
Related companies (Note 4)	176	140	163	137
Total	2,127	1,956	396	370

15 OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Subsidiaries (Note 8)	-	-	14,975	16,509
Related companies (Note 4)	101	93	-	-
Accruals	4,698	5,639	322	278
Others	1,931	1,660	492	497
Deposits received from customers	583	477	272	167
Deferred income	-	180	-	180
Total	7,313	8,049	16,061	17,631

The payable to subsidiaries is unsecured, bears interest at 1.21% to 3.063% (2004:0.75% to 1.21%) per annum and has no fixed repayment terms.

16 LONG-TERM LOAN

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Bank loan	-	2,417	-	2,417
Less: Current portion	-	(2,417)	-	(2,417)
Net	-	-	-	-

The bank loan was unsecured and was fully repaid in September 2005. The effective interest rate is 2.71% (2004:1.98%) per annum.

17 DEFERRED TAX LIABILITIES

The movement for the year in deferred tax position was as follows:

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
At beginning of year	598	644	86	17
Acquisition of subsidiary	284	-	-	-
Transfer from (to) profit and loss	127	(46)	8	69
At end of year	1,009	598	94	86
The balances in the accounts comprise the tax effects of:				
Deferred tax liabilities:				
Accelerated tax depreciation	1,009	598	94	86

18 SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2005 NUMBER OF ORDINARY SHARES OF $0.25 EACH	2004	2005 $'000	2004 $'000
Authorised	200,000,000	200,000,000	50,000	50,000
Issued and paid up:				
At beginning of year	82,877,000	81,943,000	20,719	20,486
Issued during the financial year	342,000	934,000	86	233
At end of year	83,219,000	82,877,000	20,805	20,719

Details of outstanding shares under options of the Company as at end of the financial year are set out in paragraph 5 of the Report of the Directors.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

19 CAPITAL RESERVES

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000 (Restated)	2005 $'000	2004 $'000 (Restated)
Share premium:				
At beginning of year	7,075	6,754	7,075	6,754
Arising during the year	125	321	125	321
At end of year	7,200	7,075	7,200	7,075
Currency translation reserve:				
At beginning of year	(3)	(1)	-	-
Arising during the year	1	(2)	-	-
At end of year	(2)	(3)	-	-
Share option reserve:				
At beginning of year	7	-	7	-
Recognition of share-based payments	26	7	26	7
At end of year	33	7	33	7
Revaluation reserve:				
At beginning and end of year	3,073	3,073	3,073	3,073
Net	10,304	10,152	10,306	10,155

The revaluation reserve comprises the net cumulative increase in the fair value of a leasehold land.

20 TURNOVER

Turnover comprises the following amounts:

	THE GROUP	
	2005 $'000	2004 $'000
Vehicle inspection business	14,830	12,071
Other related business	2,613	2,651
Vehicle assessment	4,443	6,525
Test and inspection services	27,306	23,756
	49,192	45,003

21 OTHER OPERATING INCOME

	THE GROUP	
	2005 $'000	2004 $'000
Rental income	811	1,433
Management fee	54	138
Gain on disposal of equipment	3	50
Bad debts recovered	3	18
Others	116	252
	987	1,891

22 STAFF COSTS

	THE GROUP	
	2005	2004
(i) Number of employees at end of year	590	556

(ii) Included in staff costs are:

a) Directors' remuneration

DIRECTORS REMUNERATION BAND	BASE SALARY	BONUS	OTHERS	TOTAL
	%	%	%	%
2005				
$250,000 to $499,999				
Heng Chye Kiou	44	45	11	100
2004				
$250,000 to $499,999				
Heng Chye Kiou	47	44	9	100

The remuneration of all other non-executive Directors is below $250,000 and comprised entirely of Directors' fees (Note 23).

The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and the Group.

22 STAFF COSTS *(cont'd)*

b) Key management's remuneration

The remuneration of the five key management of the Group is as follows:

KEY EXECUTIVES REMUNERATION BAND	BASE SALARY	BONUS	OTHERS	TOTAL
	%	%	%	%
2005				
$250,000 to $499,999				
No. of executives: 1	51	29	20	100
Below $250,000				
No. of executives: 4	63	26	11	100
2004				
Below $250,000				
No. of executives: 5	60	25	15	100

The remuneration of key management is determined by the Remuneration Committee having regard to the performance of individuals and the Group.

		THE GROUP	
		2005	2004
c)	Cost of defined contribution plans	2,222	1,984

22 STAFF COSTS *(cont'd)*

d) Share-based Payments

Equity-settled share option scheme

The Company has a share option scheme for some employees and all Directors of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a subscription price determined with reference to the market price of the shares at the time of grant of the options. The vesting period is 1 year. If the options remain unexercised after a period of 10 years (5 years for non-executive Directors) from the date of the grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	THE GROUP AND THE COMPANY			
	2005		2004	
	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding at the beginning of the year	1,693,000	0.7327	2,375,000	0.6449
Granted during the year	885,000	0.9565	321,000	0.9530
Exercised during the year	(342,000)	0.6163	(934,000)	0.5943
Expired during the year	-	-	(69,000)	0.6068
Outstanding at the end of the year	2,236,000	0.8398	1,693,000	0.7327
Exercisable at the end of the year	1,351,000	0.7622	1,372,000	0.6812

The weighted average share price at the date of exercise for share options exercised during the year was $0.9732. The options outstanding at the end of the year have an average remaining contractual life of 7.4 years (2004 : 6.7 years). For further details on the exercise prices of the options outstanding at the end of the year, please refer to the Report of the Directors.

In 2005, options were granted on 24 February and 21 November. The estimated fair values of the options granted on those dates are $0.0323 and $0.0234 respectively. In 2004, options were granted on 23 August and the estimated fair value of the options is $0.0693 each.

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2005	2004
Weighted average share price	$0.9534	$0.97
Weighted average exercise price	$0.9565	$0.953
Expected volatility	10.73%	18.82%
Expected life (years)	5	5
Risk free rate	2.85%	2.36%
Expected dividend yield	6.0367%	6.4433%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

23 OPERATING PROFIT

In addition to the charges and (credits) disclosed elsewhere in the notes to the profit and loss statement, this item includes the following charges (credits):

	THE GROUP	
	2005 $'000	2004 $'000
Amortisation of goodwill	-	510
Depreciation expense	4,192	3,800
Directors' fees		
– Current	170	165
– Underprovision in prior year	23	-
Foreign currency exchange adjustment loss	4	38
Bad debts recovered	(3)	(18)
Bad debts written off	38	67
Gain on disposal of vehicles, premises and equipment	(3)	(50)

24 NET INCOME (EXPENSE) FROM OTHER INVESTMENTS

	THE GROUP	
	2005 $'000	2004 $'000
Writeback (Provision) for diminution in investment in associate	12	(311)
Others	-	(12)
	12	(323)

25 FINANCE COST

	THE GROUP	
	2005 $'000	2004 $'000
Interest expense paid to outside parties	21	85

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

26 TAXATION

	THE GROUP	
	2005 $'000	2004 $'000
Taxation charge in respect of profit for the financial year:		
Current taxation		
Singapore	2,704	2,727
Foreign	27	5
Associate	44	76
Deferred tax	127	(46)
Adjustment in respect of (over) under provision in prior years:		
Current taxation	(275)	295
	2,627	3,057

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2004 : 20%) to profit before income tax as a result of the following differences:

	THE GROUP	
	2005 $'000	2004 $'000 (Restated)
Profit before share of profits in associate and taxation	11,409	11,165
Taxation charge at statutory rate	2,282	2,233
Non-allowable items	629	566
Share of associates' income tax	44	76
Utilisation of prior years' tax loss carryforwards (previously not recognised)	-	(12)
Tax exempt income	(53)	(42)
Effect of changes in tax rates	-	(59)
(Over) Under provision in prior years	(275)	295
	2,627	3,057

Taxation for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

27 EARNINGS PER SHARE

Earnings per share is calculated on the Group's profit after income tax shown in the profit and loss statement divided by the weighted average number of ordinary shares in issue during the financial year as follows:

	2005	2004 (Restated)
Net profit for the year ($'000)	8,658	7,676
Weighted average number of ordinary shares in issue (thousands)	83,191	82,777
Basic earnings per share (in cents)	10.41	9.27

27 EARNINGS PER SHARE *(cont'd)*

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares which are the share options granted to employees. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares for the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

	2005	2004 (Restated)
Net profit for the year ($'000)	8,658	7,676
Weighted average number of ordinary shares for diluted earnings per share (thousands)	83,459	83,166
Diluted earnings per share (in cents)	10.37	9.23

28 ACQUISITION OF SUBSIDIARY

On 30 April 2005, the Group acquired additional 36.5% of the issued share capital of JIC Inspection Services Pte Ltd for cash of $2,649,900, thereby increasing the Group's effective interest from 41.5% to 78%. Accordingly, it was reclassified from an associate to a subsidiary. This transaction has been accounted for by the purchase method of accounting.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	ACQUIREE'S CARRYING AMOUNT BEFORE COMBINATION $'000	FAIR VALUE ADJUSTMENTS $'000	FAIR VALUE $'000
Net assets acquired:			
Current assets	832	-	832
Non-current assets	5,021	-	5,021
Current liabilities	(498)	-	(498)
Non-current liabilities	(284)	-	(284)
Minority interest	(1,115)	-	(1,115)
Net assets previously recognised as an associate	(2,105)	-	(2,105)
Net assets acquired	1,851	-	1,851
Goodwill on acquisition	799	-	799
Total purchase consideration	2,650	-	2,650
Less: Cash on acquisition of subsidiary	(11)	-	(11)
Net consideration, satisfied by cash	2,639	-	2,639

The goodwill arising on the acquisition of JIC Inspection Services Pte Ltd is attributable to the anticipated future operating synergies from the combination.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

29 BUSINESS SEGMENT INFORMATION

(a) Analysis By Business Segment

	VEHICLE INSPECTION BUSINESS $'000	VEHICLE ASSESSMENT $'000	TEST AND INSPECTION SERVICES $'000	RENTAL INCOME $'000	OTHER RELATED BUSINESS $'000	ELIMINATION $'000	TOTAL $'000
2005							
TURNOVER							
External sales	14,841	4,442	27,403	811	2,682	-	50,179
Inter-segment sales	-	-	85	5,388	500	(5,973)	-
Revenue	14,841	4,442	27,488	6,199	3,182	(5,973)	50,179
RESULT							
Segment result	3,382	229	3,267	3,216	1,250	-	11,344
Net income from other investments							12
Interest income							74
Finance cost							(21)
Share of profit in associates							156
Profit before taxation							11,565
Taxation							(2,627)
Profit after taxation							8,938
Minority interests							(280)
Profit attributable to shareholders of the Company							8,658
OTHER INFORMATION							
Additions to vehicles, premises and equipment	239	105	1,899	-	63	-	2,306
Additions to goodwill on consolidation	2,057	-	264	-	-	-	2,321
Depreciation expense	1,146	132	1,262	-	1,652	-	4,192
Amortisation expense	-	-	-	-	18	-	18
BALANCE SHEET							
ASSETS							
Segment assets	7,722	1,864	13,269	-	38,512	-	61,367
Investment in associates	-	-	-	-	454	-	454
Goodwill	2,057	64	9,268	-	-	-	11,389
Unallocated corporate assets							315
Consolidated total assets							73,525
LIABILITIES							
Segment liabilities	1,343	221	6,093	-	1,783	-	9,440
Unallocated corporate liabilities							3,996
Consolidated total liabilities							13,436

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

29 BUSINESS SEGMENT INFORMATION *(cont'd)*

	VEHICLE INSPECTION BUSINESS $'000	VEHICLE ASSESSMENT $'000	TEST AND INSPECTION SERVICES $'000	RENTAL INCOME $'000	OTHER RELATED BUSINESS $'000	ELIMINATION $'000	TOTAL $'000
2004							
(Restated)							
TURNOVER							
External sales	12,075	6,520	23,990	1,433	2,876	-	46,894
Inter-segment sales	-	-	107	5,320	364	(5,791)	-
Revenue	12,075	6,520	24,097	6,753	3,240	(5,791)	46,894
RESULT							
Segment result	2,215	1,971	2,179	3,747	1,426	-	11,538
Net expense from other investments							(323)
Interest income							35
Finance cost							(85)
Share of profit in associates							339
Profit before taxation							11,504
Taxation							(3,057)
Profit after taxation							8,447
Minority interests							(771)
Profit attributable to shareholders of the Company							7,676
OTHER INFORMATION							
Additions to vehicles, premises and equipment	43	46	1,340	-	127	-	1,556
Additions to goodwill on consolidation	-	-	111	-	-	-	111
Depreciation expense	590	113	1,375	-	1,722	-	3,800
Amortisation expense	-	16	494	-	17	-	527
BALANCE SHEET							
ASSETS							
Segment assets	3,080	1,838	13,614	-	38,767	-	57,299
Investment in associates	3,250	-	-	-	442	-	3,692
Goodwill	-	64	9,004	-	-	-	9,068
Unallocated corporate assets							333
Consolidated total assets							70,392
LIABILITIES							
Segment liabilities	1,133	502	8,990	-	1,797	-	12,422
Unallocated corporate liabilities							3,959
Consolidated total liabilities							16,381

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

29 BUSINESS SEGMENT INFORMATION *(cont'd)*

(b) Analysis By Geographical Segments

The Group operates predominantly in Singapore, as such, there is no secondary reporting format.

30 CAPITAL EXPENDITURE COMMITMENTS

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Expenditure contracted for:				
Vehicles, premises and equipment	113	25	2	-

31 OPERATING LEASES COMMITMENTS

The Group and the Company as lessee

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,342	1,242	944	978

a) At the balance sheet date, the Group and the Company have commitments under non-cancellable operating leases with Jurong Town Corporation and the Housing & Development Board amounting to $1,725,781 (2004 : $1,606,198) per annum before rental rebates for the Group and $1,284,767 (2004 : $1,312,461) per annum before rental rebates for the Company.

The annual rentals are subject to review every year at a variable rate up to a maximum of 5.5% or 7.6% of the immediate preceding years' annual rent.

b) At the balance sheet date, a subsidiary has outstanding commitments in respect of operating leases for the rental of office premises under non-cancellable operating lease which fall due as follows:

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Within one year	9	12	-	-
In the second to fifth year inclusive	-	9	-	-
Total	9	21	-	-

31 OPERATING LEASES COMMITMENTS *(cont'd)*

The Group and the Company as lessor

The Group and the Company rent out its lettable space in Singapore and rental income earned were $811,000 (2004: $1,433,000) and $6,124,000 (2004:$6,753,000) respectively.

At the balance sheet date, the Group and the Company has contracted with tenants for the following future minimum lease payments:

	THE GROUP		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Within one year	1,065	540	1,065	540
In the second to fifth year inclusive	1,040	702	1,040	702
Total	2,105	1,242	2,105	1,242

32 FINANCIAL RISK AND MANAGEMENT

The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

(i) **Foreign exchange risk**
The Group operates predominately in Singapore and therefore is not exposed to any significant foreign currency exchange risk.

(ii) **Interest rate risk**
The Group is exposed to interest rate risk through the impact of rate changes on interest bearing cash deposits.

(iii) **Credit risk**
The Group has no significant concentration of credit risk.

The Group has policies in place to ensure that customers are of adequate financial standing and appropriate credit history.

(iv) **Liquidity risk**
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping credit lines available.

(v) **Fair values of financial assets and financial liabilities**
The carrying amount of financial assets and financial liabilities reported in the balance sheet approximates the fair value of those assets and liabilities due to the relatively short term maturity of these financial instruments.

33 DIVIDENDS

During the financial year, the Company paid a final dividend of 4 cents per ordinary share less tax totalling $2,663,000 in respect of the financial year ended 2004.

During the financial year, the Company declared and paid an interim dividend of 1.75 cents per ordinary share less tax totalling $1,165,000 in respect of the financial year just ended.

Subsequent to the balance sheet date, the Directors of the Company recommended that:

(i) a final dividend be paid at 4.75 cents per ordinary share less tax totalling $3,162,322 for the financial year just ended; and

(ii) a special dividend be paid at 2 cents per ordinary share less tax totalling $1,331,504 for the financial year just ended.

The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – Events After the Balance Sheet Date.